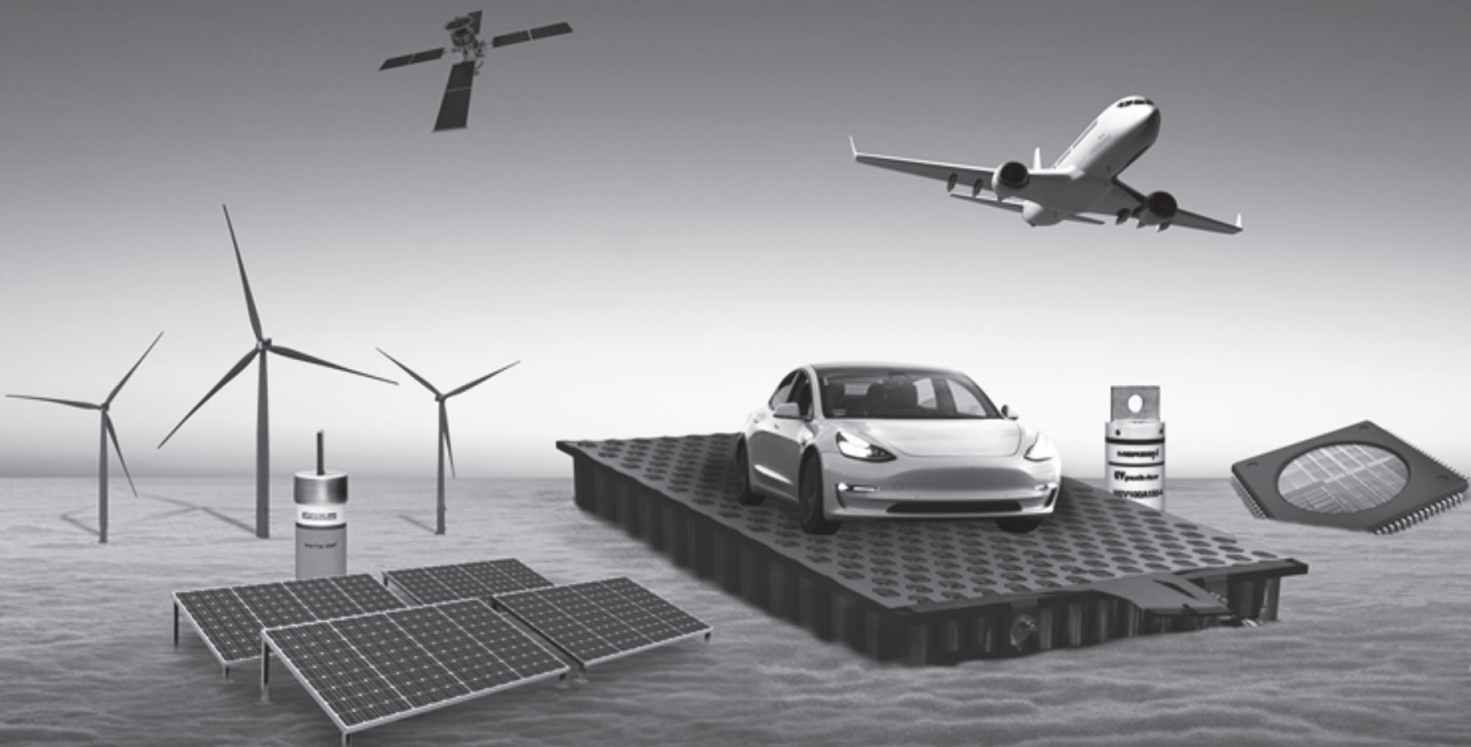




# 2024 FIRST-HALF FINANCIAL REPORT





# MERSEN

## 2024 first-half financial report

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# 1 MANAGEMENT REPORT

## INTRODUCTION

The first half of 2024 proved once again that Mersen is well positioned in its markets, in line with its 2027 strategic roadmap.

The Group delivered a good performance over the period, achieving record half-year sales of €624 million in particular. Organic sales growth averaged 4.9%, with particularly strong growth in the SiC semiconductor and electric vehicle markets.

This performance, combined with good pricing power and optimization measures over the period, enabled Mersen to achieve a year-on-year increase in operating income before non-recurring items. This rise takes into account, as last year, development costs for buoyant Group markets such as electric vehicles and SiC semiconductors, as well as higher depreciation and amortization linked to the Group's growth plan. The operating margin before non-recurring items was 11.2%, in line with the prior-year period (11.3%).

The Group generated net cash from operating activities nearly 40% higher than first-half 2023. The EBITDA margin was up 40 basis points to 16.9%.

In keeping with its roadmap, the Group continued its capital expenditure in the first half of the year, particularly at its sites in the United States and France, to keep up with the growth expected in the SiC semiconductor market.

As part of its 2027 growth plan, in March 2024 Mersen successfully completed a *Schuldschein* private placement for €100 million with a maturity of almost six years. The transaction has allowed the Group to maintain the average maturity of its financing facilities at more than four years (based on committed authorized facilities), to preserve a significant number of available lines of credit and diversify the Group's sources of funding.

All these positive factors allowed Mersen to confirm its full-year 2024 guidance for sales and operating margin before non-recurring items.

Furthermore, on July 1, 2024, the Group announced the acquisition of GMI group (Graphite Machining, Inc.), an expert in the purification and machining of graphite and carbon composites. This new acquisition will allow Mersen's Advanced Materials segment to reinforce its presence in the United States through additional machining and processing capacities for isostatic and extruded graphite and insulation felts. It will contribute around USD 40 million to Mersen's annual sales. The acquisition represents a cash outflow of around USD 50 million. GMI group will be consolidated in Mersen's financial statements from July 1, 2024.

Lastly, for the fourth consecutive year, the Group was awarded a Gold Medal in July for its social and environmental commitments by EcoVadis, the global benchmark for assessing companies' CSR performances. The award underscores the effectiveness of the Group's ethical business practices and sustainability initiatives.

## SALES

## SALES

In the first half of 2024, Mersen's sales totaled €624 million, the highest level ever achieved by the Group. Organic growth was 4.9% year on year, of which around 2.5% was attributable to price increases.

| <i>In millions of euros</i> | H1 2024      | H1 2023      | Organic growth | Scope effect | Currency effect | Reported growth |
|-----------------------------|--------------|--------------|----------------|--------------|-----------------|-----------------|
| Advanced Materials          | 346.6        | 334.3        | 7.0%           | -2.0%        | -1.2%           | 3.7%            |
| Electrical Power            | 277.4        | 273.4        | 2.3%           |              | -0.8%           | 1.5%            |
| Europe                      | 207.2        | 203.3        | 3.9%           | -1.8%        | -0.2%           | 1.9%            |
| Asia-Pacific                | 155.0        | 150.7        | 8.8%           | -1.9%        | -3.7%           | 2.8%            |
| North America               | 242.2        | 234.2        | 3.5%           |              | -0.1%           | 3.4%            |
| Rest of the World           | 19.6         | 19.4         | 2.5%           | -1.3%        | -0.1%           | 1.1%            |
| <b>GROUP</b>                | <b>624.0</b> | <b>607.7</b> | <b>4.9%</b>    | <b>-1.1%</b> | <b>-1.0%</b>    | <b>2.7%</b>     |

## By segment

**Advanced Materials** sales totaled €347 million, up 7.0% on an organic basis over the year. Growth remained strong in the SiC semiconductor market, while business is set to recover in the silicon semiconductor market by the end of the year. The renewable energy market reported a moderate decline compared with the very strong performance in first-half 2023. In particular, the solar market contracted as a result of the overstocking of solar cells in China. The segment saw growth in transportation markets, especially aeronautics, and the chemicals market also expanded year on year.

**Electrical Power** sales totaled €277 million in the first half, up by 2.3% on an organic basis. As in the Advanced Materials segment, transportation markets including aeronautics, rail and electric vehicles were buoyant. The process industries market was up, driven in particular by electrical distribution in the United States. The solar market was in decline, particularly in Europe.

## By geographic area

In **Europe**, organic growth was 3.9%, led by the transportation and chemicals markets. However, sales were down in energy markets (both conventional and renewable).

In **Asia**, Group sales rose by 8.8% year on year. The chemicals and SiC semiconductor markets performed very well, while business in solar was down over the period.

Lastly, in **North America**, sales grew by 3.5%. The region was driven by growth in the aeronautics and electrical distribution markets, while the chemicals market contracted.

## RESULTS

### EBITDA and operating income before non-recurring items

| <i>In millions of euros</i>                        | First-half 2024 | First-half 2023 |
|--|-----------------|-----------------|
| <b>EBITDA before non-recurring items</b>           | <b>105.5</b>    | <b>100.5</b>    |
| <i>As a % of sales</i>                             | 16.9%           | 16.5%           |
| Depreciation and amortization                      | (35.5)          | (31.7)          |
| <b>Operating income before non-recurring items</b> | <b>70.1</b>     | <b>68.8</b>     |
| <i>As a % of sales</i>                             | 11.2%           | 11.3%           |

EBITDA before non-recurring items grew by nearly 5% year on year to €105.5 million, representing 16.9% of sales, up on first-half 2023 (16.5%).

Depreciation and amortization came in at €35.5 million, an increase on the previous year as expected, attributable to higher capital expenditure.

Operating income before non-recurring items came to €70.1 million in the first half of 2024, yielding an operating margin before non-recurring items of 11.2% of sales, in line with first-half 2023 (11.3%) and with guidance for full-year 2024 (around 11%).

Price increases, optimization measures and productivity gains during the period largely offset higher raw material and labor costs. This result also takes into account additional costs related to the Group's growth projects including the Soitec partnership and the electric vehicle teams. In addition, it includes a significant increase in depreciation and amortization linked to the Group's capital expenditure plan.

#### Advanced Materials segment

EBITDA before non-recurring items for the Advanced Materials segment was €77.1 million, representing 22.2% of sales versus 21.6% in first-half 2023.

Operating income before non-recurring items for the segment amounted to €52.8 million, resulting in an operating margin before non-recurring items of 15.2% of sales, compared with 15.1% for first-half 2023. Price increases, optimization measures and productivity gains during the period helped offset the higher cost of raw materials and labor, as well as costs related to growth projects and the project with Soitec. The increase in depreciation and amortization represented a 0.5-pt change in the margin. The segment also benefited from improved productivity at the Columbia plant.

#### Electrical Power segment

EBITDA before non-recurring items for the Electrical Power segment was €39.1 million, representing 14.1% of sales, in line with first-half 2023.

Segment operating income before non-recurring items amounted to €29.6 million, compared with €29.4 million in first-half 2023. The operating margin before non-recurring items came in at 10.7% of sales, in line with June 30, 2023, as price increases and productivity measures offset higher raw material and labor costs and costs linked to the electric vehicle teams.

## RESULTS

| <i>In millions of euros</i>                        | First-half 2024 | First-half 2023 |
|--|-----------------|-----------------|
| <b>Sales</b>                                       | <b>624.0</b>    | <b>607.7</b>    |
| Gross income                                       | 203.4           | 195.0           |
| <i>As a % of sales</i>                             | 32.6%           | 32.1%           |
| Selling, marketing and other expenses              | (45.1)          | (44.0)          |
| Administrative and research expenses               | (87.7)          | (81.6)          |
| Amortization of revalued intangible assets         | (0.6)           | (0.6)           |
| <b>Operating income before non-recurring items</b> | <b>70.1</b>     | <b>68.8</b>     |
| <i>As a % of sales</i>                             | 11.2%           | 11.3%           |

Gross income rose to 32.6% of sales, compared with 32.1% in first-half 2023.

Selling, marketing and other operating expenses increased by 2.5%, reflecting an almost 8% increase in selling and marketing expenses offset by a reduction in other expenses.

Administrative and research expenses were up by 7.4% due to wage inflation and new hires.

## Net income

Net income attributable to Mersen shareholders came to €38.9 million in first-half 2024, compared with €43.9 million in first-half 2023. This decrease is mainly attributable to non-recurring expenses corresponding to acquisition costs as well as expenses and provisions linked to optimization measures.

| <i>In millions of euros</i>                        | First-half 2024 | First-half 2023 |
|--|-----------------|-----------------|
| <b>Operating income before non-recurring items</b> | <b>70.1</b>     | <b>68.8</b>     |
| Non-recurring income and expenses                  | (5.4)           | (0.1)           |
| <b>Operating income</b>                            | <b>64.7</b>     | <b>68.8</b>     |
| Net financial expense                              | (10.3)          | (9.0)           |
| Current and deferred income tax                    | (13.0)          | (13.6)          |
| <b>Net income</b>                                  | <b>41.3</b>     | <b>46.1</b>     |
| Attributable to owners of the parent               | 38.9            | 43.9            |
| Attributable to non-controlling interests          | 2.4             | 2.2             |

Net financial expense was €10.3 million, an increase from first-half 2023, due primarily to the rise in interest rates and in average debt.

The income tax expense was €13.0 million, corresponding to an effective tax rate of 24%, slightly higher than in first-half 2023 (23%).

Income from non-controlling interests (€2.4 million) essentially included Mersen Yantai (China) and Mersen Galaxy (China), in which Mersen holds a 60% stake.



## CASH FLOWS

### Condensed statement of cash flows

| <i>In millions of euros</i>  | H1 2024       | H1 2023       |
|--|---------------|---------------|
| Cash generated by operating activities before change in working capital requirement      | 101.3         | 99.2          |
| Change in working capital requirement  | (40.5)        | (44.6)        |
| Income tax paid  | (6.3)         | (15.4)        |
| <b>Net cash generated by operating activities</b>  | <b>54.5</b>   | <b>39.2</b>   |
| Capital expenditure  | (83.1)        | (61.7)        |
| Disposals of assets and other  | 2.6           | 0.9           |
| <b>Net cash used in operating activities after capital expenditure, net of disposals</b> | <b>(25.9)</b> | <b>(21.6)</b> |
| Investments in intangible and financial assets   | (5.7)         | (4.8)         |
| Changes in scope of consolidation  | (0.1)         | 0.0           |
| <b>Net cash used in operating and investing activities</b>                               | <b>(31.6)</b> | <b>(26.4)</b> |

The Group generated net cash from operating activities of €54.5 million, an increase of nearly 40% on the €39.2 million reported in first-half 2023. The WCR ratio stood at 21.8% of sales, lower than at June 30, 2023 (23%) thanks in particular to an increase in prepayments on long-term SiC semiconductor contracts.

Income tax paid represented an outlay of €6.3 million, down sharply from the June 30, 2023 figure which included oneoff effects.

### Capital expenditure

In the first half of 2024, capital expenditure amounted to €83.1 million. Around 75% of this amount will be used for capacity increases as part of the Group's medium-term plan, of which two thirds to serve the SiC semiconductor market. The remaining capital expenditure relates to safety and environment initiatives at Group sites, maintenance, upkeep and modernization of plants and equipment and other growth projects.

Investments in intangible assets related to the plan to digitize and modernize information systems, as well as to capitalized costs in electric vehicles and on the Soitec project, for a total of €5.7 million.

## STATEMENT OF FINANCIAL POSITION

### Net debt

Net debt at June 30, 2024 stood at €258.5 million, up on December 31, 2023 (€212.5 million), primarily reflecting the significant increase in capital expenditure as part of the Group's growth plan. Pension obligations stood at €37 million (€40 million at December 31, 2023). Lease liabilities amounted to €52 million (€54 million at December 31, 2023).

The Group has a solid financial structure, with €320 million in undrawn credit facilities (including NEU CP hedging) and around €100 million in available cash at end-June 2024.

The average maturity of the Group's financing is 4.3 years, with no major drawn debt maturities to be met before 2026.

|  | June 30, 2024 | Dec. 31, 2023 |
|--|---------------|---------------|
| Net income attributable to Mersen shareholders ( <i>in millions of euros</i> ) | 258.5         | 212.5         |
| Leverage   | 1.33          | 1.09          |
| Gearing  | 30%           | 25%           |

### ROCE

The Group's return on capital employed (ROCE) stood at 12.4% in first-half 2024, compared with 13.0% for full-year 2023 and 13.3% for first-half 2023. This decrease is due to the rollout of the Group's investment program as part of its growth plan.

| <i>In millions of euros</i>   | Average of the last three half-year periods | June 30, 2024  | Dec. 31, 2023  | June 30, 2023  |
|---|---|----------------|----------------|----------------|
| Goodwill  | 259.8                                       | 261.9          | 257.7          | 260.0          |
| Other intangible assets   | 50.8  | 53.8           | 50.7           | 47.8           |
| Land  | 29.4  | 30.4           | 28.6           | 29.2           |
| Buildings   | 105.6                                       | 117.5          | 103.6          | 95.6           |
| Machinery, equipment and other tangible assets                                | 267.7                                       | 264.3          | 280.5          | 258.3          |
| Property, plant and equipment in progress                                     | 155.2                                       | 220.1          | 149.2          | 96.3           |
| Equity interests  | 2.5   | 2.5            | 2.6            | 2.5            |
| Other financial assets  | 3.5   | 3.5            | 3.7            | 3.3            |
| Long-term portion of current tax assets                                       | 6.5   | 6.8            | 5.9            | 6.7            |
| Inventories   | 313.6                                       | 324.7          | 299.2          | 316.9          |
| Trade receivables   | 183.1                                       | 195.0          | 168.8          | 185.4          |
| Contract assets   | 3.9   | 4.8            | 3.2            | 3.6            |
| Other operating receivables   | 28.3  | 28.9           | 27.5           | 28.6           |
| Short-term portion of current tax assets                                      | 9.0   | 7.7            | 12.0           | 7.2            |
| Current derivatives   | 3.4   | 3.0            | 4.1            | 3.3            |
| <b>CAPITAL EMPLOYED – ASSETS (A)</b>  | <b>1,422.3</b>                              | <b>1,524.8</b> | <b>1,397.5</b> | <b>1,344.5</b> |
| Trade payables  | 90.3  | 91.6           | 83.8           | 95.4           |
| Contract liabilities  | 61.3  | 70.7           | 64.2           | 49.0           |
| Other operating payables  | 116.8                                       | 119.9          | 120.6          | 109.8          |
| Short-term portion of current tax liabilities                                 | 4.9   | 5.6            | 4.3            | 4.8            |
| Miscellaneous liabilities   | 33.0  | 48.8           | 11.7           | 38.5           |
| Current derivatives   | 2.1   | 1.6            | 1.4            | 3.3            |
| <b>CAPITAL EMPLOYED – LIABILITIES (B)</b>                                     | <b>308.3</b>                                | <b>338.3</b>   | <b>286.0</b>   | <b>300.7</b>   |
| <b>CAPITAL EMPLOYED ((C) = (A) – (B))</b>                                     | <b>1,113.9</b>                              | <b>1,186.5</b> | <b>1,111.5</b> | <b>1,043.8</b> |
| <b>Operating income before non-recurring items for the last 12 months (D)</b> | <b>138.5</b>                                |                |                |                |
| <b>ROCE = (D) / (C)</b>   | <b>12.4%</b>                                |                |                |                |

## 2024 OBJECTIVES

On the strength of its first-half 2024 results, the Group confirms its objectives for full-year 2024:

- organic growth of around 5%;
- operating margin before non-recurring items of around 11%;
- capital expenditure of between €200 million and €240 million.

## GLOSSARY

# GLOSSARY

Average capital employed: Average capital employed for the last three half-year periods.

Capital expenditure: Investments in property, plant and equipment.

EBITDA before non-recurring items: Operating income before non-recurring items, depreciation and amortization.

Gearing: Covenant net debt divided by equity.

Leverage: Covenant net debt divided by covenant EBITDA.

Net debt: Sum of long- and medium-term borrowings, current financial liabilities and current bank loans, less current financial assets, cash and cash equivalents.

Organic growth: Determined by comparing sales for the year with sales for the previous year, restated at the current year's exchange rate, excluding acquisitions and/or disposals.

Recurring EBITDA margin: EBITDA before non-recurring items divided by sales.

ROCE: Return on capital employed: operating income before non-recurring items for the last 12 months divided by average capital employed.

Scope effect: Contribution from companies acquired in the year in relation to sales for the year.

WCR: Working capital requirement: sum of trade receivables, inventories, contract assets and other operating receivables, less trade payables, contract liabilities and other operating payables.

WCR ratio: Working capital requirement divided by sales for the last quarter, multiplied by four.

# 2 CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF INCOME

### CONSOLIDATED STATEMENT OF INCOME

| <i>In millions of euros</i>                        | Note      | H1 2024       | H1 2023      |
|--|-----------|---------------|--------------|
| Sales  | 13        | 624.0         | 607.7        |
| Cost of sales                                      |           | (420.6)       | (412.7)      |
| <b>Total gross income</b>                          |           | <b>203.4</b>  | <b>195.0</b> |
| Selling and marketing expenses                     |           | (46.0)        | (43.3)       |
| Administrative and research expenses               |           | (87.7)        | (81.6)       |
| Amortization of revalued intangible assets         |           | (0.6)         | (0.6)        |
| Other operating income and expenses                |           | 0.9           | (0.7)        |
| <b>Operating income before non-recurring items</b> | <b>13</b> | <b>70.1</b>   | <b>68.8</b>  |
| Non-recurring expenses                             |           | (5.4)         | (1.9)        |
| Non-recurring income                               |           |               | 1.8          |
| <b>Non-recurring income and expenses</b>           | <b>12</b> | <b>(5.4)</b>  | <b>(0.1)</b> |
| <b>Operating income</b>                            | <b>13</b> | <b>64.7</b>   | <b>68.8</b>  |
| Financial expenses                                 |           | (11.0)        | (9.0)        |
| Financial income                                   |           | 0.7           |              |
| <b>Net financial expense</b>                       |           | <b>(10.3)</b> | <b>(9.0)</b> |
| <b>Income before tax</b>                           |           | <b>54.4</b>   | <b>59.8</b>  |
| Current and deferred income tax                    | 15        | (13.0)        | (13.6)       |
| <b>Net income</b>                                  |           | <b>41.3</b>   | <b>46.1</b>  |
| Attributable to:                                   |           |               |              |
| - Mersen shareholders                              |           | 38.9          | 43.9         |
| - Non-controlling interests                        |           | 2.4           | 2.2          |
| <b>NET INCOME FOR THE PERIOD</b>                   |           | <b>41.3</b>   | <b>46.1</b>  |
| <b>Earnings per share</b>                          | <b>16</b> |               |              |
| Basic earnings per share <i>(in euros)</i>         |           | 1.60          | 1.96         |
| Diluted earnings per share <i>(in euros)</i>       |           | 1.56          | 1.91         |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| <i>In millions of euros</i>   | Note | H1 2024     | H1 2023       |
|---|------|-------------|---------------|
| <b>NET INCOME FOR THE PERIOD</b>  |      | <b>41.3</b> | <b>46.1</b>   |
| <b>Items that will not be subsequently reclassified to income</b>         |      |             |               |
| Financial assets at fair value through "Other comprehensive income"       | 10   | (0.2)       | 0.2           |
| Remeasurements of the net defined benefit liability (asset)               | 8    | 4.6         | (0.4)         |
| Tax impact on remeasurements of the net defined benefit liability (asset) |      | (1.1)       | 0.1           |
|   |      | <b>3.3</b>  | <b>(0.1)</b>  |
| <b>Items that may subsequently be reclassified to income</b>              |      |             |               |
| Change in translation adjustments   |      | 10.5        | (21.8)        |
| Change in fair value of hedging instruments                               |      | 0.6         | (0.6)         |
| Tax impact on change in fair value of hedging instruments                 |      | (0.2)       | 0.2           |
|   |      | <b>11.0</b> | <b>(22.2)</b> |
| <b>INCOME AND EXPENSES RECOGNIZED IN OTHER COMPREHENSIVE INCOME</b>       |      | <b>14.3</b> | <b>(22.2)</b> |
| <b>TOTAL COMPREHENSIVE INCOME</b>   |      | <b>55.6</b> | <b>23.9</b>   |
| Attributable to:  |      |             |               |
| - Mersen shareholders   |      | 53.0        | 23.3          |
| - Non-controlling interests   |      | 2.7         | 0.6           |
| <b>TOTAL COMPREHENSIVE INCOME</b>   |      | <b>55.6</b> | <b>23.9</b>   |

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### Assets

| <i>In millions of euros</i>                    | Note | June 30, 2024  | Dec. 31, 2023  |
|--|------|----------------|----------------|
| <b>NON-CURRENT ASSETS</b>                      |      |                |                |
| <b>Intangible assets</b>                       | 4/5  |                |                |
| Goodwill                                       |      | 261.9          | 257.7          |
| Other intangible assets                        |      | 53.8           | 50.7           |
| <b>Property, plant and equipment</b>           | 4/5  |                |                |
| Land   |      | 30.4           | 28.6           |
| Buildings                                      |      | 117.5          | 103.6          |
| Machinery, equipment and other tangible assets |      | 264.3          | 280.5          |
| Property, plant and equipment in progress      |      | 220.1          | 149.2          |
| Right-of-use assets                            | 11   | 48.3           | 50.6           |
| <b>Non-current financial assets</b>            |      |                |                |
| Equity interests                               |      | 2.5            | 2.6            |
| Other financial assets                         |      | 3.5            | 3.7            |
| <b>Non-current tax assets</b>                  |      |                |                |
| Deferred tax assets                            |      | 24.9           | 21.3           |
| Long-term portion of current tax assets        |      | 6.8            | 5.9            |
| <b>TOTAL NON-CURRENT ASSETS</b>                |      | <b>1,033.9</b> | <b>954.5</b>   |
| <b>CURRENT ASSETS</b>                          |      |                |                |
| Inventories                                    |      | 324.7          | 299.2          |
| Trade receivables                              |      | 195.0          | 168.8          |
| Contract assets                                |      | 4.8            | 3.2            |
| Other operating receivables                    |      | 28.9           | 27.5           |
| Short-term portion of current tax assets       |      | 7.7            | 12.0           |
| Current financial assets                       | 9    | 26.5           | 27.1           |
| Current derivatives                            |      | 3.0            | 4.1            |
| Cash and cash equivalents                      | 9    | 100.6          | 37.4           |
| Assets held for sale                           |      | 0.0            | 1.6            |
| <b>TOTAL CURRENT ASSETS</b>                    |      | <b>691.2</b>   | <b>581.0</b>   |
| <b>TOTAL ASSETS</b>                            |      | <b>1,725.1</b> | <b>1,535.5</b> |



### Equity and liabilities

| <i>In millions of euros</i>                       | Note | June 30, 2024  | Dec. 31, 2023  |
|---|------|----------------|----------------|
| <b>EQUITY</b>                                     |      |                |                |
| Share capital                                     | 6    | 48.8           | 48.8           |
| Retained earnings and other reserves              |      | 731.2          | 673.5          |
| Net income for the period                         |      | 38.9           | 81.6           |
| Cumulative translation adjustments                |      | (5.5)          | (15.8)         |
| <b>EQUITY ATTRIBUTABLE TO MERSEN SHAREHOLDERS</b> |      | <b>813.4</b>   | <b>788.2</b>   |
| Non-controlling interests                         |      | 31.8           | 29.5           |
| <b>TOTAL EQUITY</b>                               |      | <b>845.2</b>   | <b>817.7</b>   |
| <b>NON-CURRENT LIABILITIES</b>                    |      |                |                |
| Non-current provisions                            | 7    | 6.7            | 7.0            |
| Employee benefit obligations                      | 8    | 36.9           | 40.4           |
| Deferred tax liabilities                          |      | 53.7           | 46.7           |
| Long- and medium-term borrowings                  | 9    | 363.8          | 256.2          |
| Non-current lease liabilities                     | 11   | 38.3           | 40.1           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>              |      | <b>499.5</b>   | <b>390.5</b>   |
| <b>CURRENT LIABILITIES</b>                        |      |                |                |
| Trade payables                                    |      | 91.6           | 83.8           |
| Contract liabilities                              |      | 70.7           | 64.2           |
| Other operating payables                          | 7    | 119.9          | 120.6          |
| Current provisions                                | 7    | 6.8            | 6.8            |
| Current lease liabilities                         | 11   | 13.4           | 13.8           |
| Short-term portion of current tax liabilities     |      | 5.6            | 4.3            |
| Miscellaneous liabilities                         | 7    | 48.8           | 11.7           |
| Current financial liabilities                     | 9    | 7.2            | 7.0            |
| Current derivatives                               |      | 1.6            | 1.4            |
| Bank overdrafts                                   | 9    | 14.6           | 13.7           |
| <b>TOTAL CURRENT LIABILITIES</b>                  |      | <b>380.3</b>   | <b>327.3</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>               |      | <b>1,725.1</b> | <b>1,535.5</b> |

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| In millions of euros  | Attributable to Mersen shareholders |  |                                  |                                    |               |              | Non-controlling interests | Total equity |
|---|-------------------------------------|--|----------------------------------|------------------------------------|---------------|--------------|---------------------------|--------------|
|   | Share capital                       | Additional paid-in capital, retained earnings and other reserves | Net income (loss) for the period | Cumulative translation adjustments | Total         |              |                           |              |
| <b>AT JANUARY 1, 2023</b>   | <b>41.7</b>                         | <b>543.3</b>   | <b>67.7</b>                      | <b>8.6</b>                         | <b>661.3</b>  | <b>32.7</b>  | <b>694.0</b>              |              |
| Prior-period net income (loss)  |                                     | 67.7   | (67.7)                           |                                    | 0.0           |              | 0.0                       |              |
| Net income for the period   |                                     |  | 43.9                             |                                    | 43.9          | 2.2          | 46.1                      |              |
| Change in fair value of derivative hedging instruments, net of tax    |                                     | (0.4)  |                                  |                                    | (0.4)         |              | (0.4)                     |              |
| Financial assets at fair value  |                                     | 0.2  |                                  |                                    | 0.2           |              | 0.2                       |              |
| Remeasurements of the net defined benefit liability (asset) after tax |                                     | (0.3)  |                                  |                                    | (0.3)         |              | (0.3)                     |              |
| Translation adjustments   |                                     |  |                                  | (20.1)                             | (20.1)        | (1.7)        | (21.8)                    |              |
| <b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>                        | <b>0.0</b>                          | <b>(0.4)</b>   | <b>0.0</b>                       | <b>(20.1)</b>                      | <b>(20.5)</b> | <b>(1.7)</b> | <b>(22.2)</b>             |              |
| <b>COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>                     | <b>0.0</b>                          | <b>(0.4)</b>   | <b>43.9</b>                      | <b>(20.1)</b>                      | <b>23.3</b>   | <b>0.6</b>   | <b>23.9</b>               |              |
| Dividends paid  |                                     | (30.2)   |                                  |                                    | (30.2)        | (3.4)        | (33.7)                    |              |
| Treasury shares   |                                     | 0.3  |                                  |                                    | 0.3           |              | 0.3                       |              |
| Capital increase  | 7.1                                 | 89.8   |                                  |                                    | 97.0          |              | 97.0                      |              |
| Stock options and free shares   |                                     | 1.7  |                                  |                                    | 1.7           |              | 1.7                       |              |
| Hyperinflation  |                                     | 0.3  |                                  |                                    | 0.3           |              | 0.3                       |              |
| <b>AT JUNE 30, 2023</b>   | <b>48.8</b>                         | <b>672.5</b>   | <b>43.9</b>                      | <b>(11.5)</b>                      | <b>753.8</b>  | <b>29.8</b>  | <b>783.6</b>              |              |
| <b>AT DECEMBER 31, 2023</b>   | <b>48.8</b>                         | <b>673.5</b>   | <b>81.6</b>                      | <b>(15.8)</b>                      | <b>788.2</b>  | <b>29.5</b>  | <b>817.7</b>              |              |
| Prior-period net income (loss)  |                                     | 81.6   | (81.6)                           |                                    | 0.0           |              | 0.0                       |              |
| Net income for the period   |                                     |  | 38.9                             |                                    | 38.9          | 2.4          | 41.3                      |              |
| Change in fair value of derivative hedging instruments, net of tax    |                                     | 0.4  |                                  |                                    | 0.4           |              | 0.4                       |              |
| Financial assets at fair value  |                                     | (0.2)  |                                  |                                    | (0.2)         |              | (0.2)                     |              |
| Remeasurements of the net defined benefit liability (asset) after tax |                                     | 3.5  |                                  |                                    | 3.5           |              | 3.5                       |              |
| Translation adjustments   |                                     |  |                                  | 10.3                               | 10.3          | 0.2          | 10.5                      |              |
| <b>TOTAL OTHER COMPREHENSIVE INCOME</b>                               | <b>0.0</b>                          | <b>3.8</b>   | <b>0.0</b>                       | <b>10.3</b>                        | <b>14.1</b>   | <b>0.2</b>   | <b>14.3</b>               |              |
| <b>COMPREHENSIVE INCOME FOR THE PERIOD</b>                            | <b>0.0</b>                          | <b>3.8</b>   | <b>38.9</b>                      | <b>10.3</b>                        | <b>53.0</b>   | <b>2.7</b>   | <b>55.6</b>               |              |
| Dividends paid  |                                     | (30.5)   |                                  |                                    | (30.5)        |              | (30.5)                    |              |
| Treasury shares   |                                     | (0.3)  |                                  |                                    | (0.3)         |              | (0.3)                     |              |
| Stock options and free shares   |                                     | 2.5  |                                  |                                    | 2.5           |              | 2.5                       |              |
| Disposal of Mersen Hatan Electrical Carbon (Harbin) Co. Ltd           |                                     |  |                                  |                                    | 0.0           | (0.4)        | (0.4)                     |              |
| Hyperinflation  |                                     | 0.6  |                                  |                                    | 0.6           |              | 0.6                       |              |
| <b>AT JUNE 30, 2024</b>   | <b>48.8</b>                         | <b>731.2</b>   | <b>38.9</b>                      | <b>(5.5)</b>                       | <b>813.4</b>  | <b>31.8</b>  | <b>845.2</b>              |              |

# CONSOLIDATED STATEMENT OF CASH FLOWS

| <i>In millions of euros</i>  | Note     | H1 2024       | H1 2023       |
|--|----------|---------------|---------------|
| <b>Operating activities</b>  |          |               |               |
| Income before tax  |          | 54.4          | 59.8          |
| Depreciation and amortization  |          | 35.5          | 31.7          |
| Additions to (reversals of) provisions   |          | 0.3           | (2.2)         |
| Net financial expense  |          | 10.3          | 9.0           |
| Capital gains on asset disposals   |          | 0.4           | 0.1           |
| Other  |          | 0.4           | 0.9           |
| <b>Cash generated by operating activities before change in working capital requirement</b> |          | <b>101.3</b>  | <b>99.2</b>   |
| Change in working capital requirement  |          | (40.5)        | (44.6)        |
| Income tax paid  |          | (6.3)         | (15.4)        |
| <b>Net cash generated by operating activities</b>  |          | <b>54.5</b>   | <b>39.2</b>   |
| <b>Investing activities</b>  |          |               |               |
| Investments in intangible assets   |          | (5.7)         | (4.8)         |
| Investments in property, plant and equipment   | 4        | (83.1)        | (61.7)        |
| Changes in scope of consolidation  |          | (0.1)         | 0.0           |
| Disposals of assets and other  |          | 2.6           | 0.9           |
| <b>Net cash used in investing activities</b>   |          | <b>(86.2)</b> | <b>(65.6)</b> |
| <b>Net cash used in operating and investing activities</b>                                 |          | <b>(31.6)</b> | <b>(26.4)</b> |
| <b>Financing activities</b>  |          |               |               |
| Capital increase   |          | 0.0           | 95.9          |
| Sales (purchases) of treasury shares   |          | (0.3)         | 0.4           |
| Dividends paid   |          | 0.0           | (3.4)         |
| Interest payments  |          | (6.4)         | (7.2)         |
| Repayment of lease liabilities   |          | (7.4)         | (6.8)         |
| Increase in borrowings and debt  | 9        | 111.0         | 270.2         |
| Decrease in borrowings and debt  | 9        | (3.1)         | (332.4)       |
| <b>Net cash generated by financing activities</b>  |          | <b>93.8</b>   | <b>16.8</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                |          | <b>62.2</b>   | <b>(9.6)</b>  |
| Cash and cash equivalents at beginning of period   | 9        | 37.4          | 59.2          |
| Impact of currency fluctuations on cash and cash equivalents held                          |          | 1.0           | 0.5           |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>  | <b>9</b> | <b>100.6</b>  | <b>50.1</b>   |



# 3 NOTES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

|                |   |           |
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## Note 1 Compliance statement

In accordance with Regulation (EC) No. 1606/2002 of July 19, 2002, the consolidated financial statements of Mersen and its subsidiaries (the "Group") have been prepared in accordance with IFRS (International Financial Reporting Standards).

The standards and interpretations effective for annual reporting periods beginning on or after January 1, 2024 are described in Note 3.

The accounting options selected by the Group are described in Note 3 to the consolidated financial statements in chapter 6 of the 2023 Universal Registration Document.

The interim consolidated financial statements for the six months ended June 30, 2024 have been prepared in accordance with

IAS 34 "Interim Financial Reporting". They do not include all the information required for a complete set of annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2023, available at [www.mersen.com](http://www.mersen.com). They do include a selection of explanatory notes describing the major events and transactions for a better understanding of the changes that have occurred in the financial position and performance of the Group since the latest annual financial statements for the year ended December 31, 2023.

These condensed interim consolidated financial statements were approved for issue by the Board of Directors on July 29, 2024.

## Note 2 Significant events of the period

As part of its 2027 growth plan, in March 2024 Mersen successfully completed a *Schuldschein* private placement for €100 million with a maturity of almost six years.

The transaction has allowed the Group to maintain the average maturity of its financing facilities at more than four years (based on committed authorized facilities), to preserve a significant number of available lines of credit and diversify the Group's sources of funding.

## Note 3 Summary of significant accounting policies and methods

The accounting methods used to prepare these interim financial statements are the same as those used for the Group's consolidated financial statements for the year ended December 31, 2023.

### New standards and interpretations effective in 2024

New standards and interpretations came into effect as from January 1, 2024 but did not have a material impact on the Group's interim financial statements:

- Amendment to IAS 1 – *Classification of Liabilities as Current or Non-current*
- Amendment to IFRS 16 – *Lease Liability in a Sale and Leaseback*
- Amendments to IAS 7 and IFRS 7 – *Supplier Finance Arrangements*

The OECD's Pillar Two model rules – aimed at ensuring that multinationals pay a minimum level of tax on their profits – came

into force in the European Union on January 1, 2024. As with the preparation of the financial statements for the year ended December 31, 2023, the Group has applied the temporary relief from accounting for deferred tax assets and liabilities arising from the implementation of the Pillar Two model rules, as provided for in the amendment to IAS 12 – *International Tax Reform – Pillar Two Model Rules*.

### Use of judgments and estimates

In preparing these interim financial statements, Management was required to exercise judgments, use estimates and make assumptions that affected the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from the estimated values.

The critical judgments exercised by Management in applying the Group's accounting policies in the interim consolidated financial statements as well as the main sources of uncertainty are the same as those described in the annual consolidated financial statements for the year ended December 31, 2023.

## Note 4 Goodwill, other intangible assets and property, plant and equipment

Goodwill totaled €261.9 million at June 30, 2024, up €4.2 million compared with December 31, 2023. Increase was due to the currency effect, mainly the appreciation of the US dollar against the euro.

There was no pending allocation of goodwill at June 30, 2024.

Property, plant and equipment (excluding right-of-use assets) increased by €70.5 million, including the impact of €83.1 million in capital expenditure for the period.

## Note 5 Asset impairment tests

In accordance with IAS 36, as there were no indications of impairment in the six months ended June 30, 2024, no impairment tests were carried out. No impairment losses were recognized

following the impairment tests carried out on goodwill at December 31, 2023. The date of the next impairment tests will be December 31, 2024.

## Note 6 Equity

At June 30, 2024, the Company's share capital amounted to €48,836,624 divided into 24,418,312 shares each with a par value of €2.

The theoretical number of voting rights at that date, i.e., excluding treasury shares which do not carry voting rights, was

27,077,931. Since April 3, 2016, a double voting right has been attached to all shares that meet both of the following conditions: (i) they have been held in registered form for at least two years; and (ii) they are fully paid up.

| <i>Number of shares (unless stated otherwise)</i>                       | <b>Ordinary shares</b> |
|---|------------------------|
| Number of shares at January 1, 2024                                     | 24,418,312             |
| Capital increase/reduction ( <i>in millions of euros</i> )              |                        |
| Number of shares at June 30, 2024                                       | 24,418,312             |
| Number of shares in issue and fully paid-up during the period           |                        |
| Number of treasury shares canceled                                      |                        |
| Number of shares in issue and not fully paid-up                         |                        |
| Par value of shares ( <i>in euros</i> )                                 | 2                      |
| Mersen shares held by the Company or by its subsidiaries and associates | 58,763                 |

Mersen's ownership structure at June 30, 2024 was as follows:

|  |       |
|--|-------|
| ■ French institutional investors:        | 42.0% |
| ■ International institutional investors: | 39.6% |
| ■ Private shareholders:                  | 16.9% |
| ■ Employee shareholders:                 | 1.3%  |
| ■ Treasury shares:                       | 0.2%  |

### Stock options and free shares

For several years now, the Group has implemented a policy of granting free shares. Vesting of these shares is contingent on the beneficiaries still forming part of the Group at the end of the vesting period. The shares granted under both executive and non-executive programs are also subject to performance conditions.

However, Management decided not to set performance conditions in the program for high-potential employees (managers and experts) as these employees have little impact on the Group's major financial and CSR indicators.

At June 30, 2024, the number of free shares that could potentially vest corresponded to 671,220 new shares (versus 602,340 new shares at December 31, 2023, including 265,680 new ordinary shares allocated as part of the 2024 free share plans), representing 2.7% of the Company's capital at that date. This total included 629,820 free shares granted subject to performance conditions, of which 42,520 to the Chief Executive Officer, Luc Themelin.

A net expense of €2.5 million in respect of share-based payments was recognized in the first half of 2024 (a net expense of €1.7 million first-half 2023).

## Note 7 Provisions, operating payables, miscellaneous liabilities and contingent liabilities

Provisions amounted to €13.5 million at June 30, 2024, stable compared to December 31, 2023 (€13.8 million).

| In millions of euros                          | June 30, 2024 |            | Dec. 31, 2023 |            |
|---|---------------|------------|---------------|------------|
|   | Non-current   | Current    | Non-current   | Current    |
| - provision for restructuring                 | 1.0           | 0.5        | 1.1           | 0.3        |
| - provision for environmental risks           | 3.2           | 0.4        | 3.1           | 0.7        |
| - provision for litigation and other expenses | 2.4           | 6.0        | 2.8           | 5.8        |
| <b>TOTAL</b>                                  | <b>6.7</b>    | <b>6.8</b> | <b>7.0</b>    | <b>6.8</b> |

### Significant developments in ongoing litigation and proceedings

There were no significant developments in ongoing litigation and proceedings in the first half of 2024.

### Other operating payables, miscellaneous liabilities and contingent liabilities

Other operating payables (€119.9 million at June 30, 2024) mainly comprised personnel and social security payables, VAT and other tax payables (excluding income tax), and prepaid income.

Miscellaneous liabilities (€48.8 million at June 30, 2024) mainly included dividends of €30.5 million to be paid following the Annual General Meeting of May 16, 2024, and amounts payable on property, plant and equipment.

No material contingent liabilities were identified by the Group at June 30, 2024.

## Note 8 Employee benefits

The Mersen group's principal pension plans are defined benefit plans and are located in the United States (52% of obligations), the United Kingdom (18% of obligations), France (15% of obligations) and Germany (6% of obligations).

The Group's obligations were measured at December 31, 2023 with the assistance of independent actuaries and in accordance with IAS 19. At June 30, 2024, the Group measured its obligations taking into account the sensitivity assumptions provided by its actuaries at the 2023 year-end, as well as the following changes in discount rates compared with that date:

| Region         | June 30, 2024 | Dec. 31, 2023 |
|----------------|---------------|---------------|
| France         | 3.61%         | 3.15%         |
| Germany        | 3.61%         | 3.15%         |
| United States  | 5.42%         | 4.90%         |
| United Kingdom | 5.13%         | 4.50%         |

### Reconciliation between assets and liabilities recognized

| In millions of euros  | June 30, 2024 | Dec. 31, 2023 |
|---|---------------|---------------|
| Present value of defined benefit obligation   | 145.5         | 147.6         |
| Fair value of plan assets   | (108.5)       | (107.2)       |
| <b>PROVISION BEFORE IMPACT OF MINIMUM FUNDING REQUIREMENT/ASSET CEILING</b>                           | <b>36.9</b>   | <b>40.4</b>   |
| Impact of minimum funding requirement/asset ceiling   |               |               |
| <b>PROVISION AFTER IMPACT OF MINIMUM FUNDING REQUIREMENT/ASSET CEILING (NET PROVISION RECOGNIZED)</b> | <b>36.9</b>   | <b>40.4</b>   |

The decrease in the provision is mainly due to the fall in the gross defined benefit obligation following interest rate rises in the period across the Group's main regions. The expense recognized in

relation to employee benefit plans amounted to €2.8 million in the six months ended June 30, 2024, compared with €2.9 million in the first half of 2023.



## Note 9 Net debt

Mersen has committed credit lines and borrowing facilities totaling €696.5 million, of which 53% had been drawn down at June 30, 2024. Based on the amounts drawn down, the average maturity of these committed facilities is 4.3 years.

To meet the Group's general cash flow requirements, Mersen has entered into the following main committed financing agreements:

- a €320 million multi-currency syndicated bank loan, set up in October 2022 and repayable in full in October 2028, following the exercise in 2023 of an initial one-year option to extend the maturity. This loan includes (i) a second option to extend the maturity to 2029, subject to the banks' approval and (ii) margins indexed to ESG indicators. The interest payable is at a variable rate plus a credit margin that varies mainly according to the leverage covenant and, to a lesser extent, ESG indicators;
- two five-year bilateral loans granted by Bpifrance for a total amount of €30 million, set up in October 2022 and January 2024 respectively, and repayable in equal installments. The interest payable is at a variable Euribor rate, plus a credit margin;
- a bilateral bank loan arranged at the end of 2019 amounting to RMB 50 million, which matures in 2026 following the exercise of an extension option in 2023. This loan is intended to finance the Mersen group's operations in China;
- a US private placement (USPP) entered into in May 2021 with a pool of North American investors, comprising one tranche of USD 60 million, maturing in 2031, and one tranche of €30 million, maturing in 2028, both of which are redeemable at maturity. The funds became available in October 2021. The holders of the notes issued under the USPP receive interest at a fixed rate;
- two German private placements (*Schuldschein*), of which the first was initially arranged in April 2019 for €130 million and later reduced to €115 million in 2022 following an early partial redemption with a pool of European and Asian investors. This loan is repayable in full at maturity after seven years. Investors receive fixed-rate interest on a nominal amount of €68 million and variable-rate interest at Euribor plus a credit margin on a nominal amount of €47 million. The second German private placement (*Schuldschein*) for an amount of €100 million was arranged in March 2024 with a pool of European and Asian investors, repayable in full in January 2030. Investors receive fixed-rate interest on a nominal amount of €23 million and variable-rate interest at Euribor plus a credit margin on a nominal amount of €77 million.

In addition, as part of its policy to diversify its sources of financing, in March 2016 and May 2020, respectively, Mersen launched an NEU CP program and an NEU MTN program, whose maximum amounts were each increased to €300 million in 2023. None of the NEU CP program had been used at June 30, 2024. Any commercial paper issued under this program has a maturity of less than one year and at its maturity date may be replaced by drawdowns on the Group syndicated loan. At the same date, the Group had used €45 million of the NEU MTN program, with maturities in 2025, 2027 and 2028.

### Maturity schedule of committed credit lines and borrowings

| In millions of euros            | Amount                   | Drawdown at June 30, 2024 | Utilization rate at June 30, 2024 | Maturity         |                   |                   |
|---------------------------------|--------------------------|---------------------------|-----------------------------------|------------------|-------------------|-------------------|
|                                 |                          |                           |                                   | Less than 1 year | From 1 to 5 years | More than 5 years |
| Group syndicated loan           | 320.0                    | 0.0                       | 0%                                | 0.0              | 320.0             | 0.0               |
| Bpifrance loans                 | 24.0                     | 24.0                      | 100%                              | 6.0              | 18.0              | 0.0               |
| Committed credit line – China   | 6.5                      | 0.0                       | 0%                                | 0.0              | 6.5               | 0.0               |
| NEU MTN                         | 45.0                     | 45.0                      | 100%                              | 0.0              | 45.0              | 0.0               |
| German private placements       | 215.0                    | 215.0                     | 100%                              | 0.0              | 115.0             | 100.0             |
| US private placement            | 86.0                     | 86.0                      | 100%                              | 0.0              | 30.0              | 56.0              |
| <b>TOTAL</b>                    | <b>696.5</b>             | <b>370.0</b>              | <b>53%</b>                        | <b>6.0</b>       | <b>534.5</b>      | <b>156.0</b>      |
| <b>AVERAGE MATURITY (YEARS)</b> | <b>4.3<sup>(1)</sup></b> | <b>4.3<sup>(2)</sup></b>  |                                   |                  |                   |                   |

(1) Maturity calculated on the basis of authorized amounts.

(2) Maturity calculated on the basis of drawdown amounts.

## Analysis of net debt

| In millions of euros             | June 30, 2024 | Dec. 31, 2023 |
|----------------------------------|---------------|---------------|
| Long- and medium-term borrowings | 363.8         | 256.2         |
| Current financial liabilities    | 7.2           | 7.0           |
| Bank overdrafts                  | 14.6          | 13.7          |
| <b>GROSS DEBT</b>                | <b>385.6</b>  | <b>277.0</b>  |
| Current financial assets*        | (26.5)        | (27.1)        |
| Cash and cash equivalents        | (100.6)       | (37.4)        |
| <b>NET DEBT</b>                  | <b>258.5</b>  | <b>212.5</b>  |

\* Including €22.9 million in good quality Chinese bank drafts. Poor quality bank drafts are classified under Other operating receivables.

Net debt at June 30, 2024 amounted to €258.5 million compared with €212.5 million at December 31, 2023.

The €111.0 million increase in borrowings and debt for the period recorded in the cash flow statement mainly corresponds to the issue of a second German private placement (*Schuldschein*) for €100 million and the subscription of a €10 million loan from Bpifrance (reflecting the increase in gross debt to €385.6 million, compared with €277 million at December 31, 2023). The decrease in borrowings and debt during the period, recognized in the statement of cash flows for €3.1 million, primarily reflects the repayment on the Bpifrance loan for €2 million.

Of the €385.6 million in gross debt, €370 million stemmed from the use of committed loans and borrowings and the remainder chiefly from the use of uncommitted loans (bank overdrafts and other credit lines).

## Financial covenants at June 30, 2024

In connection with its various committed borrowings at Group level and in China, Mersen is required to comply with a number of obligations, which are customary for this type of lending arrangement, as presented below. Should it fail to comply with some of these obligations, the banks or investors (for the US private placement) may require Mersen to repay the relevant borrowings ahead of schedule. Under the cross-default clauses, early repayment of one significant loan may trigger an obligation for the Group to repay other loans and borrowings.

Mersen must comply with the following financial covenants at June 30 and December 31 each year:

|                                       | Leverage*            |               |               | Gearing              |               |               |
|---------------------------------------|----------------------|---------------|---------------|----------------------|---------------|---------------|
|                                       | Ratio to be observed | June 30, 2024 | Dec. 31, 2023 | Ratio to be observed | June 30, 2024 | Dec. 31, 2023 |
| Committed credit lines and borrowings |                      |               |               |                      |               |               |
| US private placement                  |                      |               |               |                      |               |               |
| Group syndicated loan                 | <3.5                 | 1.33          | 1.09          | <1.3                 | 0.30          | 0.25          |
| Committed credit lines – China        |                      |               |               |                      |               |               |
| German private placement (2024-2030)  | <3.5                 | 1.33          | N/A           | N/A                  | N/A           | N/A           |
| German private placement (2019-2026)  | <3.5                 | 1.31          | 1.09          | N/A                  | N/A           | N/A           |

\* In calculating the leverage ratio, covenant EBITDA corresponds to EBITDA before non-recurring items for the last 12-month period prior to application of IFRS 16, it being specified that EBITDA before non-recurring items is equal to operating income before non-recurring items, depreciation and amortization. By convention, to calculate covenant EBITDA for the German private placement (2019-2026) at the end of June, the metric is equal to EBITDA before non-recurring items and the application of IFRS 16 for the last six-month period, multiplied by two.

The interest rate on the German private placement notes (*Schuldschein*) is indexed to the leverage ratio (<3.5). Exceeding this cap does not correspond to an event of default but the applicable margin would be increased. The Group complies

with all of its financial covenants. At June 30, 2024, there were no material credit lines or borrowings secured by assets or guaranteed by third parties.

## Note 10 Financial instruments

The following tables show the fair value of the Group's financial assets and liabilities and their carrying amount in the statement of financial position, as well as their ranking in the fair value hierarchy for instruments measured at fair value. They do not

provide information about the fair value of financial assets and liabilities, measured at their carrying amount, insofar as their carrying amount corresponds to a reasonable approximation of the fair value.

### Classification of financial instruments measured at fair value

| June 30, 2024<br>In millions of euros                               |      | Carrying amount                   |  |                                    |                             |                       | Fair value |              |            |              |
|---|------|-----------------------------------|--|------------------------------------|-----------------------------|-----------------------|------------|--------------|------------|--------------|
| Statement of financial position sections and category of instrument | Note | Fair value of hedging instruments | Fair value through other items of comprehensive income | Financial assets at amortized cost | Other financial liabilities | Total carrying amount | Level 1    | Level 2      | Level 3    | TOTAL        |
|   |      |                                   |  |                                    |                             |                       |            |              |            |              |
| Unlisted equity interests   |      |                                   | 2.5  |                                    |                             | 2.5                   |            |              | 2.5        | 2.5          |
| Derivatives held as current and non-current assets                  |      | 3.0                               |  |                                    |                             | 3.0                   |            | 3.0          |            | 3.0          |
|   |      | <b>3.0</b>                        | <b>2.5</b>   | <b>0.0</b>                         | <b>0.0</b>                  | <b>5.5</b>            | <b>0.0</b> | <b>3.0</b>   | <b>2.5</b> | <b>5.5</b>   |
| <b>Financial assets not measured at fair value</b>                  |      |                                   |  |                                    |                             |                       |            |              |            |              |
| Current and non-current financial assets                            | 9    |                                   |  | 30.0                               |                             | 30.0                  |            |              |            |              |
| Trade receivables   |      |                                   |  | 195.0                              |                             | 195.0                 |            |              |            |              |
| Cash and cash equivalents   | 9    |                                   |  | 100.6                              |                             | 100.6                 |            |              |            |              |
|   |      | <b>0.0</b>                        | <b>0.0</b>   | <b>325.5</b>                       | <b>0.0</b>                  | <b>325.5</b>          |            |              |            |              |
| <b>Financial liabilities measured at fair value</b>                 |      |                                   |  |                                    |                             |                       |            |              |            |              |
| Derivatives held as current and non-current liabilities             |      | (1.6)                             |  |                                    |                             | (1.6)                 |            | (1.6)        |            | (1.6)        |
|   |      | <b>(1.6)</b>                      | <b>0.0</b>   | <b>0.0</b>                         | <b>0.0</b>                  | <b>(1.6)</b>          | <b>0.0</b> | <b>(1.6)</b> | <b>0.0</b> | <b>(1.6)</b> |
| <b>Financial liabilities not measured at fair value</b>             |      |                                   |  |                                    |                             |                       |            |              |            |              |
| Bank borrowings   | 9    |                                   |  |                                    | (363.8)                     | (363.8)               |            | (348.0)      |            |              |
| Bank overdrafts   | 9    |                                   |  |                                    | (14.6)                      | (14.6)                |            |              |            |              |
| Current financial liabilities                                       | 9    |                                   |  |                                    | (7.2)                       | (7.2)                 |            |              |            |              |
| Trade payables  |      |                                   |  |                                    | (91.6)                      | (91.6)                |            |              |            |              |
|   |      | <b>0.0</b>                        | <b>0.0</b>   | <b>0.0</b>                         | <b>(477.2)</b>              | <b>(477.2)</b>        |            |              |            |              |
| <b>Carrying amount by category</b>                                  |      | <b>1.4</b>                        | <b>2.5</b>   | <b>325.5</b>                       | <b>(477.2)</b>              | <b>(147.8)</b>        |            |              |            |              |

| Dec. 31, 2023<br><i>In millions of euros</i>                        |      | Carrying amount                   |  |                                    |                             |                       | Fair value |              |            |              |
|---|------|-----------------------------------|--|------------------------------------|-----------------------------|-----------------------|------------|--------------|------------|--------------|
| Statement of financial position sections and category of instrument | Note | Fair value of hedging instruments | Fair value through other items of comprehensive income | Financial assets at amortized cost | Other financial liabilities | Total carrying amount | Level 1    | Level 2      | Level 3    | TOTAL        |
|   |      |                                   |  |                                    |                             |                       |            |              |            |              |
| Unlisted equity interests   |      |                                   | 2.6  |                                    |                             | 2.6                   |            |              | 2.6        | 2.6          |
| Derivatives held as current and non-current assets                  |      | 4.1                               |  |                                    |                             | 4.1                   |            | 4.1          |            | 4.1          |
|   |      | <b>4.1</b>                        | <b>2.6</b>   | <b>0.0</b>                         | <b>0.0</b>                  | <b>6.7</b>            | <b>0.0</b> | <b>4.1</b>   | <b>2.6</b> | <b>6.7</b>   |
| <b>Financial assets not measured at fair value</b>                  |      |                                   |  |                                    |                             |                       |            |              |            |              |
| Current and non-current financial assets                            | 9    |                                   |  | 30.8                               |                             | 30.8                  |            |              |            |              |
| Trade receivables   |      |                                   |  | 168.8                              |                             | 168.8                 |            |              |            |              |
| Cash and cash equivalents   | 9    |                                   |  | 37.4                               |                             | 37.4                  |            |              |            |              |
|   |      | <b>0.0</b>                        | <b>0.0</b>   | <b>237.0</b>                       | <b>0.0</b>                  | <b>237.0</b>          |            |              |            |              |
| <b>Financial liabilities measured at fair value</b>                 |      |                                   |  |                                    |                             |                       |            |              |            |              |
| Derivatives held as current and non-current liabilities             |      | (1.4)                             |  |                                    |                             | (1.4)                 |            | (1.4)        |            | (1.4)        |
|   |      | <b>(1.4)</b>                      | <b>0.0</b>   | <b>0.0</b>                         | <b>0.0</b>                  | <b>(1.4)</b>          | <b>0.0</b> | <b>(1.4)</b> | <b>0.0</b> | <b>(1.4)</b> |
| <b>Financial liabilities not measured at fair value</b>             |      |                                   |  |                                    |                             |                       |            |              |            |              |
| Bank borrowings   | 9    |                                   |  |                                    | (256.2)                     | (256.2)               |            | (239.6)      |            |              |
| Financial current accounts  | 9    |                                   |  |                                    | 0.0                         | 0.0                   |            |              |            |              |
| Bank overdrafts   | 9    |                                   |  |                                    | (13.7)                      | (13.7)                |            |              |            |              |
| Current financial liabilities                                       | 9    |                                   |  |                                    | (7.0)                       | (7.0)                 |            |              |            |              |
| Trade payables  |      |                                   |  |                                    | (83.8)                      | (83.8)                |            |              |            |              |
|   |      | <b>0.0</b>                        | <b>0.0</b>   | <b>0.0</b>                         | <b>(360.8)</b>              | <b>(360.8)</b>        |            |              |            |              |
| <b>Carrying amount by category</b>                                  |      | <b>2.7</b>                        | <b>2.6</b>   | <b>237.0</b>                       | <b>(360.8)</b>              | <b>(118.4)</b>        |            |              |            |              |

## Financial risk management

### Credit risk

The Group has set up a Coface commercial credit insurance program that covers its main Chinese, Korean, US and Western European companies against the risk of non-payment for financial or political reasons. Coverage under this program corresponds to 95% of the amount of eligible and covered receivables invoiced.

### Currency, interest rate and commodity risks

There were no material changes in currency risk management between December 31, 2023 and June 30, 2024.

In terms of interest rate risk, the German private placement set up in March 2024 includes a €23 million fixed-interest tranche with an annual coupon of 4.394%. At June 30, 2024, gross debt broke down as 58% at fixed rates and 42% at variable rates.

Regarding commodity risk, at end-2023, a portion of the copper and silver tonnage provided for in the 2024 budget had been hedged. Higher commodity prices were offset overall by selling price increases.

## Note 11 Right-of-use assets and lease liabilities

Right-of-use assets totaled €48.3 million at June 30, 2024, down €2.3 million compared with the December 31, 2023 figure. This fall was mainly due to a depreciation expense of €6.1 million, partly offset by an increase in right-of-use assets linked to the signing of new contracts for €4.2 million.

Lease liabilities totaled €51.8 million, down €2.1 million compared with the December 31, 2023 figure.

## Note 12 Other non-recurring income and expenses

Other non-recurring income and expenses break down as follows:

| <i>In millions of euros</i>    | H1 2024      | H1 2023      |
|--------------------------------|--------------|--------------|
| Litigation and other costs     | (0.1)        | (0.4)        |
| Restructuring costs            | (3.5)        |              |
| Acquisition-related costs      | (1.4)        |              |
| Asset disposals and impairment | (0.4)        | 0.3          |
| <b>TOTAL</b>                   | <b>(5.4)</b> | <b>(0.1)</b> |

In first-half 2024, other non-recurring income and expenses represented a net expense of €5.4 million, primarily breaking down as:

- €3.5 million in expenses for optimization measures;
- €1.4 million in due diligence costs incurred on acquisition projects, in particular the Graphite Machining, Inc. group, in which Mersen acquired a controlling interest in early July 2024 (see Note 19);
- a €0.4 million loss on the disposal of Mersen Hatan Electrical Carbon (Harbin) Co. Ltd in early April 2024.

In first-half 2023, non-recurring income and expenses represented a net expense of €0.1 million, primarily breaking down as:

- net reversals of impairment of assets for €0.3 million, including a €1.1 million expense on assets held for sale, and a €1.4 million reversal of impairment of industrial equipment;
- net expenses of €0.4 million for litigation and other costs relating to asset disposals and site relocations.

## Note 13 Segment reporting

| <i>In millions of euros</i>                        | H1 2024                 |                       |                                     |              | H1 2023                 |                       |                                     |              |
|--|-------------------------|-----------------------|-------------------------------------|--------------|-------------------------|-----------------------|-------------------------------------|--------------|
|  | Advanced Materials (AM) | Electrical Power (EP) | Unallocated – Holding company costs | GROUP TOTAL  | Advanced Materials (AM) | Electrical Power (EP) | Unallocated – Holding company costs | GROUP TOTAL  |
| Sales  | 346.6                   | 277.4                 |                                     | 624.0        | 334.3                   | 273.4                 |                                     | 607.7        |
| Proportion of total                                | 55.6%                   | 44.4%                 |                                     | 100.0%       | 55.0%                   | 45.0%                 |                                     | 100.0%       |
| <b>EBITDA before non-recurring items*</b>          | <b>77.1</b>             | <b>39.1</b>           | <b>(10.7)</b>                       | <b>105.5</b> | <b>72.3</b>             | <b>38.4</b>           | <b>(10.2)</b>                       | <b>100.5</b> |
| <i>EBITDA margin before non-recurring items</i>    | 22.2%                   | 14.1%                 |                                     | 16.9%        | 21.6%                   | 14.1%                 |                                     | 16.5%        |
| Depreciation and amortization                      | (24.3)                  | (9.5)                 | (1.6)                               | (35.5)       | (21.9)                  | (9.1)                 | (0.7)                               | (31.7)       |
| <b>Operating income before non-recurring items</b> | <b>52.8</b>             | <b>29.6</b>           | <b>(12.3)</b>                       | <b>70.1</b>  | <b>50.4</b>             | <b>29.4</b>           | <b>(10.9)</b>                       | <b>68.8</b>  |
| <i>Operating margin before non-recurring items</i> | 15.2%                   | 10.7%                 |                                     | 11.2%        | 15.1%                   | 10.7%                 |                                     | 11.3%        |
| Non-recurring income and expenses                  | (4.5)                   | (0.7)                 | (0.2)                               | (5.4)        | (1.3)                   | (0.3)                 | 1.5                                 | (0.1)        |
| <b>Operating income</b>                            | <b>48.2</b>             | <b>28.9</b>           | <b>(12.5)</b>                       | <b>64.7</b>  | <b>49.1</b>             | <b>29.0</b>           | <b>(9.4)</b>                        | <b>68.8</b>  |
| <i>Operating margin</i>                            | 13.9%                   | 10.4%                 |                                     | 10.4%        | 14.7%                   | 10.6%                 |                                     | 11.3%        |
| Net financial expense                              |                         |                       | (10.3)                              | (10.3)       |                         |                       | (9.0)                               | (9.0)        |
| Current and deferred income tax                    |                         |                       | (13.0)                              | (13.0)       |                         |                       | (13.6)                              | (13.6)       |
| <b>Net income</b>                                  |                         |                       |                                     | <b>41.3</b>  |                         |                       |                                     | <b>46.1</b>  |

\* EBITDA before non-recurring items is equal to operating income before non-recurring items, depreciation and amortization.

The Group's activities are not subject to any significant seasonal variation.

### Note 14 Payroll costs and headcount

Group payroll costs (including social security contributions, provisions for pension obligations and retirement benefits) came to €209.2 million in the first half of 2024 compared with €190.6 million in the same period of 2023.

At constant scope and exchange rates, payroll costs (including those related to temporary staff) rose by 10.8%.

#### Headcount of consolidated companies at end of period by geographical area

| Geographical area        | June 30, 2024 | %           | June 30, 2023 | %           |
|--------------------------|---------------|-------------|---------------|-------------|
| France                   | 1,460         | 20%         | 1,360         | 18%         |
| Rest of Europe           | 1,382         | 19%         | 1,472         | 19%         |
| North America and Mexico | 2,405         | 33%         | 2,536         | 34%         |
| Asia                     | 1,628         | 22%         | 1,686         | 22%         |
| Rest of the world        | 497           | 7%          | 534           | 7%          |
| <b>TOTAL</b>             | <b>7,372</b>  | <b>100%</b> | <b>7,588</b>  | <b>100%</b> |

### Note 15 Income tax

| <i>In millions of euros</i>                           | H1 2024       | H1 2023       |
|---|---------------|---------------|
| Current income tax                                    | (11.7)        | (10.1)        |
| Deferred income tax                                   | (0.9)         | (3.3)         |
| Withholding tax                                       | (0.5)         | (0.2)         |
| <b>ACTUAL INCOME TAX BENEFIT (EXPENSE) RECOGNIZED</b> | <b>(13.0)</b> | <b>(13.6)</b> |

The Mersen group has consolidated tax groups in France, Germany, Italy, the United Kingdom (group relief) and the United States. The effective tax rate was 24.0% (compared with

22.8% at end-June 2023), including an estimated top-up tax of €0.4 million payable under the Pillar Two model rules.

## Note 16 Earnings per share

Basic and diluted earnings per share are presented below:

|  | H1 2024    | H1 2023    |
|--|------------|------------|
| Net income attributable to Mersen shareholders <i>(in millions of euros)</i>             | 38.9       | 43.9       |
| Weighted average number of ordinary shares* used to calculate basic earnings per share   | 24,248,800 | 22,404,454 |
| Maximum effect of dilutive potential ordinary shares                                     | 671,220    | 602,340    |
| Weighted average number of ordinary shares* used to calculate diluted earnings per share | 24,920,020 | 23,006,794 |
| Basic earnings per share <i>(in euros)</i>   | 1.60       | 1.96       |
| Diluted earnings per share <i>(in euros)</i>   | 1.56       | 1.91       |

\* Excluding treasury shares.

## Note 17 Dividends

The Annual General Meeting of May 16, 2024 approved a dividend payment of €1.25 per share in respect of 2023.

The dividend was paid in cash in July 2024 and represented a total payout of €30.5 million.

## Note 18 Off-balance sheet commitments

Off-balance sheet commitments increased by €1.1 million between December 31, 2023 and June 30, 2024, mainly due to the issue of new advanced payment guarantees for prepayments made

by clients under business contracts, particularly new contracts related to SiC semiconductors.

## Note 19 Subsequent events

In early July 2024, Mersen finalized the acquisition of Graphite Machining, Inc. (GMI), a family-owned group employing approximately 200 people located on four different sites in the United States (Pennsylvania and Michigan), specializing in the purification and machining of graphite and carbon composites.

The acquisition price was USD 50 million (excluding real estate). GMI is expected to contribute around USD 40 million to annual consolidated sales. GMI group will be consolidated as from July 1, 2024.





# 4 STATUTORY AUDITORS' REVIEW REPORT ON THE 2024 INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2024

*This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your 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 interim consolidated financial statements of Mersen for the six months ended June 30, 2024;
- the verification of the information contained in the interim management report.

These condensed interim 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.

## I – 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 interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

## II – Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review.

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

Paris La Défense, July 29, 2024

The Statutory Auditors

KPMG S.A.

Alexandra Saastamoinen

Ernst & Young Audit

Pierre Bourgeois



# 5 STATEMENT OF THE OFFICER

I certify that, to the best of my knowledge, these condensed interim financial statements have been prepared in accordance with the relevant accounting standards and give a true and fair view of the assets and liabilities, financial position and the results of operations of the Company and of all the entities included in the consolidation, and that the attached interim business report presents a fair view of the major events that occurred during the six months of the interim period and their impact on the financial statements, the principal transactions between related parties, as well as a description of the principal risks and principal uncertainties concerning the remaining six months of the fiscal year.

Paris, July 29, 2024

Luc Themelin  
Chief Executive Officer





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IN ELECTRICAL POWER  
& ADVANCED MATERIALS



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