HALF-YEAR FINANCIAL REPORT

2021

IMERYS

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1 Half-Year Activity Report

Imerys significantly improved its financial performance in the first half of the year, supported by strong commercial momentum and the global recovery of its underlying markets in all geographic areas. The continued focus on cost savings and price discipline has helped increase profitability, given the current inflationary environment. In this context, sales increased 13.6% to €2,158 million. Current EBITDA reached €400 million, up 38% and net income more than doubled to €158 million. Cash generation was solid, in a recovery phase of activity, at €122 million, and the Group maintained a strong balance sheet and liquidity position as of June 30, 2021.

Unaudited consolidated results[1] *(€ millions)*	**H1 2020**	**H1 2021**	**Change** *(%)*
Revenue	1,900.2	2,158.3	+13.6%
Organic growth	-15.9%	+16.7%	-
Current EBITDA	289.6	400.4	+38.3%
Current EBITDA margin	15.2%	18.6%	+340 bps
Current operating income	132.1	245.0	+85.5%
Current operating margin	7.0%	11.3%	+440 bps
Operating income	111.3	223.2	+100.5%
Net income from current operations, Group share	72.8	158.3	+117.4%
Net income, Group share	56.6	141.8	+150.4%
Net income from current operations per share[2]	€0.91	€1.87	+104.2%

HALF-YEAR HIGHLIGHTS

▪ EXPANSION OF CARBON BLACK PRODUCTION CAPACITY TO SERVE THE FAST-GROWING MARKET OF LITHIUM ION BATTERIES FOR ELECTRIC VEHICLES

As part of its growth strategy, Imerys will invest €60 million over the next two years to expand carbon black production capacity at its plant in Willebroek, Belgium, in order to support the fast-growing market of Lithium-ion batteries for electric vehicles. With a unique portfolio of natural and synthetic graphite powders, conductive carbon blacks and tailor-made dispersions, Imerys will continue to develop innovative materials for safer and higher-performing batteries in close cooperation with the leading Lithium-ion battery producers in the world.

▪ SUCCESSFUL ISSUE OF A €300 MILLION SUSTAINABILITY-LINKED BOND

On May 14, Imerys successfully issued its first sustainability-linked bond for a principal of €300 million, with an annual coupon of 1% maturing in 2031. With this bond, the Group confirms it is fully committed to achieving its broad sustainability ambitions and to reducing greenhouse gas emissions by 36.0% in 2030 relative to revenue (tCO2/M€) from a 2018 base year.

Imerys is rated B by CDP, above the industry average (C), Platinum by Ecovadis and AA by MSCI.

(1) The definition of alternative performance measures can be found in the glossary at the end of the half year activity report.

(2) Weighted average number of outstanding shares: 84,709,730 in H1 2021 compared with 79,560,430 in H1 2020.

IMERYS NORTH AMERICAN TALC ENTITIES' PLAN OF REORGANIZATION CONTINUES TO PROGRESS TOWARDS FINAL APPROVAL

In April, the Plan of reorganization jointly proposed by Imerys and the representatives of current and future potential claimants reached the required 75% approval threshold from the relevant voting creditors and claimants. The relevant US District Court of Delaware recently rescheduled the confirmation hearing on the proposed Plan to mid-November, resulting in a delay to the beginning of 2022 of the potential final judicial approval of the Plan and closure of the Chapter 11 process.

DETAILED REVIEW OF THE GROUP'S RESULTS

REVENUE

Unaudited quarterly data *(€ millions)*	**2020**	**2021**	**Reported Change**	**Like-for-like change**	**Volumes**	**Price mix**
First quarter	1,028.5	1,058.5	+2.9%	+6.3%	+5.8%	+0.5%
Second quarter	871.6	1,099.9	+26.2%	+28.9%	+26.3%	+2.6%
Total	**1,900.2**	**2,158.3**	**+13.6%**	**+16.7%**	**+15.2%**	**+1.5%**

Revenue for the first half of 2021 was €2,158.3 million, up 16.7% year-on-year at constant scope and exchange rates, including an exceptional growth of 28.9% in the second quarter. Group sales volumes were up 15.2%, in the first half as the recovery across all underlying markets continued to gain traction.

In a context of high inflation, Imerys' price mix accelerated in Q2 (+2.6%), averaging 1.5% for the first half versus the prior year.

Revenue included a significant, negative currency effect of €82.5 million (-4.3%), primarily as a result of the depreciation of the U.S. dollar against the euro.

The scope effect was €37.6 million for the first half, related mostly to the positive contribution of recent bolt-on acquisitions (Haznedar group, Cornerstone, Sunward Refractories and Hysil) and the divestiture of the kaolin operations in Australia.

CURRENT EBITDA

Unaudited quarterly data *(€ millions)*	**2020**	**2021**	**Change**
First quarter	164.8	182.7	+10.9%
Second quarter	124.8	217.7	+74.5%
Total	**289.6**	**400.4**	**+38.3%**
Margin	**15.2%**	**18.6%**	**+340 bps**

Current EBITDA reached €400.4 million for the first half of 2021, a 38.3% increase vs. H1 2020. Current EBITDA margin improved by 340 basis points to 18.6% versus the first half of 2020.

It benefitted from positive volume contribution (€138.7 million), strong price-mix (€11.9 million) and good cost control. Variable costs were stable (+€0.7 million), as inflation was offset by savings related to purchasing initiatives and the I-Cube industrial excellence program. Fixed costs and overheads were up €36.1 million vs last year, following increased activity at all production sites.

The currency effect was negative at €21.8 million.

Current operating income reached €245.0 million for the first half of 2021, an 85.5% increase compared to the first half of last year.

NET INCOME FROM CURRENT OPERATIONS

Net income from current operations, Group share, totaled €158.3 million, up 117.4% vs. 2020. Net financial result was negative at -€18.0 million. The income tax expense of €61.3 million corresponds to an effective tax rate of 27.0%, compared with 28.0% in the first half of 2020. **Net income from current operations, Group share, per share**, was up 104.2% to €1.87.

NET INCOME

Net income, Group share, totaled €141.8 million in the first half of 2021, after -€16.5 million of other income and expenses, after tax.

NET CURRENT FREE OPERATING CASH FLOW

(€ millions)	H1 2020	H1 2021
Current EBITDA	289.6	400.4
Increase (-) / decrease (+) in operating working capital	46.4	(62.7)
Notional tax on current operating income	(37.0)	(66.1)
Other	2.9	2.8
Net current operating cash flow (before capital expenditure)	**301.9**	**274.4**
Capital expenditure	(149.4)	(142.7)
Right of use assets (IFRS 16)	(13.4)	(9.5)
Net current free operating cash flow	**139.1**	**122.2**

Imerys generated a solid net current free operating cash flow of €122.2 million in the first half of 2021, thanks primarily to disciplined working capital management. This figure includes:

- €142.7 million in paid capital expenditures; booked capital expenditures amounted to €116.0 million;
- increase in operating working capital (€62.7 million) compared to last year, driven by a significant increase in activity.

(€ millions)	H1 2020	H1 2021
Net current free operating cash flow	**139.1**	**122.2**
Acquisitions and disposals	(32.0)	12.7
Dividend	(137.0)	(98.4)
Change in equity	118.1	(1.8)
Change in non-operating working capital	(20.9)	(33.1)
Other non-recurring income and expenses	(32.8)	(30.7)
Debt servicing costs	(18.9)	(11.4)
Exchange rates and other	(33.4)	0.9
Change in net financial debt	**(17.8)**	**(39.7)**

FINANCIAL STRUCTURE

(€ millions)	Dec. 31, 2020	June 30, 2021
Net financial debt	1,508.0	1,547.6
Shareholders' equity	2,955.6	3,128.4
Net financial debt / shareholders' equity	**51.0%**	**49.5%**
Net financial debt / current EBITDA*	**2.4x**	**2.1x**

**Based on the last twelve months current EBITDA*

As of June 30, 2021, net financial debt totaled €1,547.6 million, which corresponds to a net financial debt to current EBITDA ratio of 2.1 x, improving vs last year.

The Group's financial structure is solid, as evidenced by the "investment grade" ratings confirmed by Standard and Poor's (September 14, 2020, BBB-, stable outlook) and Moody's (March 31, 2021, Baa3, stable outlook).

EVENTS AFTER THE END OF THE PERIOD

Agreement to sell the US kaolin assets serving the paper and board market in North America

On July 24, Imerys signed an agreement to sell to Thiele Kaolin Company, one of the world's leading producers of processed kaolin clay, certain assets and mining resources supplying hydrous kaolin to the paper & packaging markets. These assets, which are part of Imerys' Performance Minerals Americas business segment, posted revenue of approximately $76 million in 2020 with 109 employees. This transaction is expected to be completed in the second part of the year.

Imerys expects to generate this year net proceeds of ca. €100 million from the sale of these assets and other recent disposals (i.e. Imerys' stake in Fiberlean Technologies, related production facilities, other minor non-strategic assets).

OUTLOOK

Assuming constant exchange rates and no deterioration in the macro-economic environment, Imerys expects to reach revenue of €4.2 billion for the year 2021, with current EBITDA margin close to 18%, above 2019 level (17.6%).

This outlook reflects the Group's confidence in continued, sustained demand for its specialty minerals solutions across all segments and its ability to deliver on cost savings and positive price-mix in the current inflationary environment. Imerys is ideally positioned to capitalize on the global recovery that is gathering pace.

REVIEW BY BUSINESS GROUP

PERFORMANCE MINERALS

(56% of consolidated revenue)

Q2 2020 (M€)	Q2 2021 (M€)	Like for like change on Q2 2020	Unaudited quarterly data	H1 2020 (M€)	H1 2021 (M€)	Like for like change on H1 2020
214	242	+20.5%	Revenue Americas	464	473	+10.1%
228	300	+33.7%	Revenue Europe, Middle East and Africa (EMEA)	501	583	+17.9%
106	125	+27.3%	Revenue Asia-Pacific (APAC)	217	255	+26.6%
(45)	(50)	-	Eliminations	(92)	(98)	-
501	**616**	**+27.7%**	**Total revenue**	**1,090**	**1,212**	**+16.6%**
-	**-**	**-**	**Current EBITDA**	**202**	**263**	**+30.2%***
-	-	-	Current EBITDA margin	18.5%	21.7%	+320 pb

** Reported growth*

Revenue generated by the **Performance Minerals** segment was up 16.6% like-for-like in the first half of 2021. On a reported basis, revenue was up 11.2% after a negative currency effect of €50.4 million (-4.6%) and a positive scope effect of €1.9 million (+0.2%).

Revenue in the **Americas** was up 10.1% at constant scope and exchange rates in the first half of 2021, of which +20.5% in the second quarter, despite persisting logistic issues which created a significant order backlog. The overall rebound in activity was supported by sales of paints, rubber, polymers and ceramic products in the construction industry and a better performance of filtration and agriculture markets in the consumer goods sector.

Revenue in **Europe, Middle East and Africa** increased by 17.9% at constant scope and exchange rates in the first half of 2021. During the second quarter (+33.7%), the Group benefited from a dynamic construction sector (paints, coatings, rubber and ceramic applications) and better consumer goods market (filtration and life science applications), which returned to pre-crisis levels. Despite a strong upturn, automotive - which continued to suffer from global chip availability issues - and paper markets remained below their 2019 levels.

Revenue in **Asia-Pacific** was up 26.6% at constant scope and exchange rates in the first half of 2021 (+27.3% in the second quarter) thanks to the rebound of all end markets and geographies, in particular in Graphite & Carbon for mobile energy.

HIGH TEMPERATURE MATERIALS AND SOLUTIONS

(44% of consolidated revenue)

Q2 2020 (M€)	Q2 2021 (M€)	Like for like change on Q2 2020	Unaudited quarterly data	H1 2020 (M€)	H1 2021 (M€)	Like for like change on H1 2020
137	198	+30.8%	Revenue High Temperature Solutions	301	385	+18.0%
246	311	+31.9%	Revenue Refractory, Abrasives & Construction	543	606	+16.4%
(6)	(16)	-	Eliminations	(18)	(28)	-
377	**493**	**+29.4%**	**Total revenue**	**826**	**962**	**+16.0%**
-	**-**	**-**	**Current EBITDA**	**88**	**140**	**+60.6%***
-	-	-	Current EBITDA margin	10.6%	14.6%	400 pb

** Reported growth*

Revenue generated by the **High Temperature Materials and Solutions** segment was up 16.0% in the first half of 2021 at constant scope and exchange rates. On a reported basis, revenue increased by 16.5% with a positive scope effect of €35.7 million (+4.3%) and a negative currency effect of €27.2 million (-3.3%).

Revenue in **High Temperature Solutions,** which is serving the iron & steel, thermal and foundry markets, increased by 18.0% year-on-year at constant scope and exchange rates in the first half of 2021, posting growth of 30.8% growth in the second quarter. The business continued to benefit from the strong underlying markets recovery, particularly in the US and Asia, and to a lesser extent in Europe, currently lagging behind in the recovery cycle. The rebound was supported by the dynamism of the construction sector and by the automotive market, which however has not yet fully recovered to its pre-crisis level mainly as a consequence of the global chip shortage. Last year's bolt-on acquisitions (Haznedar in Turkey, Sunward in Taiwan and Hysil in India) are performing above expectations.

Revenue in the **Refractory, Abrasives & Construction** business area was up 16.4% at constant scope and exchange rates in the first half of 2021, driven by an increase in volumes in all market segments, thanks to a strong global rebound in demand for industrial equipment, especially in the second quarter, and further growth in building and infrastructure (specialty binders). In India, where the recovery was particularly strong in the first half despite the Covid-19, the new greenfield plant in Vizag continued its ramp up to serve the dynamic domestic refractory and construction markets;

RELATED PARTIES AND RISK FACTORS

RELATED PARTIES

Related parties disclosures in the first half of 2021 are detailed in the present 2021 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 and main risk factors of the Group are described in detail in *Chapter 2 of the 2020 Universal Registration Document*.

The main categories of identified risks in *Chapter 2, section 1 of the 2020 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 2020 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, and notably those generated by the global pandemic outbreak, does not modify its global perception about Imerys' risks as provided in *Chapter 2 of the 2020 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 2020 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 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.

2 | CONDENSED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	June 30, 2021	June 30, 2020	2020
Revenue	**4**	**2,158.3**	**1,900.2**	**3,798.5**
Raw materials and consumables used	5	(728.8)	(650.5)	(1,292.9)
External expenses	6	(555.1)	(486.6)	(968.4)
Staff expenses	7	(464.7)	(448.2)	(875.2)
Taxes and duties		(18.7)	(21.0)	(41.7)
Amortization, depreciation and impairment losses		(160.0)	(161.9)	(342.3)
Intangible assets, mining assets and property, plant and equipment		(135.9)	(128.3)	(268.9)
Right-of-use assets	15	(24.1)	(33.6)	(73.4)
Other current income and expenses		13.9	0.1	20.5
Current operating income		**245.0**	**132.1**	**298.5**
Gain (loss) from obtaining or losing control	8	4.0	(2.6)	(5.0)
Other non-recurring items	8	(25.7)	(18.2)	(155.5)
Operating income		**223.2**	**111.3**	**138.0**
Net financial debt expense		**(18.2)**	**(24.1)**	**(44.4)**
Income from securities		1.4	1.4	2.7
Gross financial debt expense		(19.7)	(25.5)	(47.1)
Interest expense on borrowings and financial debt		(17.8)	(22.9)	(42.2)
Interest expense on lease liabilities		(1.9)	(2.6)	(4.9)
Other financial income (expenses)		**0.2**	**(5.1)**	**(17.0)**
Other financial income		122.4	177.5	270.8
Other financial expenses		(122.2)	(182.6)	(287.8)
Financial income (loss)	**9**	**(18.0)**	**(29.2)**	**(61.4)**
Income taxes	10	(58.3)	(24.8)	(44.3)
Net income		**146.9**	**57.4**	**32.3**
Net income, Group share(1)	11	141.8	56.6	30.1
Net income attributable to non-controlling interests		5.1	0.7	2.2
(1) Net income per share:				
Basic net income per share (in €)	*12*	*1.67*	*0.71*	*0.37*
Diluted net income per share (in €)	*12*	*1.65*	*0.70*	*0.36*

■ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	June 30, 2021	June 30, 2020	2020
Net income		**146.9**	**57.4**	**32.3**
Components that will not be reclassified in profit or loss, before tax				
Gains (losses) on remeasurements of defined benefit plans		71.8	21.8	(39.6)
Components that will be reclassified in profit or loss, before tax				
Cash flow hedges		**26.2**	**(11.3)**	**13.0**
Gains (losses)		32.3	(35.1)	1.4
Reclassification adjustments		(6.0)	23.8	11.6
Hedges of net investments in foreign operations		**0.5**	**(3.4)**	**(3.6)**
Gains (losses)		3.0	(3.4)	(3.6)
Reclassification adjustments		(2.5)	-	-
Exchange rate differences		**45.0**	**(156.3)**	**(215.0)**
Gains (losses)		44.8	(155.1)	(214.2)
Reclassification adjustments		0.2	(1.3)	(0.8)
Other comprehensive income, before tax		**143.5**	**(149.2)**	**(245.2)**
Components that will not be reclassified in profit or loss, before tax		71.8	21.8	(39.6)
Components that will be reclassified in profit or loss, before tax		71.7	(171.0)	(205.6)
Aggregated income taxes on components that will not be reclassified in profit or loss	**10**	**(12.4)**	**(3.7)**	**7.4**
Aggregated income taxes on components that will be reclassified in profit or loss	**10**	**(7.2)**	**4.1**	**(0.4)**
Other comprehensive income		**123.9**	**(148.9)**	**(238.3)**
Total comprehensive income		**270.8**	**(91.5)**	**(205.9)**
Total comprehensive income, Group share		266.9	(91.6)	(205.9)
Total comprehensive income attributable to non-controlling interests		3.9	0.1	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	June 30, 2021	June 30, 2020	2020
Non-current assets		**4,816.0**	**5,004.8**	**4,862.4**
Goodwill	13	2,155.5	2,140.3	2,149.1
Intangible assets	14	288.4	289.0	287.6
Right-of-use assets	15	176.7	223.8	192.5
Mining assets	15	412.6	479.0	425.6
Property, plant and equipment	15	1,489.6	1,555.9	1,506.9
Joint ventures and associates		105.5	99.6	87.3
Other financial assets		25.9	45.5	49.1
Other receivables		42.5	28.4	29.8
Derivative financial assets		0.4	-	4.1
Deferred tax assets		119.0	143.2	130.4
Current assets		**2,376.7**	**2,612.4**	**2,128.7**
Inventories	17	751.3	778.4	691.8
Trade receivables		677.3	549.7	568.0
Other receivables		213.1	204.8	196.3
Derivative financial assets		39.5	3.7	14.2
Other financial assets	19.1	7.5	11.9	9.9
Cash and cash equivalents	19.1	687.9	1,063.9	648.5
Assets held for sale	**20**	**59.7**	**-**	**-**
Consolidated assets		**7,252.3**	**7,617.2**	**6,991.1**
Equity, Group share		**3,067.9**	**3,007.3**	**2,896.6**
Share capital		169.9	170.0	169.9
Share premium		614.4	617.3	614.4
Treasury shares		(6.3)	(11.1)	(6.7)
Reserves		2,148.1	2,174.3	2,088.9
Net income, Group share		141.8	56.6	30.1
Equity attributable to non-controlling interests		**60.5**	**47.5**	**59.0**
Equity		**3,128.4**	**3,054.8**	**2,955.6**
Non-current liabilities		**2,669.3**	**2,763.3**	**2,740.1**
Provisions for employee benefits		277.1	337.7	352.3
Other provisions	18	414.8	414.4	394.9
Borrowings and financial debt	19.1	1,701.3	1,694.8	1,698.3
Lease liabilities	19.1	148.9	174.5	167.8
Other debts		21.5	32.4	34.3
Derivative financial liabilities		8.1	5.8	0.5
Deferred tax liabilities		97.6	103.8	92.0
Current liabilities		**1,442.1**	**1,799.1**	**1,295.4**
Other provisions	18	42.7	23.3	58.8
Trade payables		582.4	500.8	475.6
Income taxes payable		101.3	74.0	79.2
Other debts		325.2	277.6	371.6
Derivative financial liabilities		3.0	25.5	6.0
Borrowings and financial debt	19.1	323.9	817.3	260.9
Lease liabilities	19.1	43.2	69.4	42.6
Bank overdrafts	19.1	20.4	11.2	0.7
Liabilities related to assets held for sale	**20**	**12.4**	**-**	**-**
Consolidated equity and liabilities		**7,252.3**	**7,617.1**	**6,991.1**

■ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity, Group share										
				Reserves							
(€ millions)	Share capital	Share premium	Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Subtotal	Net income, Group share	Subtotal	Equity attributable to non-controlling interests	Total
Equity at January 1, 2020	**159.0**	**520.9**	**(27.4)**	**(3.5)**	**(419.6)**	**2,763.1**	**2,340.0**	**121.2**	**3,113.7**	**48.3**	**3,162.0**
Total comprehensive income (expense)	**-**	**-**	**-**	**(8.2)**	**(158.1)**	**18.1**	**(148.2)**	**56.6**	**(91.6)**	**0.1**	**(91.5)**
Transactions between shareholders	**11.0**	**96.4**	**16.5**	**0.0**	**0.0**	**(17.4)**	**(17.4)**	**(121.3)**	**(14.8)**	**(0.9)**	**(15.7)**
Appropriation of 2019 net profit	-	-	-	-	-	121.3	121.3	(121.3)	0.0	-	0.0
Dividend	-	-	-	-	-	(136.1)	(136.1)	-	(136.1)	(1.0)	(137.0)
Capital increase	11.3	108.4	-	-	-	-	0.0	-	119.8	-	119.8
Capital decrease	(0.3)	(12.0)	-	-	-	-	0.0	-	(12.4)	-	(12.4)
Treasury share transactions	-	-	16.5	-	-	(5.8)	(5.8)	-	10.7	-	10.7
Share-based payments	-	-	-	-	-	2.9	2.9	-	2.9	-	2.9
Transactions with non-controlling interests	-	-	-	-	-	0.3	0.3	-	0.3	0.1	0.3
Equity at June 30, 2020	**170.0**	**617.3**	**(11.1)**	**(11.6)**	**(577.6)**	**2,763.6**	**2,174.2**	**56.6**	**3,007.3**	**47.5**	**3,054.8**
Total comprehensive income (expense)	**-**	**-**	**-**	**17.9**	**(55.5)**	**(50.4)**	**(88.0)**	**(26.5)**	**(114.5)**	**(0.1)**	**(114.6)**
Transactions between shareholders	**(0.1)**	**(2.9)**	**4.3**	**0.0**	**0.0**	**2.7**	**2.7**	**0.0**	**4.0**	**11.6**	**15.6**
Dividend	-	-	-	-	-	0.2	0.2	-	0.2	(0.7)	(0.5)
Capital increase	0.1	-	-	-	-	-	0.0	-	0.1	-	0.1
Capital decrease	(0.2)	(2.9)	-	-	-	-	0.0	-	(3.1)	-	(3.1)
Treasury share transactions	-	-	4.3	-	-	(0.1)	(0.1)	-	4.2	-	4.2
Share-based payments	-	-	-	-	-	2.9	2.9	-	2.9	-	2.9
Transactions with non-controlling interests	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)	12.3	12.0
Equity at December 31, 2020	**169.9**	**614.4**	**(6.7)**	**6.2**	**(633.2)**	**2,715.9**	**2,088.9**	**30.1**	**2,896.6**	**59.0**	**2,955.6**
Total comprehensive income (expense)	**-**	**-**	**-**	**19.5**	**46.4**	**59.2**	**125.1**	**141.8**	**266.9**	**3.9**	**270.8**
Transactions between shareholders	**-**	**-**	**0.4**	**0.0**	**0.0**	**(65.8)**	**(65.8)**	**(30.2)**	**(95.6)**	**(2.4)**	**(98.0)**
Appropriation of 2020 net profit	-	-	-	-	-	30.2	30.2	(30.2)	0.0	-	0.0
Dividend	-	-	-	-	-	(97.5)	(97.5)	-	(97.5)	(0.1)	(97.6)
Capital increase	-	-	-	-	-	-	0.0	-	0.0	0.8	0.8
Treasury share transactions	-	-	0.4	-	-	(3.1)	(3.1)	-	(2.7)	-	(2.7)
Share-based payments	-	-	-	-	-	4.6	4.6	-	4.6	-	4.6
Transactions with non-controlling interests	-	-	-	-	-	-	0.0	-	0.0	(3.1)	(3.1)
Equity at June 30, 2021	**169.9**	**614.4**	**(6.3)**	**25.7**	**(586.8)**	**2,709.3**	**2,148.2**	**141.8**	**3,067.9**	**60.5**	**3,128.4**

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	June 30, 2021	June 30, 2020	2020
Net income		**146.9**	**57.4**	**32.3**
Adjustments				
Adjustments for depreciation and amortization	Appendix	171.3	161.6	407.7
Adjustments for impairment loss on goodwill	8	-	-	12.7
Adjustments for impairment loss (reversal of impairment loss) recognized in profit or loss, trade and other receivables		0.2	2.3	1.0
Adjustments for impairment loss (reversal of impairment loss) recognized in profit or loss, inventories		(6.0)	(1.7)	7.5
Adjustments for provisions	Appendix	(14.6)	(30.3)	(32.7)
Adjustments for share-based payments		4.6	2.9	5.8
Adjustments for losses (gains) on disposal of non-current assets	Appendix	(7.3)	0.1	1.6
Adjustments for undistributed profits from joint ventures and associates		(4.1)	1.1	7.7
Adjustments for net interest income and expense		18.3	23.0	42.0
Adjustments for fair value losses (gains)		0.4	5.5	0.4
Other adjustments for non-cash items		1.3	1.1	2.2
Other adjustments for which cash effects are investing or financing cash flow		1.4	1.3	2.3
Change in working capital requirement		**(109.7)**	**41.1**	**109.5**
Adjustments for decrease (increase) in inventories	19.1	(55.7)	16.7	86.3
Adjustments for decrease (increase) in trade receivables	19.1	(103.0)	52.6	34.9
Adjustments for increase (decrease) in trade payables	19.1	96.0	(23.0)	(46.3)
Adjustments for other receivables and debts		(47.0)	(5.3)	34.6
Adjustments for income tax expense	**10**	**58.3**	**24.8**	**44.2**
Net cash flow from (used in) operations		**261.2**	**290.0**	**644.2**
Interest paid		(12.3)	(17.3)	(46.5)
Income taxes refund (paid)		(48.3)	(34.6)	(63.9)
Adjustments for dividends received		(0.5)	-	-
Adjustments for dividends received from joint ventures and associates		2.4	0.4	4.4
Net cash flows from (used in) operating activities		**202.4**	**238.6**	**538.2**

(€ millions)	Notes	June 30, 2021	June 30, 2020	2020
Acquisitions of intangible assets	Appendix	(12.2)	(11.9)	(22.3)
Acquisitions of property, plant and equipment	Appendix	(103.8)	(88.9)	(231.6)
Change in payables on acquisitions of intangible assets and property, plant and equipment		(26.7)	(48.6)	(8.2)
Cash flows used in (from gaining) control of subsidiaries or other businesses		(28.1)	(34.5)	(71.3)
Proceeds from disposals of intangible assets and property, plant and equipment	Appendix	5.3	4.3	38.7
Cash flows from losing control of subsidiaries or other businesses		16.8	-	0.5
Cash advances and loans granted to third parties		54.8	3.5	4.9
Cash receipts from repayment of advances and loans granted to third parties		(30.1)	(2.7)	(7.8)
Interest received		1.4	1.4	2.4
Cash flow from investing activities		**(122.7)**	**(177.4)**	**(294.7)**
Proceeds from issuing shares	19.1	0.8	-	-
Payments to acquire or redeem treasury shares	19.1	(2.6)	(1.7)	(0.5)
Dividends paid	19.1	(97.9)	(17.4)	(17.6)
Proceeds from borrowings		299.0	322.9	30.5
Repayments of borrowings		(5.5)	(24.2)	(294.0)
Payments of lease liabilities		(26.6)	(33.7)	(79.3)
Other cash inflows (outflows)		(234.2)	116.2	144.2
Cash flow from financing activities		**(67.0)**	**362.1**	**(216.9)**
Change in cash and cash equivalents		**12.7**	**423.4**	**26.6**

(€ millions)	June 30, 2021	June 30, 2020	2020
Cash and cash equivalents at the beginning of the period	**647.8**	**653.2**	**653.2**
Change in cash and cash equivalents	12.8	423.4	26.6
Effect of exchange rate changes	7.0	(23.9)	(32.0)
Cash and cash equivalents at the end of the period	**667.6**	**1,052.7**	**647.8**
Cash	481.8	792.9	455.2
Cash equivalents	206.1	271.0	193.3
Bank overdrafts	(20.4)	(11.2)	(0.7)

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 its two appendices and the amounts presented in the notes to the financial statements.

(€ millions)	Notes	June 30, 2021	June 30, 2020	2020
Consolidated Statement of Cash Flows				
Adjustments for depreciation and amortization		171.4	161.7	407.7
Increase and decrease in amortization – intangible assets	14	11.7	11.0	22.2
Increase and decrease in depreciation – property, plant and equipment	15	148.3	150.9	320.5
Impairment – property, plant and equipment	15	13.3	0.1	66.9
Reversal of impairment – intangible assets and property, plant and equipment		(1.9)	(0.3)	(1.6)
Adjustments for provisions		(14.5)	(30.3)	(32.7)
Net change in provisions for employee benefits – Current operating income	7	(2.8)	(1.9)	(2.5)
Net change in provisions for employee benefits – Other operating income and expenses		(1.4)	0.7	0.4
Net change in employee benefit liabilities – Closed plans		(2.2)	(1.4)	(1.5)
Normative return on assets of defined benefit plans		(7.2)	(11.3)	(22.0)
Unwinding of defined employee benefit liabilities		9.2	13.5	26.4
Net change in termination benefits		(17.0)	(18.0)	(24.3)
Increase in other provisions	18	27.7	7.5	32.3
Use of other provisions	18	(10.8)	(11.0)	(24.9)
Reversals of unused portions of other provisions	18	(11.2)	(9.7)	(19.2)
Unwinding of other provisions	18	1.2	1.3	2.6
Adjustments for losses (gains) on disposal of non-current assets		(7.3)	0.1	1.6
Income from asset disposals		(2.5)	(0.9)	(2.4)
Income from disposals of consolidated businesses	8	(5.5)	1.3	2.7
Income from non-recurring asset disposals	8	0.7	(0.3)	1.3
Acquisitions of intangible assets	14	(12.2)	(11.9)	(22.3)
Acquisitions of property, plant and equipment	15	(103.8)	(88.9)	(231.6)
Proceeds from disposals of intangible assets and property, plant and equipment		5.2	4.4	38.7
Intangible assets	14	0.5	0.3	0.6
Property, plant and equipment	15	3.1	2.7	8.4
Income from asset disposals		2.5	0.9	2.4
Income from non-recurring asset disposals	8	(0.7)	0.3	(1.3)
Change in receivables on disposals of intangible assets and property, plant and equipment		(0.2)	0.2	28.6

NOTES TO THE FINANCIAL STATEMENTS

▪ 2021 SIGNIFICANT EVENTS

This paragraph helps readers to easily identify the main notes addressing significant events that occurred in the first half of 2021.

- Developments in the operational litigation related to past sales of talc in the US: *Note 18*.
- Health and economic crisis caused by the Covid-19 pandemic: *Note 2.4*
- Planned disposal of the hydrous kaolin business in the US: *Notes 20* and *23*.

▪ BASIS OF PREPARATION

Note 1 Accounting principles

The half-year financial statements at June 30, 2021 are intended to update the information published in the full-year financial statements at December 31, 2020 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 full 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, 2020. The European Union’s adoption process may result in temporary differences at the end of the reporting period between the Principles and IFRS. At June 30, 2021, the amendment to IFRS 16 regarding Covid-19-related rent concessions was applicable under IFRS but had not been adopted within the European Union *(Note 3.1)*. 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, 2021.

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 2021.

Adoption upon effective date

Amendments to IFRS 9, IAS 39 and IFRS 7, as part of seeking Interest Rate Benchmark Reform. In 2019, Imerys decided to adopt Phase 1 of the amendment to IAS 39, IFRS 7 and IFRS 9, Interest Rate Benchmark Reform, before it became mandatory. This first amendment had been made to replace interbank offered rates (IBORs) with new benchmarks that are more consistent and more reliable, which will take place between 2021 and 2025. By adopting the amendment in 2019 before it became mandatory, Imerys was able to temporarily consider that hedged items, hedging instruments and information about hedging relationships were not affected by the reform. The dispositions of this amendment will cease to apply as soon as the uncertainty caused by the IBOR reform has been resolved. In 2020, the IASB supplemented the Phase 1 amendments with a Phase 2, which Imerys decided again to adopt in 2020, before it became mandatory. The Phase 2 amendments provide a practical expedient that adjust the effective interest rate of underlying contracts for future periods, once the new benchmark has been approved by the reform and may then be considered as economically equivalent to the previous benchmark. Phase 2 confirms existing hedging relationships may be maintained. The Group Treasury Department monitors changes to the interest rate benchmark reform, gradually updating the documentation of underlying contracts as and when they are renegotiated. The Group’s LIBOR- and EURIBOR-indexed contracts include five bilateral facilities denominated in JPY, GBP and CHF, all intragroup current accounts, and two intragroup loans in JPY and CHF, which will be renegotiated by December 31, 2021. Furthermore, at June 30, 2021, Imerys did not hold any foreign exchange derivative instrument covered by the interest rate benchmark reform.

IFRIC agenda decisions about the periods of service to which an entity attributes benefit for a particular defined benefit plan. The International Financial Reporting Interpretations Committee (IFRIC) received a request in November 2020 about the periods of service to which an entity attributes benefit for a particular defined benefit plan, the acquisition of which depends on the employee being employed by the entity when they reach retirement age and their length of service. In April 2021, the committee finalized its agenda decision without amending the standard. IFRIC stated the benefits depend on the length of employee service with the entity before the retirement age and are capped at a specified number of consecutive years of service. At June 30, 2021, the impact analysis of this agenda decision was ongoing.

The amendment to IFRS 4, Extension of the Temporary Exemption from Applying IFRS 9, does not apply to Imerys.

2.2 Voluntary changes

No voluntary changes were applied in 2020 or 2021.

2.3 Errors

No errors were corrected in 2021. In 2020, the proceeds from issuing shares (inflow of €119.8 million) and dividends paid (outflow of €137.4 million) were presented in an identical manner in the consolidated statement of changes in equity and the consolidated statement of cash flows, although the financing transactions that did not require cash should have been excluded from the second statement. As a portion of the 2019 dividend was paid in Imerys shares, the cash payment of the dividend totaled just €17.4 million at June 30, 2020 and €17.6 million at 31 December 2020. An equivalent correction was applied to the Change in net financial debt table *(Note 19.1)*.

2.4 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 2020 Universal Registration Document*. These factors remained relevant throughout the first half of 2021 in light of the health and economic crisis caused by the Covid-19 pandemic. In this situation, Executive Management carefully considered the estimates and judgments.

Note 3 Standards and interpretations effective after the closing date

In line with the European Union's latest IFRS endorsement status report of July 16, 2021 published by the European Financial Reporting Advisory Group (EFRAG), Imerys will apply the following standards and interpretations after June 30, 2021.

3.1 Application in 2021

Amendment to IFRS 16, Leases. On March 31, 2021, the IASB published an amendment to IFRS 16, Covid-19-Related Rent Concessions, prolonging the provisions of the amendment published on May 28, 2020, which offers lessees an optional practical expedient to recognize any advantages granted by lessors as a result of the Covid-19 crisis, such as rent reductions or concessions. Lessees are exempt from having to consider individual lease contracts to determine whether the rent concessions agreed are lease modifications and simply credit the benefit to income as variable lease payments. In 2020, Imerys did not receive any material advantages from its lessors as a result of the Covid-19 crisis.

3.2 Application in 2022

Amendments to IAS 16, Property, Plant and Equipment – Proceeds before Intended Use. The proceeds received from selling items produced during the development of tangible assets and their cost of production are required to be accounted for in profit or loss by these amendments.

Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract. This text specifies that only direct costs are to be used as costs of fulfilling to value onerous contracts.

Amendments to IFRS 3, Business Combinations. This amendment updates a reference to the Conceptual Framework in IFRS 3 without significantly changing its requirements.

3.3 Application in 2023

Amendment to IAS 1, Classification of Liabilities as Current or Non-current. The modifications proposed by this amendment make it clear that the split between current and non-current liabilities is based on the contractual arrangements, irrespective of the issuer's intentions.

Amendments to IAS 1, Disclosure of Accounting Policies. IAS 1 requires that an entity discloses its significant discounting policies; whereas the amendment seeks the disclosure of all material accounting policies. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial, especially if the users of the financial statements need to be aware of the policy to understand the other information contained therein.

Amendments to IAS 8, Definition of Accounting Estimates. Having observed that entities often 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 policies, the IASB seeks to clarify the two definitions with examples.

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 tax 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 does not require any change to be made to the accounting policies applied by Imerys, which already recognized deferred tax in this manner.

IFRS 17, Insurance Contracts, does not apply to Imerys.

▪ 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, 2021

(€ millions)	PM	HTMS	IS&H	Total
External revenue	**1,197.3**	**960.4**	**0.6**	**2,158.3**
Sale of goods	1,060.1	880.1	0.6	1,940.8
Rendering of services	137.2	80.3	-	217.6
Inter-segment revenue	**15.0**	**2.0**	**(17.0)**	**0.0**
Revenue	**1,212.3**	**962.4**	**(16.4)**	**2,158.3**
Current operating income	**169.6**	**94.0**	**(18.6)**	**245.0**
Of which amortization, depreciation and impairment	(100.6)	(50.8)	(8.6)	(160.0)
Other operating income and expenses				**(21.7)**
Operating income				**223.2**
Financial income (loss)				**(18.0)**
Interest income				1.4
Interest expense				(17.9)
Income taxes				**(58.3)**
Net income				**146.9**

At June 30, 2020

(€ millions)	PM	HTMS	IS&H	Total
External revenue	**1,080.8**	**826.2**	**(6.9)**	**1,900.2**
Sale of goods	962.3	759.4	(6.9)	1,714.8
Rendering of services	118.6	66.8	-	185.3
Inter-segment revenue	**9.1**	**0.1**	**(9.2)**	**0.0**
Revenue	**1,090.0**	**826.3**	**(16.1)**	**1,900.2**
Current operating income	**96.7**	**42.3**	**(7.0)**	**132.1**
Of which amortization, depreciation and impairment	(104.8)	(50.9)	(6.2)	(161.9)
Other operating income and expenses				**(20.7)**
Operating income				**111.3**
Financial income (loss)				**(29.2)**
Interest income				1.4
Interest expense				(22.0)
Income taxes				**(24.8)**
Net income				**57.4**

At December 31, 2020

(€ millions)	PM	HTMS	IS&H	Total
External revenue	**2,159.7**	**1,646.9**	**(8.1)**	**3,798.5**
Sale of goods	1,913.6	1,494.4	(8.1)	3,399.9
Rendering of services	246.1	152.5	-	398.7
Inter-segment revenue	**17.9**	**1.2**	**(19.1)**	**0.0**
Revenue	**2,177.6**	**1,648.1**	**(27.3)**	**3,798.5**
Current operating income	**217.5**	**92.4**	**(11.4)**	**298.5**
Of which amortization, depreciation and impairment	(217.5)	(102.6)	(22.2)	(342.3)
Other operating income and expenses				**(160.5)**
Operating income				**138.0**
Financial income (loss)				**(61.4)**
Interest income				2.7
Interest expense				(39.9)
Income taxes				**(44.3)**
Net income				**32.3**

Current EBITDA

At June 30, 2021

(€ millions)	PM	HTMS	IS&H	Total
Consolidated Income Statement				
External revenue	1,197.3	960.4	0.6	2,158.3
Raw materials and consumables used	(344.2)	(471.3)	86.8	(728.8)
External expenses	(349.6)	(174.4)	(31.2)	(555.1)
Staff expenses	(232.7)	(172.0)	(60.0)	(464.7)
Taxes and duties	(11.7)	(5.8)	(1.2)	(18.7)
Other current income and expenses	11.0	7.8	(4.9)	13.9
Adjustments				
Change in provisions for employee benefits	(2.9)	0.9	(0.8)	(2.8)
Change in current operating write-downs and provisions	(3.2)	(5.7)	10.3	1.4
Share in net income of joint ventures and associates	(2.7)	(0.2)	(2.6)	(5.5)
Dividends received from joint ventures and associates	1.6	0.8	-	2.4
Current EBITDA	**262.9**	**140.5**	**(3.0)**	**400.4**

At June 30, 2020

(€ millions)	PM	HTMS	IS&H	Total
Consolidated Income Statement				
External revenue	1,080.8	826.2	(6.9)	1,900.2
Raw materials and consumables used	(328.1)	(414.7)	92.4	(650.5)
External expenses	(302.3)	(150.6)	(33.7)	(486.6)
Staff expenses	(230.9)	(165.3)	(51.9)	(448.2)
Taxes and duties	(14.2)	(5.7)	(1.1)	(21.0)
Other current income and expenses	(3.7)	3.3	0.5	0.1
Adjustments				
Change in provisions for employee benefits	(0.4)	(0.9)	(0.6)	(1.9)
Change in current operating write-downs and provisions	1.5	(3.7)	(1.9)	(4.1)
Share in net income of joint ventures and associates	(0.6)	(1.5)	3.3	1.2
Dividends received from joint ventures and associates	-	0.3	0.1	0.5
Current EBITDA	**202.0**	**87.4**	**0.1**	**289.6**

At December 31, 2020

(€ millions)	PM	HTMS	IS&H	Total
Consolidated Income Statement				
External revenue	2,159.7	1,646.9	(8.1)	3,798.5
Raw materials and consumables used	(668.9)	(804.7)	180.7	(1,292.9)
External expenses	(590.9)	(316.5)	(61.0)	(968.4)
Staff expenses	(455.8)	(318.7)	(100.7)	(875.2)
Taxes and duties	(27.8)	(11.3)	(2.6)	(41.7)
Other current income and expenses	18.7	(0.7)	2.6	20.5
Adjustments				
Change in provisions for employee benefits	0.8	(2.7)	(0.5)	(2.5)
Change in current operating write-downs and provisions	(6.0)	(1.6)	(2.5)	(10.0)
Share in net income of joint ventures and associates	(2.9)	(3.5)	5.2	(1.2)
Dividends received from joint ventures and associates	2.9	1.3	0.2	4.4
Current EBITDA	**429.8**	**188.4**	**13.3**	**631.5**

Consolidated Statement of Financial Position

At June 30, 2021

(€ millions)	PM	HTMS	IS&H	Total
Capital employed – Assets	**3,426.1**	**2,708.5**	**177.9**	**6,312.5**
Goodwill(1)	1,194.1	960.6	0.8	2,155.5
Intangible assets and property, plant and equipment(2)	1,355.0	908.8	103.5	2,367.3
Inventories	341.3	411.4	(1.4)	751.3
Trade receivables	370.8	311.0	(4.5)	677.3
Other receivables – non-current and current	141.5	84.0	30.1	255.6
Joint ventures and associates	23.4	32.8	49.4	105.5
Assets held for sale	**59.7**	**-**	**-**	**59.7**
Unallocated assets				**880.2**
Total assets				**7,252.3**
Capital employed – Liabilities	**619.3**	**458.1**	**(46.9)**	**1,030.4**
Trade payables	285.8	293.0	3.6	582.4
Other debts – non-current and current	288.9	140.7	(82.9)	346.7
Income taxes payable	44.5	24.4	32.4	101.3
Provisions	**427.5**	**192.5**	**114.6**	**734.6**
Liabilities related to assets held for sale	**12.4**	**-**	**-**	**12.4**
Unallocated liabilities				**2,334.1**
Total non-current and current liabilities				**4,111.5**
Total capital employed	**2,806.8**	**2,250.4**	**224.8**	**5,282.0**
(1) Increase in goodwill	*(4.7)*	*(1.8)*	*-*	*(6.6)*
(2) Acquisitions of intangible assets and property, plant and equipment	*79.8*	*35.1*	*10.5*	*125.5*

At June 30, 2020

(€ millions)	PM	HTMS	IS&H	Total
Capital employed – Assets	**3,546.8**	**2,617.6**	**184.5**	**6,348.9**
Goodwill[(1)]	1,211.8	927.7	0.8	2,140.3
Intangible assets and property, plant and equipment[(2)]	1,534.8	915.5	97.4	2,547.7
Inventories	365.7	416.2	(3.6)	778.4
Trade receivables	302.7	249.9	(3.0)	549.7
Other receivables – non-current and current	117.2	67.6	48.4	233.2
Joint ventures and associates	14.5	40.7	44.4	99.6
Unallocated assets				**1,268.3**
Total assets				**7,617.2**
Capital employed – Liabilities	**489.9**	**361.6**	**33.2**	**884.7**
Trade payables	264.4	228.3	8.1	500.8
Other debts – non-current and current	192.4	118.7	(1.1)	309.9
Income taxes payable	33.2	14.6	26.2	74.0
Provisions	**445.4**	**208.0**	**121.8**	**775.2**
Unallocated liabilities				**2,902.5**
Total non-current and current liabilities				**4,562.5**
Total capital employed	**3,056.8**	**2,256.0**	**151.3**	**5,464.2**
(1) Increase in goodwill	*20.2*	*0.2*	*-*	*20.5*
(2) Acquisitions of intangible assets and property, plant and equipment	*66.4*	*36.3*	*11.5*	*114.2*

At December 31, 2020

(€ millions)	PM	HTMS	IS&H	Total
Capital employed – Assets	**3,366.4**	**2,613.5**	**155.1**	**6,135.0**
Goodwill[(1)]	1,186.2	962.0	0.8	2,149.1
Intangible assets and property, plant and equipment[(2)]	1,399.6	911.6	101.4	2,412.6
Inventories	326.1	367.4	(1.8)	691.8
Trade receivables	319.5	253.4	(4.9)	568.0
Other receivables – non-current and current	121.0	77.3	28.0	226.3
Joint ventures and associates	13.9	41.7	31.6	87.3
Unallocated assets				**856.2**
Total assets				**6,991.2**
Capital employed – Liabilities	**545.1**	**409.0**	**6.6**	**960.7**
Trade payables	247.4	225.7	2.5	475.6
Other debts – non-current and current	260.4	163.7	(17.9)	406.1
Income taxes payable	37.3	19.6	22.1	79.0
Provisions	**494.7**	**203.9**	**107.4**	**806.0**
Unallocated liabilities				**2,269.1**
Total non-current and current liabilities				**4,035.8**
Total capital employed	**2,821.3**	**2,204.5**	**148.4**	**5,174.2**
(1) Increase in goodwill	*15.4*	*54.0*	*-*	*69.4*
(2) Acquisitions of intangible assets and property, plant and equipment	*156.6*	*93.0*	*27.7*	*277.4*

▪ NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 4 Revenue

The following table presents a breakdown of revenue by sale of goods and rendering of services. In the first half of 2021, total revenue amounted to €2,158.3 million (€1,900.2 million in the first half of 2020 and €3,798.5 million for the full year), representing a 13.6% increase (compared with decreases of 16.0% in the first half of 2020 and 12.8% for the full year), including a negative currency effect of €82.5 million (compared with a positive effect of €15.4 million in the first half of 2020 and a negative effect of €91.4 million for the full year) and a positive scope effect of €37.6 million (compared with a negative effect of €19.5 million in the first half of 2020 and a positive effect of €0.7 million for the full year). At constant scope and exchange rates, revenue grew 16.7% (compared with decreases of 15.9% in the first half of 2020 and 10.7% for the full year).

(€ millions)	**June 30, 2021**	**June 30, 2020**	**2020**
Sale of goods	1,940.8	1,714.8	3,399.9
Rendering of services	217.6	185.3	398.7
Total	**2,158.3**	**1,900.2**	**3,798.5**

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)	**June 30, 2021**	**June 30, 2020**	**2020**
Goods and services transferred to customers at a given point in time	**1,945.1**	**1,715.2**	**3,406.4**
Sale of material specialties	1,940.8	1,714.8	3,399.9
Rendering of industrial services	4.1	-	5.6
Rendering of other services	0.2	0.4	0.9
Services transferred to customers over time	**213.3**	**185.0**	**392.1**
Shipping revenue	147.5	121.9	256.6
Rendering of industrial services	64.8	62.6	134.7
Rendering of other services	1.0	0.5	0.9
Total	**2,158.3**	**1,900.2**	**3,798.5**

Note 5 Raw materials and consumables used

(€ millions)	**June 30, 2021**	**June 30, 2020**	**2020**
Raw materials	(411.7)	(310.1)	(577.8)
Energy	(161.8)	(152.7)	(290.9)
Chemicals	(31.6)	(26.5)	(50.7)
Other consumables	(110.6)	(86.8)	(188.2)
Merchandise	(71.9)	(63.2)	(112.1)
Change in inventories	56.4	(15.7)	(85.1)
Self-constructed assets	2.3	4.6	11.9
Total	**(728.8)**	**(650.5)**	**(1,292.9)**

Note 6 External expenses

(€ millions)	June 30, 2021	June 30, 2020	2020
Transportation	(278.3)	(225.5)	(445.4)
Lease payments recognized in expenses	(20.2)	(22.6)	(30.7)
Lease term of 12 months or less	(8.8)	(10.2)	(20.4)
Leases of low-value assets	(0.2)	(0.3)	(0.7)
Variable payments and services	(11.1)	(12.1)	(9.6)
Impact of reductions in the scope of leases	0.2	0.2	0.4
Subcontracting	(67.5)	(51.5)	(123.3)
Maintenance and repair	(62.9)	(60.9)	(116.8)
Fees	(44.5)	(49.4)	(96.6)
Other external expenses	(81.9)	(76.9)	(156.0)
Total	**(555.1)**	**(486.6)**	**(968.4)**

Note 7 Staff expenses

(€ millions)	June 30, 2021	June 30, 2020	2020
Salaries	(358.5)	(346.8)	(680.7)
Social security contributions	(68.2)	(60.7)	(115.5)
Net change in provisions for employee benefits	2.8	1.9	2.5
Contributions to defined benefit plans	(9.3)	(7.5)	(15.0)
Contributions to defined contribution plans	(13.1)	(15.2)	(26.0)
Profit-sharing	(13.2)	(16.2)	(33.5)
Other employee benefits	(5.1)	(3.6)	(7.0)
Total	**(464.7)**	**(448.2)**	**(875.2)**

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 significant 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 16)* or major litigation *(Note 18)*.

(€ millions)	June 30, 2021	June 30, 2020	2020
Gain (loss) from changes in control	**4.0**	**(2.6)**	**(5.0)**
Transaction costs	(1.4)	(1.3)	(2.3)
Income from disposals of consolidated businesses	5.5	(1.3)	(2.7)
Other non-recurring items	**(25.7)**	**(18.2)**	**(155.5)**
Impairment recognized against goodwill	-	-	(12.7)
Impairment due to restructuring	(11.4)	0.2	(65.4)
Income from non-recurring asset disposals	(0.7)	0.3	(1.3)
Restructuring expenses paid	(32.9)	(44.6)	(84.3)
Change in provisions	20.6	25.9	17.2
Share of net income from non-recurring operations of associates	(1.4)	-	(8.9)
Other operating income and expenses	**(21.7)**	**(20.7)**	**(160.5)**
Income taxes	2.9	4.0	21.6
Other operating income and expenses, net of income taxes	**(18.8)**	**(16.7)**	**(138.9)**

Other operating income and expenses in the first half of 2021

In the first half of 2021, gross "Other operating income and expenses" represented a €21.7 million expense (including €3.0 million through the "Connect & Shape" transformation plan and €4.3 million to restructure the paper business). Income tax gains on "Other operating income and expenses" amounted to €2.9 million. Therefore, "Other operating income and expenses, net of income taxes" reflected a total expense of €18.8 million.

Other operating income and expenses in the first half of 2020

In the first half of 2020, gross "Other operating income and expenses" represented a €20.7 million expense (including €4.9 million through the "Connect & Shape" transformation plan). Income tax gains on "Other operating income and expenses" amounted to €4.0 million. Therefore, "Other operating income and expenses, net of income taxes" reflected a total expense of €16.7 million.

Other operating income and expenses in 2020

In 2020, gross "Other operating income and expenses" represented a €160.5 million expense (including €28.0 million through the "Connect & Shape" transformation plan and €65.4 million to restructure the paper business). Income tax gains on "Other operating income and expenses" amounted to €21.6 million. Therefore, "Other operating income and expenses, net of income taxes" reflected a total expense of €138.9 million.

Note 9 Financial income (loss)

At June 30, 2021

	Non-hedge accounting			Hedge accounting						
	IFRS 9 categories			Fair value		Cash flow		Total		
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Income	Expenses	Net
Net financial debt expense	**(19.7)**	**1.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.4**	**(19.7)**	**(18.2)**
Income from securities	-	1.4	-	-	-	-	-	1.4	-	1.4
Gross financial debt expense	(19.7)	-	-	-	-	-	-	-	(19.7)	(19.7)
Other financial income (expense)	**6.2**	**(0.4)**	**(5.5)**	**0.0**	**0.0**	**0.0**	**0.0**	**122.4**	**(122.2)**	**0.2**
Net exchange rate differences	1.6	(0.4)	(0.2)	-	-	-	-	110.2	(109.2)	1.0
Financial income and expenses of defined benefit plans	-	-	(3.9)	-	-	-	-	7.2	(11.1)	(3.9)
Unwinding of other provisions	-	-	(1.2)	-	-	-	-	-	(1.2)	(1.2)
Other financial income (expense)	4.6	-	(0.2)	-	-	-	-	5.0	(0.6)	4.4
Financial income (loss)	**(13.5)**	**1.0**	**(5.5)**	**0.0**	**0.0**	**0.0**	**0.0**	**123.8**	**(141.8)**	**(18.0)**

At June 30, 2020

	Non-hedge accounting			Hedge accounting				Total		
	IFRS 9 categories			Fair value		Cash flow				
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Income	Expenses	Net
Net financial debt expense	**(25.5)**	**1.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.4**	**(25.5)**	**(24.1)**
Income from securities	-	1.4	-	-	-	-	-	1.4	-	1.4
Gross financial debt expense	(25.5)	-	-	-	-	-	-	-	(25.5)	(25.5)
Other financial income (expense)	**0.4**	**(0.3)**	**(5.2)**	**0.0**	**0.0**	**0.0**	**0.0**	**177.6**	**(182.6)**	**(5.1)**
Dividends	-	0.1	-	-	-	-	-	0.1	-	0.1
Net exchange rate differences	5.8	(0.4)	-	-	-	-	-	166.5	(161.1)	5.4
Financial income and expenses of defined benefit plans	-	-	(3.8)	-	-	-	-	11.3	(15.1)	(3.8)
Unwinding of other provisions	-	-	(1.2)	-	-	-	-	-	(1.2)	(1.2)
Other financial income (expense)	(5.4)	-	(0.2)	-	-	-	-	(0.3)	(5.2)	(5.6)
Financial income (loss)	**(25.1)**	**1.1**	**(5.2)**	**0.0**	**0.0**	**0.0**	**0.0**	**179.0**	**(208.1)**	**(29.2)**

At December 31, 2020

	Non-hedge accounting			Hedge accounting				Total		
	IFRS 9 categories			Fair value		Cash flow				
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Income	Expenses	Net
Net financial debt expense	**(47.1)**	**2.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2.7**	**(47.1)**	**(44.4)**
Income from securities	-	2.7	-	-	-	-	-	2.7	-	2.7
Gross financial debt expense	(47.1)	-	-	-	-	-	-	-	(47.1)	(47.1)
Other financial income (expense)	**(9.8)**	**2.5**	**(9.7)**	**0.0**	**0.0**	**0.0**	**0.0**	**270.8**	**(287.8)**	**(17.0)**
Net exchange rate differences	(11.9)	2.5	(0.2)	-	-	-	-	245.1	(254.7)	(9.6)
Financial income and expenses of defined benefit plans	-	-	(6.6)	-	-	-	-	22.0	(28.6)	(6.6)
Unwinding of other provisions	-	-	(2.6)	-	-	-	-	-	(2.6)	(2.6)
Other financial income (expense)	2.1	-	(0.3)	-	-	-	-	3.7	(1.9)	1.8
Financial income (loss)	**(56.9)**	**5.2**	**(9.7)**	**0.0**	**0.0**	**0.0**	**0.0**	**273.5**	**(334.9)**	**(61.4)**

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 rate and weighting it by the income forecast. This weighted average is adjusted for permanent differences expected to occur over the year as well as incidents expected to occur during the second half of the year.

Income taxes recognized in profit or loss

(€ millions)	June 30, 2021	June 30, 2020	2020
Payable and deferred income taxes			
Income taxes payable	(59.4)	(47.2)	(64.5)
Deferred taxes	1.0	22.5	20.2
Total	**(58.4)**	**(24.7)**	**(44.3)**
Income taxes by level of profit			
Income taxes on current operating and financial income (loss)	**(61.3)**	**(28.7)**	**(65.9)**
Income taxes payable on current operating and financial income (loss)	(63.0)	(60.3)	(82.2)
Deferred taxes on current operating and financial income (loss)	1.7	31.6	16.3
Income taxes on other operating income and expenses	**2.9**	**4.0**	**21.6**
Income taxes payable on other operating income and expenses	3.6	13.0	17.7
Deferred taxes on other operating income and expenses	(0.7)	(9.0)	3.9
Total	**(58.4)**	**(24.7)**	**(44.3)**

Income taxes recognized in equity

(€ millions)	June 30, 2021	June 30, 2020	2020
Gains (losses) on remeasurements of defined benefit plans	(12.4)	(3.7)	7.4
Income taxes on components that will not be reclassified	**(12.4)**	**(3.7)**	**7.4**
Cash flow hedges	**(6.8)**	**3.0**	**(3.2)**
Income taxes recognized in equity	(8.3)	11.2	0.1
Income taxes reclassified in profit or loss	1.6	(8.2)	(3.4)
Translation reserve	**(0.4)**	**1.0**	**2.8**
Income taxes recognized in equity	(1.4)	1.0	2.8
Income taxes reclassified in profit or loss	1.0	-	-
Income taxes on components that will be reclassified	**(7.2)**	**4.1**	**(0.4)**
Total	**(19.6)**	**0.4**	**7.0**

Income taxes paid

In the first half of 2021, income taxes paid in cash and using tax credits amounted to €48.3 million (€34.6 million in the first half of 2020 and €63.9 million for the full year).

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

(€ millions)	June 30, 2021	June 30, 2020	2020
Current operating income	245.0	132.1	298.5
Financial income (loss)	(18.0)	(29.2)	(61.4)
Income taxes on current operating income and financial income (loss)	(61.3)	(28.8)	(65.9)
Current operating income (expense) and financial income (loss) attributable to non-controlling interests	(7.4)	(1.3)	(4.2)
Net income from current operations, Group share	**158.3**	**72.8**	**167.0**
Other operating income (expense), gross	(21.7)	(20.7)	(160.5)
Income taxes on other operating income and expenses	2.9	4.0	21.6
Other operating income (expense) attributable to non-controlling interests	2.3	0.6	2.0
Net income, Group share	**141.8**	**56.6**	**30.1**

Note 12 Earnings per share

(€ millions)	June 30, 2021	June 30, 2020	2020
Numerator			
Net income, Group share	141.8	56.6	30.1
Net income from current operations, Group share	158.2	72.8	167.0
Denominator			
Weighted average number of shares used to calculate basic income per share	84,709,730	79,560,430	82,168,061
Dilutive effect of free shares and share opions	1,441,725	913,288	885,438
Weighted average number of shares used to calculate diluted income per share	86,151,455	80,473,718	83,053,499
Basic income per share, Group share *(in €)*			
Basic net income per share	1.67	0.71	0.37
Basic net income from current operations per share	1.87	0.91	2.03
Diluted income per share, Group share *(in €)*			
Diluted net income per share	1.65	0.70	0.36
Diluted net income from current operations per share	1.84	0.90	2.01

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 13 Goodwill

(€ millions)	June 30, 2021	June 30, 2020	2020
Carrying amount at the beginning of the period	**2,149.1**	**2,153.2**	**2,153.1**
Gross amount	2,236.4	2,230.4	2,230.8
Impairment	(87.3)	(77.7)	(77.7)
Incoming entities	(1.6)	20.5	69.4
Outgoing entities	(0.2)	-	(2.1)
Exchange rate differences	13.3	(33.2)	(58.6)
Impairment	-	-	(12.7)
Reclassification to assets held for sale (1)	(5.0)	-	-
Carrying amount at the end of the period	**2,155.5**	**2,140.3**	**2,149.1**
Gross amount	2,246.2	2,217.6	2,236.4
Impairment	(90.7)	(77.3)	(87.3)

(1) Changes in the scope of consolidation (Note 20)

Purchase accounting finalized in the first half of 2021

In the first half of 2020, the Group made a number of immaterial acquisitions, the purchase accounting for which was finalized in the first half of 2021. Paid for in cash and totaling €45.5 million, they generated definitive goodwill of €19.4 million.

Purchase accounting not yet finalized in the first half of 2021

In the 12 months prior to closing, the Group made a number of immaterial acquisitions, the purchase accounting for which was not finalized in the first half of 2021. Paid for in cash and totaling €78.7 million, they generated provisional goodwill of €50.7 million.

Note 14 Intangible assets

(€ millions)	Software	Trademarks, patents and licenses	Industrial processes and others	Total
Carrying amount at January 1, 2020	**20.4**	**163.8**	**97.5**	**281.8**
Gross amount	108.2	180.4	168.1	456.7
Amortization and impairment	(87.7)	(16.5)	(70.6)	(174.9)
Incoming entities	-	2.3	7.7	10.0
Acquisitions	3.6	0.2	18.7	22.4
Disposals	(0.3)	-	(0.4)	(0.7)
Amortization	(10.6)	(1.5)	(10.1)	(22.2)
Reclassification and other	37.6	0.1	(37.7)	(0.0)
Exchange rate differences	(0.6)	(1.8)	(1.3)	(3.7)
Carrying amount at January 1, 2021	**50.1**	**163.1**	**74.4**	**287.6**
Gross amount	144.0	180.6	152.6	477.3
Amortization and impairment	(93.9)	(17.5)	(78.3)	(189.7)
Acquisitions	2.7	(0.1)	9.6	12.2
Disposals	-	-	(0.5)	(0.5)
Amortization	(6.6)	(0.5)	(4.6)	(11.7)
Reclassification and other	3.1	-	(3.1)	0.0
Exchange rate differences	0.2	0.4	0.2	0.7
Carrying amount at June 30, 2021	**49.4**	**162.9**	**76.0**	**288.4**
Gross amount	150.9	180.9	164.8	496.5
Amortization and impairment	(101.5)	(18.0)	(88.8)	(208.1)

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, 2020	**245.2**	**502.9**	**325.4**	**1,012.8**	**217.5**	**76.5**	**2,380.3**
Gross amount	499.5	947.1	589.1	3,735.9	243.1	303.5	6,318.2
Depreciation and impairment	(254.3)	(444.2)	(263.7)	(2,723.1)	(25.6)	(227.0)	(3,937.9)
Incoming entities	7.1	0.1	10.8	16.2	0.1	5.0	39.3
Outgoing entities	-	(1.2)	(0.1)	(0.9)	(0.5)	(0.1)	(2.8)
Acquisitions	-	57.1	4.8	38.1	122.8	8.9	231.7
Acquisition cost and subsequent adjustments	23.5	-	-	-	-	-	23.5
Disposals	-	(0.1)	(4.1)	(0.9)	(0.5)	(2.8)	(8.4)
Depreciation	(73.4)	(59.4)	(16.2)	(149.6)	(0.8)	(21.1)	(320.5)
Impairment	(4.2)	(32.9)	(8.3)	(21.0)	(0.3)	(0.2)	(66.9)
Reversals of impairment	-	-	1.2	0.3	-	-	1.5
Reclassification and other	-	2.1	15.1	87.1	(120.3)	16.0	0.0
Exchange rate differences	(5.7)	(43.0)	(22.5)	(58.8)	(19.1)	(3.6)	(152.7)
Carrying amount at January 1, 2021	**192.5**	**425.6**	**306.1**	**923.3**	**198.9**	**78.6**	**2,125.0**
Gross amount	397.5	907.2	579.7	3,622.2	222.0	309.8	6,038.4
Depreciation and impairment	(205.0)	(481.6)	(273.6)	(2,698.9)	(23.1)	(231.2)	(3,913.4)
Incoming entities	-	-	-	(0.5)	-	(0.1)	(0.6)
Outgoing entities	-	-	(0.6)	(0.1)	(0.3)	(0.1)	(1.1)
Acquisitions	-	29.9	3.6	10.6	59.3	0.4	103.8
Acquisition cost and subsequent adjustments	9.5	-	-	-	-	-	9.5
Disposals	-	0.1	(0.2)	(2.0)	(0.4)	(0.5)	(3.1)
Depreciation	(24.1)	(29.5)	(7.4)	(76.9)	0.2	(10.6)	(148.3)
Impairment	(0.3)	(13.0)	-	-	-	-	(13.3)
Reversals of impairment	-	-	0.4	1.4	-	0.2	1.9
Reclassification and other	-	2.2	-	66.5	(76.5)	7.8	(0.0)
Reclassification to assets held for sale (1)	(3.0)	(6.4)	(11.4)	10.8	(4.1)	(0.6)	(36.4)
Exchange rate differences	2.1	11.0	5.5	17.9	3.8	1.2	41.4
Carrying amount at June 30, 2021	**176.7**	**412.6**	**303.1**	**929.3**	**180.8**	**76.4**	**2,078.9**
Gross amount	372.0	915.3	581.4	3,653.0	205.5	302.2	6,029.4
Depreciation and impairment	(195.4)	(502.7)	(278.3)	(2,723.7)	(24.7)	(225.8)	(3,950.5)

(1) Changes in the scope of consolidation (Note 20)

Note 16 Impairment tests

Impairment tests are performed systematically on goodwill at the end of the financial year. They are only performed at the half-year close when an impairment indicator suggests it is necessary. As no impairment indicators identified a need, impairment tests were not performed on goodwill at June 30, 2021. At December 31, 2020, impairment tests did not lead to the recognition of any impairment loss.

Note 17 Inventories

	June 30, 2021			June 30, 2020			2020		
(€ millions)	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount
Raw materials	354.1	(20.9)	333.1	363.5	(22.7)	340.8	325.2	(23.2)	302.0
Work in progress	98.5	(2.4)	96.1	108.7	(1.7)	107.0	99.5	(3.9)	95.6
Finished goods	259.5	(19.0)	240.4	256.2	(14.3)	241.9	235.9	(20.7)	215.2
Merchandise	83.5	(2.0)	81.6	91.2	(2.5)	88.7	81.7	(2.7)	79.0
Total	**795.6**	**(44.3)**	**751.3**	**819.7**	**(41.3)**	**778.4**	**742.3**	**(50.5)**	**691.8**

Note 18 Other provisions

(€ millions)	June 30, 2021	June 30, 2020	2020
Other non-current provisions	414.8	414.4	394.9
Other current provisions	42.7	23.3	58.8
Total	**457.5**	**437.7**	**453.7**

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, 2020	**3.8**	**126.7**	**153.2**	**183.3**	**467.0**
Change in the scope of consolidation	-	-	(1.6)	(0.2)	(1.8)
Increase	1.7	5.9	7.4	17.3	32.3
Utilizations	(1.3)	(2.9)	(7.6)	(13.1)	(24.9)
Unused decreases	(0.6)	(3.2)	-	(15.4)	(19.2)
Unwinding expense	-	0.8	1.8	-	2.6
Reclassification and other	-	-	-	27.1	27.1
Exchange rate differences	(0.2)	(7.0)	(8.2)	(14.0)	(29.4)
Balance at January 1, 2021	**3.4**	**120.3**	**145.0**	**184.9**	**453.7**
Change in the scope of consolidation	-	0.2	-	0.1	0.3
Increase	0.6	4.4	9.3	13.4	27.7
Utilizations	(0.8)	(2.5)	(2.1)	(5.5)	(10.9)
Unused decreases	(0.5)	(2.4)	(0.6)	(7.7)	(11.3)
Unwinding expense	-	0.1	0.9	0.2	1.2
Reclassification in current provisions	-	(0.4)	(0.1)	(11.9)	(12.4)
Reclassification in liabilities related to assets held for sale[(1)]	-	(0.7)	(1.3)	-	(2.0)
Exchange rate differences	0.1	3.5	3.2	4.2	11.0
Balance at June 30, 2021	**2.9**	**122.6**	**154.4**	**177.6**	**457.5**

(1) Changes in the scope of consolidation (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 of the 2020 Registration Document)*. These provisions include 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 law in order to permanently resolve the long-running talc-related litigation in the United States. Under Chapter 11, the Group remains the legal owner of all the share capital of the North American Talc Subsidiaries, but these assets are subject to the jurisdiction of the US Delaware federal courts, which will oversee the continuing operations of the entities concerned as well as the conclusion and execution of a business continuity plan that the North American Talc Subsidiaries have sought to negotiate with representatives of existing claimants currently involved in the ongoing litigation as well as any future claimants ("Representatives of Claimants"). 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 North American Talc 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 restructuring plan (the "Plan"), which was filed on the same day with the competent Federal Court for the District of Delaware. The Plan provides that once the necessary approvals have been obtained, the Talc Subsidiaries Involved will emerge from 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.

The Plan is progressing satisfactorily. On April 7, 2021, in accordance with the specific applicable legal provisions, the Plan achieved the required level of approval of 75% of votes from creditors and claimants in the talc-related litigation in the US. The Plan will now undergo a confirmation procedure by the competent Delaware federal court in a hearing due to start in mid-November. This confirmation will then be subject to the final approval from another competent federal court. Imerys Talc Italy has been named in a few outstanding talc related lawsuits in the United States. Now the Plan has achieved its required majority from voters, Imerys Talc Italy also intends to file for Chapter 11 protection and join the Plan before it undergoes the legal confirmation procedure in order to benefit from the same comprehensive and permanent resolution of historic talc-related liabilities as the North American Talc Subsidiaries. Imerys Talc Italy's business will remain part of the Group throughout and after closing of the Chapter 11 proceedings. It is expected that the Plan could be approved in time for the Talc Subsidiaries Involved to emerge from Chapter 11 in early 2022.

Under the proposed Plan and concurrently with its approval process, the North American Talc Subsidiaries sold their assets to Magris Resources, a Canadian investment fund, for USD223.0 million on February 17, 2021. The Group's contribution to the Plan 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) or 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 sale price agreed for the North American Talc Subsidiaries, the Group's contribution with respect to the above-mentioned points (i) and (ii) would not exceed the minimum of USD75.0 million. In light of the terms of the Plan, the progress made in the approval process and the completed sale of the assets held by the North American Talc Subsidiaries, Executive Management came together with independent third-party experts at the date the Group's 2021 half-year financial results were approved to review its prior estimate of the risk related to the resolution of the Chapter 11 procedure and the forecast financial impact for the Group. The estimate was subsequently reiterated. At June 30, 2021, the provision set aside in the Group's financial statements amounted to USD117.5 million, which was deemed appropriate to cover the expected financial impact of the Plan for the Group.

Note 19 Financial liabilities

19.1 Financial debt

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, finance lease credits 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, 2021, "Cash and cash equivalents" amounted to €687.9 million (€1,063.9 million at June 30, 2020 and €648.5 million at December 31, 2020), of which €481.8 million cash (€792.9 million at June 30, 2020 and €455.2 million at December 31, 2020) and €206.0 million cash equivalents (€271.0 million at June 30, 2020 and €193.3 million at December 31, 2020). Cash included a restricted balance of €2.4 million (€8.7 million at June 30, 2020 and €2.5 million at December 31, 2020) not available for Imerys S.A. and its subsidiaries, of which €1.9 million (€7.6 million at June 30, 2020 and €2.0 million at December 31, 2020) due to legal restrictions or foreign exchange controls and €0.5 million (€1.1 million at June 30, 2020 and €0.5 million at December 31, 2020) due to statutory requirements. At June 30, 2021, cash equivalents were composed of €0.0 million in short-term cash UCITS (€0.1 million at June 30, 2020 and €0.0 million at December 31, 2020) as well as €206.1 million in short-term deposits and investments (€271.0 million at June 30, 2020 and €193.3 million at December 31, 2020)

(€ millions)	June 30, 2021	June 30, 2020	2020
Non-derivative financial liabilities	**2,237.7**	**2,767.2**	**2,170.3**
Borrowings and financial debt – non-current	1,701.3	1,694.8	1,698.3
Lease liabilities – non-current	148.9	174.5	167.8
Borrowings and financial debt – current	323.9	817.3	260.9
Lease liabilities – current	43.2	69.4	42.6
Bank overdrafts	20.4	11.2	0.7
Non-derivative financial assets	**(695.4)**	**(1,075.8)**	**(658.5)**
Other financial assets	(7.5)	(11.9)	(10.0)
Cash and cash equivalents	(687.9)	(1,063.9)	(648.5)
Hedge derivatives	**5.3**	**11.4**	**(3.8)**
Financing hedge instruments – liabilities	8.8	7.3	1.7
Financing hedge instruments – assets	(3.5)	4.1	(5.5)
Net financial debt	**1,547.6**	**1,702.8**	**1,508.0**

Current free operating cash flow

Net current free operating cash flow corresponds to the residual cash flow from recurring operations after current operating income taxes and operating capital expenditure, taking into account proceeds from operating asset disposals and cash changes in operating working capital requirement. In comparison with the cash flow presented in the *Consolidated Statement of Cash Flows*, net current free operating cash flow corresponds to the recurring portion of "Net cash flows from (used in) operating activities" adjusted for acquisitions and disposals of intangible assets and property, plant and equipment in "Cash flow from investing activities" after income taxes.

(€ millions)	Notes	**June 30, 2021**	**June 30, 2020**	**2020**
Consolidated Income Statement				
Revenue	4	2,158.3	1,900.2	3,798.5
Raw materials and consumables used	5	(728.8)	(650.5)	(1,292.9)
External expenses	6	(555.1)	(486.6)	(968.4)
Staff expenses	7	(464.7)	(448.2)	(875.2)
Taxes and duties[(1)]		(18.7)	(21.0)	(41.7)
Other current income and expenses		13.9	0.1	20.5
Adjustments				
Change in provisions for employee benefits	7	(2.8)	(1.9)	(2.5)
Change in current operating write-downs and provisions		1.4	(4.0)	(10.0)
Share in net income of joint ventures and associates		(5.5)	1.1	(1.2)
Dividends received from joint ventures and associates		2.4	0.4	4.4
Current EBITDA		**400.4**	**289.6**	**631.5**
Income taxes				
Notional tax on current operating income		(66.1)	(37.0)	(83.0)
Adjustments				
Change in operational working capital requirement[(2)]		(62.7)	46.4	74.9
Carrying amount of intangible assets and property, plant and equipment disposed of		2.8	2.9	35.7
Net current operating cash flow		**274.4**	**301.9**	**659.1**
Investing activities				
Acquisitions of intangible assets and property, plant and equipment[(3)]		(142.7)	(149.4)	(262.1)
Additions to right-of-use assets	15	(9.5)	(13.4)	(23.5)
Net current free operating cash flow		**122.2**	**139.1**	**373.5**
(1) Consolidated Income Statement				
(2) Change in operating working capital requirement (Consolidated Statement of Cash Flows)		*(62.7)*	*46.4*	*74.9*
Adjustments for decrease (increase) in inventories		*(55.7)*	*16.7*	*86.3*
Adjustments for decrease (increase) in trade receivables		*(103.0)*	*52.6*	*34.9*
Adjustments for increase (decrease) in trade payables		*96.0*	*(23.0)*	*(46.3)*
(3) Acquisitions of intangible assets and property, plant and equipment (Consolidated Statement of Cash Flows)		*(142.7)*	*(149.4)*	*(262.1)*
Acquisitions of intangible assets		*(12.2)*	*(11.9)*	*(22.3)*
Acquisitions of property, plant and equipment		*(103.8)*	*(88.9)*	*(231.6)*
Change in payables on acquisitions of intangible assets and property, plant and equipment		*(26.7)*	*(48.6)*	*(8.2)*

Change in net financial debt

The following table presents the cash flow from non-recurring operations, *i.e.* non-recurring operating transactions, changes in the scope of consolidation, financing transactions and transactions with shareholders. These cash flows, added to the net current free operating cash flow from the previous table, give the total change in net financial debt.

(€ millions)	June 30, 2021	June 30, 2020	2020
Net current free operating cash flow	**122.2**	**139.1**	**373.5**
Income taxes			
Notional income tax on financial income (loss) and non-recurring income and expenses	4.9	8.2	17.1
Change in current and deferred tax assets and liabilities	(1.7)	(31.5)	(16.4)
Change in income tax payables and receivables	11.1	12.6	0.8
Income taxes paid on non-recurring income and expenses	3.6	13.0	17.7
Consolidated Income Statement			
Financial income (loss)	(18.0)	(29.2)	(61.4)
Other operating income and expenses	(21.7)	(20.7)	(160.5)
Adjustments			
Change in non-operating working capital requirement	(47.0)	(5.3)	34.7
Change in financial write-downs and provisions	1.7	2.1	4.1
Change in fair value of hedging instruments	-	0.4	0.4
Non-recurring impairment losses	(1.7)	-	12.7
Change in non-recurring write-downs and provisions	(9.3)	(26.1)	48.2
Investments in associates	1.4	-	8.9
Gain (loss) on businesses disposed of	(3.8)	1.3	2.7
Gain (loss) on intangible assets and property, plant and equipment disposed of	0.7	(0.3)	1.3
Investing activities			
Acquisition of businesses	(27.1)	(33.3)	(99.0)
Disposal of businesses	17.6	-	0.8
Disposal of intangible assets and property, plant and equipment	-	0.5	0.5
Loans and advances in cash received from (granted to) third parties	22.1	0.8	(0.1)
Equity			
Share capital increases (decreases)	0.8	-	-
Disposals (acquisitions) of treasury shares	(2.6)	(1.7)	(0.5)
Share-based payments	4.6	2.9	5.8
Dividends	(98.4)	(17.4)	(17.6)
Change in net financial debt excl. exchange rate effects	**(40.6)**	**15.6**	**173.5**

(€ millions)	June 30, 2021	June 30, 2020	2020
Net financial debt at the beginning of the period	**(1,508.0)**	**(1,685.0)**	**(1,685.0)**
Change in net financial debt excl. exchange rate effects	(40.6)	15.6	173.5
Impact of exchange rate effects	0.9	(33.4)	3.5
Change in net financial debt	**(39.7)**	**(17.8)**	**177.0**
Net financial debt at the end of the period	**(1,547.6)**	**(1,702.8)**	**(1,508.0)**

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, 2021.

	Less than 1 year		2 to 5 years		More than 5 years		
(€ millions)	Capital	Interest	Capital	Interest	Capital	Interest	Total
Non-derivative financial liabilities	**373.9**	**30.0**	**108.6**	**104.5**	**1,752.4**	**33.2**	**2,402.6**
Eurobond/EMTN	300.0	27.6	-	96.4	1,700.0	17.3	2,141.3
Private placements	-	-	-	-	-	-	-
Short-term negotiable debt securities issued	-	-	-	-	-	-	-
Bilateral facilities	-	-	-	-	-	-	-
Other facilities	10.0	-	3.0	-	-	-	13.0
Lease liabilities	63.9	2.4	105.6	8.1	52.4	15.9	248.3
Hedge derivatives	**5.3**	**-**	**-**	**-**	**-**	**-**	**5.3**
Financing hedge instruments – liabilities	8.8	-	-	-	-	-	8.8
Financing hedge instruments – assets	(3.5)	-	-	-	-	-	(3.5)
Future cash outflows with respect to gross financial debt	**379.2**	**30.0**	**108.6**	**104.5**	**1,752.4**	**33.2**	**2,407.9**
Non-derivative financial liabilities	**20.4**	**-**	**-**	**-**	**-**	**-**	**20.4**
Bank overdrafts	20.4	-	-	-	-	-	20.4
Non-derivative financial assets	**(695.4)**	**-**	**-**	**-**	**-**	**-**	**(695.4)**
Other current financial assets	(7.5)	-	-	-	-	-	(7.5)
Cash and cash equivalents	(687.9)	-	-	-	-	-	(687.9)
Future cash outflows with respect to net financial debt	**(295.8)**	**30.0**	**108.6**	**104.5**	**1,752.4**	**33.2**	**1,732.9**
Of which items recognized at June 30, 2021 (net financial debt)	(295.8)	(17.6)	108.6	-	1,752.4	-	1,547.6
Non-derivative financial liabilities	**907.6**	**-**	**-**	**-**	**-**	**-**	**907.6**
Trade payables	582.4	-	-	-	-	-	582.4
Other debts	325.2	-	-	-	-	-	325.2
Hedge derivatives	**(34.2)**	**-**	**-**	**-**	**-**	**-**	**(34.2)**
Operational hedge instruments – liabilities	2.2	-	-	-	-	-	2.2
Operational hedge instruments – assets	(36.4)	-	-	-	-	-	(36.4)
Future cash outflows	**577.6**	**30,0**	**108.6**	**104.5**	**1,752.4**	**33.2**	**2,606.3**

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	**351.8**	**105.7**	**1,752.4**	**2,209.9**
Debt at fixed rate on issue	351.8	105.7	1,752.4	2,209.9
Fixed-for-floating swap	-	-	-	0.0
Debt at floating rate	**(665.2)**	**2.9**	**0.0**	**(662.3)**
Debt at floating rate on issue	9.9	2.9	-	12.8
Net cash and other current financial assets	(675.1)	-	-	(675.1)
Fixed-for-floating swap	-	-	-	0.0
Net financial debt	**(313.4)**	**108.6**	**1,752.4**	**1,547.6**

Management. Imerys is required to maintain one covenant for the portion of its finance agreements composed of bilateral facilities (€0.0 million at June 30, 2021, €300.0 million at June 30, 2020 and 0.0 million at December 31, 2020). 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, 2021, the ratio worked out at 0.43 (0.48 at June 30, 2020 and 0.44 at December 31, 2020).
- 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, 2021, Moody's upgraded Imerys' long-term rating to Baa3, stable outlook (Baa3, negative outlook at June 30, 2020 and Baa3, negative outlook at December 31, 2020). S&P reaffirmed Imerys' rating of BBB-, stable outlook (BBB-, stable outlook at June 30, 2020 and BBB-, stable outlook at December 31, 2020).

On June 22, 2021, 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, 2021, outstanding securities amounted to €2,000.0 million (€1,923.5 million at June 30, 2020 and €1,700.0 million at December 31, 2020). Imerys also has a short-term negotiable securities program (NEU CP) capped at €1,000.0 million (€1,000.0 million at June 30, 2020 and €1,000.0 million at December 31, 2020) rated P-3 by Moody's (P-3 at June 30, 2020 and P-3 at December 31, 2020). At June 30, 2021, outstanding short-term negotiable securities amounted to €0.0 million (€230.0 million at June 30, 2020 and €230.0 million at December 31, 2020). At June 30, 2021, Imerys had access to €1,060.0 million in bilateral facilities (€1,260.0 million at June 30, 2020 and €1,110.0 million at December 31, 2020), a portion of which secures the short-term negotiable securities issued, in accordance with the Group's financial policy.

■ OTHER INFORMATION

Note 20 Changes in the scope of consolidation

Performance Minerals (PM). In the second quarter of 2021, the segment received a proposal to purchase several of its hydrous kaolin mining and industrial transformation assets in the paper market in Georgia, US. At June 30, 2021, Imerys was in the process of studying the proposal with the potential buyer and classed the assets and liabilities for this business as assets (and liabilities related to assets) held for sale. These assets and liabilities are presented below. On July 24, 2021, Imerys announced the sale agreement had been finalized.

(€ millions)	June 30, 2021
Non-current assets	**41.9**
Goodwill	5.0
Property, plant and equipment	36.9
Current assets	**17.8**
Inventories	8.3
Trade receivables	9.1
Other receivables	0.5
Assets held for sale	**59.7**
Non-current liabilities	**2.1**
Other provisions	2.1
Current liabilities	**10.3**
Trade payables	3.6
Other debts	3.1
Borrowings and financial debt	3.6
Liabilities related to assets held for sale	**12.4**

High Temperature Materials & Solutions (HTMS). The segment has not undergone any material change in the scope of consolidation since the acquisition on July 18, 2017 of the French group Kerneos, the world's leading manufacturer of high performance calcium aluminate binders.

Note 21 Translation of foreign currencies

		June 30, 2021		June 30, 2020		2020	
(€1 =)	Foreign currencies	Closing	Average	Closing	Average	Closing	Average
Brazil	BRL	5.9446	6.4862	6.1320	5.3157	6.3769	5.8480
India	INR	88.3523	88.3828	84.5751	81.6999	89.6441	84.6331
Singapore	SGD	1.5976	1.6059	1.5648	1.5412	1.6218	1.5743
Turkey	TRY	10.3210	9.5226	7.6761	7.1420	9.1131	8.0512
UK	GBP	0.8581	0.8680	0.9124	0.8737	0.8990	0.8893
US	USD	1.1884	1.2054	1.1198	1.1017	1.2271	1.1420

Note 22 Related parties

Related parties outside Imerys

Imerys has related party relationships with The Desmarais Family Trust, held by the Desmarais family (Canada), and Stichting A.K. Frère Bourgeois controlled by the Frère family (Belgium). These entities are the ultimate controlling parties of Imerys. Through their joint venture Parjointco, they jointly control the Belgian group GBL, which controls Belgian Securities BV (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, 2021 are the 12 members of the Board of Directors, including the two employee representative directors but excluding the non-voting observer (12 members at June 30, 2020 and 12 members at December 31, 2020) and the 11 members of the Executive Committee, including the Chief Executive Officer (11 members at June 30, 2020 and 11 members at December 31, 2020) *(Note 27 of Chapter 6 of the 2020 Registration Document)*.

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 2021 amounted to €10.3 million (€6.8 million at June 30, 2020 and €10.0 million for the full year), primarily including €7.0 million for Comerica, United States (€2.1 million at June 30, 2020 and €2.9 million for the full year) and €0.9 million for Imerys UK Pension Fund Trustees Ltd, United Kingdom (€0.8 million at June 30, 2020 and €1.6 million for the full year).

FCPE Imerys Actions

The corporate mutual fund holding Imerys shares, known as FCPE Imerys Actions, is managed by BNP Paribas Asset Management SAS and overseen by a Supervisory Board of eight members made up of four shareholder representatives and four Imerys representatives. As Imerys, together with the shareholders, exercises joint control over FCPE Imerys Actions, the fund is deemed to be a related party. The amounts recognized in the first half of 2021 (the first half of 2020 and the full year) for the FCPE Imerys Actions are immaterial.

Note 23 Subsequent events

The half-year consolidated financial statements at June 30, 2021 were approved by the Board of Directors at its meeting held on July 27, 2021. On July 24, 2021, Imerys announced it had finalized the disposal of its hydrous kaolin business in the US *(Note 20)*.

3 Statutory auditors' review report

ERNST & YOUNG et Autres
Tour First - TSA 14444
92037 Paris-La Défense Cedex

S.A.S. à capital variable - 438 476 913 R.C.S. Nanterre

Société de Commissariat aux Comptes inscrite à
la Compagnie Régionale de Versailles et du Centre

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6, place de la Pyramide
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Société de Commissariat aux Comptes inscrite à
la Compagnie Régionale de Versailles et du Centre

Statutory Auditors' Review Report on the Half-yearly Financial Information

Period from January 1, 2021 to June 30, 2021

This is a free translation into English of the statutory auditors' review report on the half-yearly 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-yearly 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 of IMERYS,

In compliance with the assignment entrusted to us by General 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-yearly consolidated financial statements for the period from January 1, 2021 to June 30, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed half-yearly 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-yearly 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-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

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

Paris - La Défense, July 29, 2021
The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres
Sébastien HUET

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, 2021

Alessandro Dazza
Chief Executive Officer

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French Limited Liability Company (Société Anonyme)
with a share capital of 169,881,910 euros
RCS Paris 562 008 151

IMERYS