

LETTER TO SHAREHOLDERS

JULY 2023

N°92



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IMERYS



MESSAGE TO OUR SHAREHOLDERS



Patrick Kron,
Chairman of the Board of Directors

DEAR IMERYS SHAREHOLDERS,

2023 marks an important turning point for Imerys.

The sale of the High Temperature Solutions business was finalized on January 31st. This operation is a key step in Imerys' long-term development strategy. It also enabled the company to pay an exceptional dividend of 2.35 euros per share this year while giving us the means to pursue our growth strategy, particularly in markets such as green mobility, sustainable construction and natural solutions for consumer goods.

Imerys achieved solid results in the first half of 2023 despite a sluggish economic environment marked by continued destocking by our customers and weak demand in several markets. The Group was able to maintain its current EBITDA margin close to 17% thanks to effective cost management and a solid pricing policy. Imerys posted strong cash generation with net current free operating cash flow at €135 million before strategic capital expenditures versus €48 million in the first half of 2022.

In this challenging environment, the Group will continue to focus on cost reduction and cash generation, while continuing to execute its strategic plan in order to achieve its medium-term organic growth and current EBITDA margin objectives.

In this letter to shareholders, you will find information on our recently announced lithium mining project in the United Kingdom as well as an update on the EMILI project in France and on our latest initiatives related to sustainable development.

Dear Imerys Shareholders, together with all our employees, we assure you of our commitment to the present and future successes of the Group. Thank you again for your loyalty and trust.



RESULTS

RESILIENT PROFITABILITY AND STRONG CASH GENERATION in first half 2023

REVENUE

Revenue was €1,982 million, down -7.4% year-on-year at constant scope and exchange rates in the first semester of 2023. Group sales volumes were down 12.9%, reflecting the destocking impact, especially in Europe and weaker construction and industrial markets.

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

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

CURRENT EBITDA

In spite of volume shortfalls, current EBITDA was resilient in the first semester of 2023. The price effect compensated for the increase in variable and fixed costs (+€72 million), and current EBITDA generation was supported by the contribution of joint ventures and associates.

Current operating income reached €218 million for the first half of 2023, a 4.2% decrease compared with last year.

CURRENT NET INCOME FROM CONTINUING OPERATIONS

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

1st half 2023 revenue

€1,982m

(-5.6% on an organic basis compared to 2022)



Current EBITDA for the 1st half of 2023

€331m



Current net income from continuing operations 1st half 2023

€139m

(-7.1% compared to 2022)



NEWS

THE KEY POINTS of the 2023 Shareholders' General Meeting

1 The Shareholders' General Meeting has approved the statutory and consolidated financial statements for 2022, which reported a net income, Group share, of €237 million.

2 The Shareholders' General Meeting decided to pay a €3.85 dividend per share for fiscal year 2022 (where €1.50 corresponds to the payment of an ordinary dividend and €2.35 to the payment of a special dividend. The dividend will be paid out on May 17, 2023.

The Shareholders' General Meeting also approved:

3 The compensation policies of the corporate officers for 2023, as well as all the components of the compensation and benefits of all kind paid in or granted for the 2022 financial year to the Chairman of the Board of Directors, Patrick Kron, and to the Chief Executive Officer, Alessandro Dazza;

4 The re-appointment for a 3-year term of Annette Messermer and Véronique Saubot as directors;

5 The appointment for a 3-year term of Stéphanie Besnier as director.

As of May 10, 2023, the Board of Directors is made up

of **12** members, including



6

independent directors
(i.e. 60%)

5

female directors
(i.e. 50%)

2
employee representative directors

To find out more, we invite you to visit the shareholders' area of our website [imerys.com](https://www.imerys.com)



IMERYS AND BRITISH LITHIUM: a strategic partnership

Imerys and British Lithium form a joint venture with the objective of creating the United Kingdom's first integrated producer of battery-grade lithium carbonate.

Imerys contributes its lithium mineral resources, land and infrastructure for an 80% stake in the joint venture, whilst British Lithium brings its bespoke lithium processing technology, its technical team and its lithium pilot plant for the remaining 20%.

As part of the venture, Imerys will provide a large lithium deposit. Drilling programme and pre feasibility study (PFS) are in progress.

Since 2017, British Lithium has carried out drilling and exploration on Imerys-owned land in Cornwall and developed a unique process and pilot plant to produce battery-grade lithium carbonate. It received financial support from Innovate UK, UK's national innovation agency, and the Automotive Transformation Fund, a funding program to support the electrification of vehicles and their supply chains in the UK.

Following drilling and resource definition, Inferred Mineral Resources are estimated at 161 million tonnes at a grade of 0.54 % lithium oxide. These resources give sufficient confidence to target a life of mine exceeding 30 years at a production rate of 20,000 tonnes of lithium carbonate equivalent per year, potentially **enough to equip 500,000 electrical vehicles per year**, by the end of the decade, meeting roughly one-third of Britain's estimated battery demand by 2030 when all UK car manufacturers convert to electric vehicles.

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




Finally, this **project will generate new job opportunities** and foster economic growth in Cornwall.

News from "EMILI PROJECT" in France



A campaign of laboratory tests made it possible to produce battery-grade lithium hydroxide from granite from the Beauvoir quarry (Allier). Encouraging results, which validate Imerys' technological capabilities and the relevance of the processes implemented as part of the EMILI project. These results pave the way for the very next step: continuous testing for several weeks using a laboratory pilot under construction.



<p>Existing mining activity in Cornwall; confirmed inferred resources of 161 MT at 0.54% lithium oxide, giving confidence for a life of mine exceeding 30 years</p> <p>Experienced teams and solid infrastructure</p> <p>Lithium expertise developed through its EMILI project in France</p>	 80%		 20%	<p>Bespoke lithium processing technology to produce battery-grade lithium from Cornish granite</p> <p>Experienced technical team</p> <p>State-of-the-art pilot plant</p>
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NEW GREENHOUSE GAS EMISSION REDUCTION TARGETS

Imerys has a clear climate change roadmap in line with the commitments of the Paris Agreement, with transparent objectives and concrete actions to significantly reduce the carbon emissions of our operations and develop low carbon products for its customers.

In 2022, the Group has communicated on new emission targets in absolute value, with a reduction of -42% scope 1 and Scope 2, and -25% for scope 3 in absolute value by 2030, with 2021 as a base year.

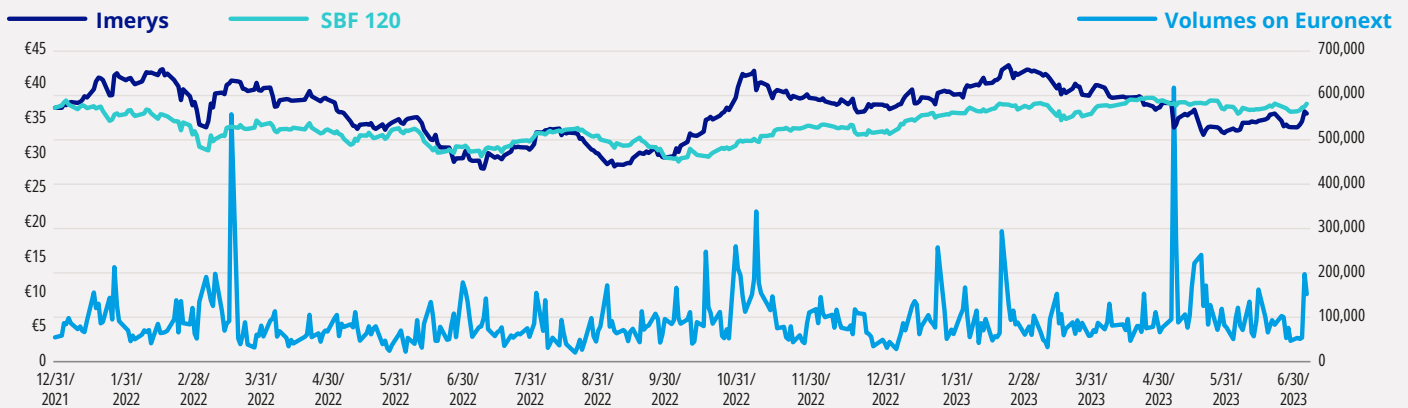
Imerys has partnered with TotalEnergies to bring renewable energy management to its Lompoc, CA, USA industrial site. As part of a long-term energy services contract, TotalEnergies will install and operate solar panels and energy storage system for Imerys under a 25-year Power Purchase and Storage Services agreement.



The partnership is in line with Imerys' decarbonization roadmap. The solar-plus-storage system is expected to meet 50% of the Lompoc industrial site's current electrical energy demand and reduce 7,000 metric tons of carbon emissions annually.

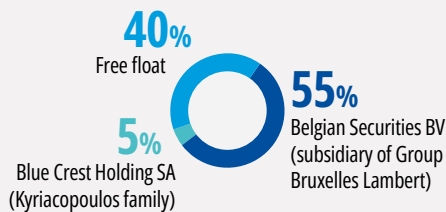
SHAREHOLDER'S NOTEBOOK

SHARE PRICE EVOLUTION from December 31, 2021



OWNERSHIP STRUCTURE

November 30, 2022



IMERYS ON THE STOCK MARKET

ISIN: FR0000120859 – NK
 Euronext Paris – Eurolist – Local values
 Compartment A (large caps)
(eligible for the deferred settlement service)
 (Data as of June 30, 2023)

Number of shares	84,940,955
Par value	€2.00
Closing price	€35.70
Market capitalization	€3.0 bn

NEXT DATE

October 30, 2023
 3rd quarter 2023 results

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