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# 2025 FIRST-HALF FINANCIAL REPORT

# MERSEN

## 2025 first-half financial report



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# 1 MANAGEMENT REPORT

## INTRODUCTION

Mersen's performance in first-half 2025 was in line with the full-year guidance set by the Group at the start of the year.

The second quarter showed greater momentum than the first, leading to half-year sales of €610 million, down 4% on an organic basis on the first half of 2024. As expected, the solar power and semiconductor markets were down, while the transportation markets (aerospace, rail and electric vehicles) were very dynamic. The Group also benefited from a number of power electronics projects.

The Group continued its adaptation and cost optimization initiatives over the period, which translated to solid operating income before non-recurring items, despite lower business volumes. The operating margin before non-recurring items amounted to 9.5%, while the EBITDA margin came in at 16%.

Mersen generated net cash from operating activities more than 40% higher than the level recorded in first-half 2024, driven by the successful implementation of its inventory optimization plan.

As a result of this excellent performance, net debt remained virtually stable compared with December 31, 2024. Net debt also includes the cash costs related to the adaptation plan, as well as significant investments in property, plant and equipment and intangible assets. The leverage ratio (net debt to EBITDA) was 2.2x, demonstrating the Group's robust financial position.

In the first half of 2025, Mersen arranged a US private placement comprising a USD 100 million tranche with a ten-year term and a €90 million tranche with a seven-year term. Following this transaction, at June 30, 2025, the average maturity of the Group's financing facilities was 4.9 years. The Group has begun to plan the refinancing of the Schuldschein private placement maturing in April 2026.

Along with its international presence and geographical proximity to its customers, as well as its recent acquisitions in the United States, which have made Mersen the leading producer of isostatic graphite in the country, the Group's first-half performance stands Mersen in good stead to reaffirm its guidance for full-year 2025.

# Consolidated sales

Mersen's consolidated sales amounted to €610.4 million for the first six months of 2025, down 4% at constant scope and exchange rates compared with the first half of 2024. Reported growth was -2.2%. Prices increased by around 1% over the period. Excluding the solar and SiC semiconductor markets, which fell sharply as expected, organic growth was 3% in the first half of the year.

| *In millions of euros* | H1 2025 | H1 2024 | Organic growth | Scope effect | Currency effect | Reported growth |
|---|---|---|---|---|---|---|
| Advanced Materials | 323.0 | 346.6 | -10.3% | +5.0% | -1.7% | -6.8% |
| Electrical Power | 287.4 | 277.4 | 3.9% | +0.9% | -1.1% | 3.6% |
| Europe | 203.3 | 207.2 | -2.0% | +0.3% | -0.2% | -1.9% |
| Asia-Pacific | 128.4 | 155.0 | -15.7% | +0.2% | -2.1% | -17.2% |
| North America | 257.5 | 242.2 | 0.3% | +7.8% | -1.7% | 6.3% |
| Rest of the world | 21.2 | 19.6 | 15.2% | 0.0% | -6.3% | 7.9% |
| **GROUP** | **610.4** | **624.0** | **-4.0%** | **+3.2%** | **-1.4%** | **-2.2%** |

## Performance by segment

Sales for the Advanced Materials segment totaled €323.0 million, down 6.8% over the period on a reported basis and down 10.3% on an organic basis. As announced, the Group renegotiated contracts with its customers in the SiC semiconductor sector, which led to higher sales in the second quarter than in the first. However, for the first half overall, sales in this segment remained below the previous year's level. Second-quarter sales in the silicon semiconductor market were on par with the first quarter. The solar market remained weak, while other renewable energy markets (wind and hydropower) experienced growth. The transportation markets remained dynamic, especially aeronautics, and the chemicals market also expanded year on year.

Electrical Power sales totaled €287.4 million in the first half, up by 3.9% on an organic basis. The trend was present across most markets, including process industries, which saw growth driven in particular by electrical distribution in the United States. The segment benefitted from an increasing number of opportunities in power electronics projects, particularly for power grids, and enjoyed growth in transportation markets (aeronautics, rail and electric vehicles).

## Performance by region

Europe saw a decline of 2.0% in organic terms, reflecting a contraction in chemicals and SiC semiconductors, partially offset by good momentum in the wind power market and power electronics projects.

In Asia, Group sales were down 15.7% on an organic basis versus the prior-year period, primarily due to the low level of sales to solar cell manufacturers in China. Chemicals sales were also down. India and Japan, on the other hand, enjoyed strong growth, supported by rail and energy storage markets, respectively.

Lastly, in North America, sales grew by 0.3% on an organic basis. On a reported basis, growth was 6.3%, thanks to the contribution of acquisitions made in 2024, despite the depreciation of the US dollar. The region was driven by buoyant maintenance activities for chemicals and electrical distribution markets. However, the slowdown in the SiC semiconductor market had a negative impact on the region.

# CONSOLIDATED RESULTS

## EBITDA and operating income before non-recurring items

| *in millions of euros* | H1 2025 | H1 2024 |
|---|---|---|
| **EBITDA before non-recurring items** | **97.8** | **105,5** |
| *As a % of sales* | *16.0%* | *16.9%* |
| Depreciation & amortization | (40.0) | (35.5) |
| **Operating income before non-recurring items** | **57.8** | **70.1** |
| *As a % of sales* | *9.5%* | *11.2%* |

EBITDA before non-recurring items came to €97.8 million, a limited 7% contraction year on year despite the lower business volumes and the unfavorable currency effect. This amounted to 16.0% of sales compared with 16.9% in the first half of 2024, in line with guidance (between 16% and 16.5%).

Depreciation and amortization came in at €40.0 million, an increase on the previous year (€35.5 million) as expected, attributable to higher capital expenditure. This increase should continue in the second half of the year.

Operating income before non-recurring items came to €57.8 million in the first half of 2025, yielding an operating margin before non-recurring items of 9.5% of sales, in line with guidance for full-year 2025 (between 9% and 9.5% of sales).

The adaptation plan partially offset the unfavorable volume/mix effect. Price increases and productivity gains helped offset the higher cost of raw materials and labor. In addition, operating income before nonrecurring items 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 €61.4 million and represented 19.0% of sales compared with 22.2% in the first half of 2024. Lower volumes had a significant impact on the segment's margin in the first half of the year, partially offset by the adaptation plan. Price increases and productivity gains during the period only partially offset higher costs for raw material and wages.

Operating income before non-recurring items for the segment amounted to €33.8 million, resulting in an operating margin before non-recurring items of 10.5% of sales, compared with 15.2% for first-half 2024. The increase in depreciation and amortization represented a change of more than 2 points in the operating margin before non-recurring items.

### Electrical Power segment

EBITDA before non-recurring items for the Electrical Power segment was €45.3 million, representing 15.8% of sales, significantly up on the first half of 2024 (14.1%). The adaptation plan more than offset the negative mix effect, while price increases and productivity measures comfortably counterbalanced the rise in costs of raw materials and wages.

Segment operating income before non-recurring items amounted to €34.8 million, compared with €29.6 million in the first half of 2024. This represents an operating margin before non-recurring items of 12.1% of sales, a significant improvement on the first half of 2024 (10.7%).

| *in millions of euros* | H1 2025 | H1 2024 |
|---|---|---|
| **Consolidated sales** | **610.4** | **624.0** |
| Gross income | 182.0 | 203.4 |
| *as a % of sales* | *29.8%* | *32.6%* |
| Selling, marketing and other expenses | (42.0) | (45.1) |
| Administrative and research expenses | (81.3) | (87.7) |
| Amortization of revalued intangible assets | (0.8) | (0.6) |
| **Operating income before non-recurring items** | **57.8** | **70.1** |
| *as a % of sales* | *9.5%* | *11.2%* |

Gross income margin represented 29.8 % of sales, compared to 32.6 % in June 2024.

Selling, marketing and other expenses are nearly 7% lower due to the decline in revenue and the adaptation plan.

Administrative and research expenses are also down by 7.3%.

## Net income

Net income attributable to Mersen shareholders came to €29.3 million in the first half of 2025, compared with €38.9 million in the first half of 2024. This decrease is mainly due to the fall in operating income.

| *in millions of euros* | H1 2025 | H1 2024 |
|---|---|---|
| **Operating income before non-recurring items** | **57.8** | **70.1** |
| Non-recurring income and expenses | (4.9) | (5.4) |
| **Operating income** | **52.9** | **64.7** |
| Net financial expense | (13.5) | (10.3) |
| Current and deferred income tax | (9.9) | (13.0) |
| **Net income** | **29.5** | **41.3** |
| Attributable to owners of the parent | 29.3 | 38.9 |
| Minority shareholders | 0.1 | 2.4 |

Non-recurring expenses of €4.9 million correspond to expenses and provisions set aside for optimization measures and litigation costs. These expenses were down slightly compared with the first half of 2024 (€5.4 million).

The net financial expense was €13.5 million, an increase from the first half of 2024 (net financial expense of €10.3 million), due primarily to the rise in average debt.

The income tax expense was €9.9 million, corresponding to an effective tax rate of 25%, slightly higher than in the first half of 2024 (24%).

Income from non-controlling interests fell sharply (€0.1 million versus €2.4 million in the first half of 2024) due to the steep decline in the solar business in China, which impacted the entities concerned.

# Cash flows

## Condensated statement of cash flows

| *In millions of euros* | H1 2025 | H1 2024 |
|---|---|---|
| Cash generated by operating activities before change in working capital requirement | 93.1 | 101.3 |
| Change in working capital requirement | (7.5) | (40.5) |
| Income tax paid | (6.9) | (6.3) |
| **Net cash generated by operating activities** | **78.7** | **54.5** |
| Capital expenditure | (64.1) | (83.1) |
| Disposals of assets and other | (0.1) | 2.6 |
| **Net cash used in operating activities after capital expenditure, net of disposals** | **14.5** | **(25.9)** |
| Investments in intangible and financial assets | (7.1) | (5.7) |
| Changes in scope of consolidation | 0.0 | (0.1) |
| **Net cash used in operating and investing activities** | **7.5** | **(31.6)** |

The Group generated a strong €78.7 million in net cash from operating activities, an increase of more than 40% on the €54.5 million reported in the first half of 2024. The WCR ratio stood at 19.2% of sales, lower than its rate as of June 30, 2024 (21.8%) and as of December 31, 2024 (19.7%) thanks in particular to the action plan on inventories, which has led to a €32 million reduction in inventories on a like-for-like basis since its launch.

Income tax paid represented an outlay of €6.9 million, a similar level to the first half of 2024 (€6.3 million) which benefited from the repayment of tax receivables in the United States.

## Capital expenditure

In the first half of 2025, capital expenditure amounted to €64.1 million. More than two thirds of this amount will be used for capacity increases as part of the Group's medium-term plan, mainly to serve the SiC semiconductor market. The remaining capital expenditure relates to safety and environmental 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 p-SiC project, for a total of €7.1 million.

# Financial structure

## Net debt

Net debt as of June 30, 2025 stood at €380.1 million, slightly up the amount as of December 31, 2024 (€370.3 million), thanks to significant cash flow generation and close control over capital expenditure. Pension obligations amount to €31.4 million (€32.4 million as of December 31, 2024). Lease liabilities amount to €58.4 million (€64.4 million as of December 31, 2024).

The Group maintained a sound financial structure over the period, with a leverage of 2.2x (versus 1.8x as of December 31, 2024) and a gearing ratio of 48% (versus 42% as of December 31, 2024). The average maturity of the Group's financing is 4.9 years. The next significant repayment milestone is expected in 2026. This will be refinanced with cash from the US private placement arranged in the first half of 2025.

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Net debt *(in millions of euros)* | 380.1 | 370.3 |
| Leverage | 2.16 | 1.82 |
| Gearing | 48% | 42% |

## ROCE

The Group's return on capital employed (ROCE) stood at 9.4% in the first half of 2025, compared with 10.8% for full-year 2024. This decrease, as expected, is due to the rollout of the Group's investment plan, with the new production capacity not yet in use.

| *in millions of euros* | Average of the last three half-year periods | June 25 | Dec. 24 | June 24 |
|---|---|---|---|---|
| *Goodwill* | 281.0 | 283.1 | 298.1 | 261.9 |
| Other intangible assets | 62.3 | 66.8 | 66.2 | 53.8 |
| Land | 36.1 | 38.0 | 40.0 | 30.4 |
| Buildings | 143.8 | 161.1 | 152.8 | 117.5 |
| Machinery, equipment and other tangible assets | 302.7 | 316.1 | 327.8 | 264.3 |
| Property, plant and equipment in progress | 219.7 | 210.4 | 228.7 | 220.1 |
| Equity interests | 2.4 | 2.1 | 2.7 | 2.5 |
| Other financial assets | 3.6 | 3.7 | 3.5 | 3.5 |
| Long-term portion of current tax assets | 7.1 | 7.8 | 6.7 | 6.8 |
| Inventories | 303.1 | 276.7 | 307.8 | 324.7 |
| Trade receivables | 181.6 | 173.2 | 176.7 | 195.0 |
| Contract assets | 3.7 | 4.5 | 1.9 | 4.8 |
| Other operating receivables | 29.0 | 31.0 | 27.0 | 28.9 |
| Short-term portion of current tax assets | 5.3 | 3.8 | 4.5 | 7.7 |
| Current derivatives | 2.8 | 3.9 | 1.4 | 3.0 |
| **CAPITAL EMPLOYED – ASSETS (A)** | **1,584.3** | **1,582.2** | **1,645.7** | **1,524.8** |
| Trade payables | 83.2 | 77.1 | 80.9 | 91.6 |
| Contract liabilities | 65.7 | 57.6 | 68.8 | 70.7 |
| Other operating payables | 118.4 | 116.3 | 118.9 | 119.9 |
| Short-term portion of current tax liabilities | 5.0 | 4.9 | 4.6 | 5.6 |
| Miscellaneous liabilities | 36.6 | 39.8 | 21.2 | 48.8 |
| Current derivatives | 5.1 | 3.7 | 9.9 | 1.6 |
| **CAPITAL EMPLOYED – LIABILITIES (B)** | **314.0** | **299.4** | **304.3** | **338.3** |
| **CAPITAL EMPLOYED ((C) = (A) – (B))** | **1,270.2** | **1,282.8** | **1,341.4** | **1,186.5** |

| | |
|---|---|
| **Operating income before non-recurring items (D)** | **118.8** |
| **ROCE = (D) / (C)** | **9.4%** |

# 2025 GUIDANCE

While remaining vigilant to changes in the macro-economic environment, the Group confirms its objectives for the year 2025, namely:

- reported sales to remain stable or increase compared with 2024, based on EUR/USD exchange rates of 1.05 and EUR/RMB exchange rates of 7.65, representing organic growth of between -5% and 0%;
- EBITDA margin before non-recurring items of between 16% and 16.5% of sales;
- operating margin before non-recurring items of between 9% and 9.5% of sales, reflecting a significant increase in depreciation and amortization;
- capital expenditure of between €160 million and €170 million, including €15 million pushed back from the end of 2024.

# Glossary

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.

Operating cash flow: Net cash generated by operating activities

Operating margin before non-recurring items: Operating income before non-recurring items divided by sales

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 for the last three half-year periods.

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 STATEMENT OF INCOME

| *In millions of euros* | Note | H1 2025 | H1 2024 |
|---|---|---|---|
| Sales | 12 | 610.4 | 624.0 |
| Cost of sales | | (428.4) | (420.6) |
| **Total gross margin** | | **182.0** | **203.4** |
| Selling and marketing expenses | | (41.1) | (46.0) |
| Administrative and research expenses | | (81.3) | (87.7) |
| Amortization of revalued intangible assets | | (0.8) | (0.6) |
| Other operating income and expenses | | (0.9) | 0.9 |
| **Operating income before non-recurring items** | **12** | **57.8** | **70.1** |
| Non-recurring expenses | | (5.7) | (5.4) |
| Non-recurring income | | 0.8 | |
| **Non-recurring income and expenses** | **12** | **(4.9)** | **(5.4)** |
| **Operating income** | **12** | **52.9** | **64.7** |
| Financial expenses | | (13.8) | (11.0) |
| Financial income | | 0.3 | 0.7 |
| **Net financial expense** | | **(13.5)** | **(10.3)** |
| **Income before tax** | | **39.4** | **54.4** |
| Current and deferred income tax | 14 | (9.9) | (13.0) |
| **Net income** | | **29.5** | **41.3** |
| Attributable to: | | | |
| - Mersen shareholders | | 29.3 | 38.9 |
| - Non-controlling interests | | 0.1 | 2.4 |
| **NET INCOME FOR THE PERIOD** | | **29.5** | **41.3** |
| **Earnings per share** | **15** | | |
| Basic earnings per share *(in euros)* | | 1.21 | 1.60 |
| Diluted earnings per share *(in euros)* | | 1.18 | 1.56 |

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *In millions of euros* | Note | H1 2025 | H1 2024 |
|---|---|---|---|
| **NET INCOME FOR THE PERIOD** | | **29.5** | **41.3** |
| **Items that will not be subsequently reclassified to income** | | | |
| Financial assets at fair value through "Other comprehensive income" | 9 | (0.6) | (0.2) |
| Remeasurements of the net defined benefit liability (asset) | 7 | 1.0 | 4.6 |
| Tax impact on remeasurements of the net defined benefit liability (asset) | | (0.3) | (1.1) |
| | | **0.1** | **3.3** |
| **Items that may subsequently be reclassified to income** | | | |
| Change in translation adjustments | | (69.8) | 10.5 |
| Change in fair value of hedging instruments | | 3.3 | 0.6 |
| Tax impact on change in fair value of hedging instruments | | (0.7) | (0.2) |
| | | **(67.2)** | **11.0** |
| **INCOME AND EXPENSES RECOGNIZED IN OTHER COMPREHENSIVE INCOME** | | **(67.1)** | **14.3** |
| **TOTAL COMPREHENSIVE INCOME (EXPENSE)** | | **(37.6)** | **55.6** |
| Attributable to: | | | |
| - Mersen shareholders | | (35.1) | 53.0 |
| - Non-controlling interests | | (2.6) | 2.7 |
| **TOTAL COMPREHENSIVE INCOME (EXPENSE)** | | **(37.6)** | **55.6** |

# Consolidated statement of financial position

## ASSETS

| *In millions of euros* | Note | June 30, 2025 | Dec. 31, 2024 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| **Intangible assets** | **3/4** | | |
| *Goodwill* | | 283.1 | 298.1 |
| Other intangible assets | | 66.8 | 66.2 |
| **Property, plant and equipment** | **3/4** | | |
| Land | | 38.0 | 40.0 |
| Buildings | | 161.1 | 152.8 |
| Machinery, equipment and other tangible assets | | 316.1 | 327.8 |
| Property, plant and equipment in progress | | 210.4 | 228.7 |
| Right-of-use assets | 10 | 53.8 | 59.7 |
| **Non-current financial assets** | | | |
| Equity interests | | 2.1 | 2.7 |
| Other financial assets | | 3.7 | 3.5 |
| **Non-current tax assets** | | | |
| Deferred tax assets | | 22.9 | 24.8 |
| Long-term portion of current tax assets | | 7.8 | 6.7 |
| **TOTAL NON-CURRENT ASSETS** | | **1,165.8** | **1,211.0** |
| **CURRENT ASSETS** | | | |
| Inventories | | 276.7 | 307.8 |
| Trade receivables | | 173.2 | 176.7 |
| Contract assets | | 4.5 | 1.9 |
| Other operating receivables | | 31.0 | 27.0 |
| Short-term portion of current tax liabilities | | 3.8 | 4.5 |
| Current financial assets | 8 | 9.1 | 19.8 |
| Current derivatives | | 3.9 | 1.4 |
| Cash and cash equivalents | 8 | 161.6 | 51.3 |
| **TOTAL CURRENT ASSETS** | | **663.9** | **590.4** |
| **TOTAL ASSETS** | | **1,829.7** | **1,801.4** |

## EQUITY AND LIABILITIES

| *In millions of euros* | Note | June 30, 2025 | Dec. 31, 2024 |
|---|---|---|---|
| **EQUITY** | | | |
| Share capital | 5 | 48.8 | 48.8 |
| Retained earnings and other reserves | | 771.4 | 732.6 |
| Net income for the period | | 29.3 | 59.0 |
| Cumulative translation adjustments | | (57.3) | 9.8 |
| **EQUITY ATTRIBUTABLE TO MERSEN SHAREHOLDERS** | | **792.2** | **850.2** |
| Non-controlling interests | | 29.6 | 32.2 |
| **TOTAL EQUITY** | | **821.9** | **882.4** |
| **NON-CURRENT LIABILITIES** | | | |
| Non-current provisions | 6 | 5.9 | 7.0 |
| Employee benefit obligations | 7 | 31.4 | 32.4 |
| Deferred tax liabilities | | 49.1 | 53.8 |
| Long- and medium-term borrowings | 8 | 399.1 | 349.5 |
| Non-current lease liabilities | 10 | 44.1 | 48.9 |
| **TOTAL NON-CURRENT LIABILITIES** | | **529.8** | **491.6** |
| **CURRENT LIABILITIES** | | | |
| Trade payables | | 77.1 | 80.9 |
| Contract liabilities | | 57.6 | 68.8 |
| Other operating payables | 6 | 116.3 | 118.9 |
| Current provisions | 6 | 12.6 | 15.7 |
| Current lease liabilities | 10 | 14.3 | 15.4 |
| Short-term portion of current tax liabilities | | 4.9 | 4.6 |
| Miscellaneous liabilities | 6 | 39.8 | 21.2 |
| Current financial liabilities | 8 | 143.9 | 83.3 |
| Current derivatives | | 3.7 | 9.9 |
| Bank overdrafts | 8 | 7.8 | 8.7 |
| **TOTAL CURRENT LIABILITIES** | | **478.0** | **427.4** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,829.7** | **1,801.4** |

# Consolidated statement of changes in equity

| | Attributable to Mersen shareholders | | | | | | |
|---|---|---|---|---|---|---|---|
| *In millions of euros* | Share capital | Additional paid-in capital, retained earnings and other reserves | Net income (loss) for the period | Cumulative translation adjustments | Total | Non-controlling interests | Total equity |
| **AT JANUARY 1, 2024** | **48.8** | **673.5** | **81.6** | **(15.8)** | **788.2** | **29.5** | **817.7** |
| 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 |
| **TOTAL OTHER COMPREHENSIVE INCOME** | **0.0** | **3.8** | **0.0** | **10.3** | **14.1** | **0.2** | **14.3** |
| **COMPREHENSIVE INCOME FOR THE PERIOD** | **0.0** | **3.8** | **38.9** | **10.3** | **53.0** | **2.7** | **55.6** |
| 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 |
| **AT JUNE 30, 2024** | **48.8** | **731.2** | **38.9** | **(5.5)** | **813.4** | **31.8** | **845.2** |
| **AT DECEMBER 31, 2024** | **48.8** | **732.6** | **59.0** | **9.8** | **850.2** | **32.2** | **882.4** |
| Prior-period net income (loss) | | 59.0 | (59.0) | | 0.0 | | 0.0 |
| Net income for the period | | | 29.3 | | 29.3 | 0.1 | 29.5 |
| Change in fair value of derivative hedging instruments, net of tax | | 2.6 | | | 2.6 | | 2.6 |
| Financial assets at fair value | | (0.6) | | | (0.6) | | (0.6) |
| Remeasurements of the net defined benefit liability (asset) after tax | | 0.7 | | | 0.7 | | 0.7 |
| Translation adjustments | | | | (67.1) | (67.1) | (2.7) | (69.8) |
| **TOTAL OTHER COMPREHENSIVE INCOME (LOSS)** | **0.0** | **2.7** | **0.0** | **(67.1)** | **(64.4)** | **(2.7)** | **(67.1)** |
| **COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD** | **0.0** | **2.7** | **29.3** | **(67.1)** | **(35.1)** | **(2.6)** | **(37.6)** |
| Dividends paid | | (22.0) | | | (22.0) | (0.0) | (22.0) |
| Treasury shares | | (3.2) | | | (3.2) | | (3.2) |
| Stock options and free shares | | 1.8 | | | 1.8 | | 1.8 |
| Hyperinflation | | 0.4 | | | 0.4 | | 0.4 |
| **AT JUNE 30, 2025** | **48.8** | **771.4** | **29.3** | **(57.3)** | **792.2** | **29.6** | **821.9** |

# Consolidated statement of cash flows

| *In millions of euros* | Note | H1 2025 | H1 2024 |
|---|---|---|---|
| **Operating activities** | | | |
| Income before tax | | 39.4 | 54.4 |
| Depreciation and amortization | | 40.0 | 35.5 |
| Additions to (reversals of) provisions | | (3.6) | 0.3 |
| Net financial expense | | 13.5 | 10.3 |
| Capital gains on asset disposals | | 0.0 | 0.4 |
| Other | | 3.7 | 0.4 |
| **Cash generated by operating activities before change in working capital requirement** | | **93.1** | **101.3** |
| Change in working capital requirement | | (7.5) | (40.5) |
| Income tax paid | | (6.9) | (6.3) |
| **Net cash generated by operating activities** | | **78.7** | **54.5** |
| **Investing activities** | | | |
| Investments in intangible assets | | (7.1) | (5.7) |
| Investments in property, plant and equipment | 3 | (64.1) | (83.1) |
| Changes in scope of consolidation | | 0.0 | (0.1) |
| Disposals of assets and other | | (0.1) | 2.6 |
| **Net cash used in investing activities** | | **(71.3)** | **(86.2)** |
| **Net cash used in/(generated by) operating and investing activities** | | **7.5** | **(31.6)** |
| **Financing activities** | | | |
| Sales (purchases) of treasury shares | | (3.2) | (0.3) |
| Interest payments | | (10.7) | (6.4) |
| Repayment of lease liabilities | | (8.0) | (7.4) |
| Increase in borrowings and debt | 8 | 311.1 | 111.0 |
| Decrease in borrowings and debt | 8 | (183.0) | (3.1) |
| **Net cash generated by financing activities** | | **106.2** | **93.8** |
| **Net increase in cash and cash equivalents** | | **113.6** | **62.2** |
| Cash and cash equivalents at beginning of period | 8 | 51.3 | 37.4 |
| Impact of currency fluctuations on cash and cash equivalents held | | (3.4) | 1.0 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **8** | **161.6** | **100.6** |

# 3 NOTES

## Notes to the consolidated financial statements

## 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, 2025 are described in Note 2.

The accounting options selected by the Group are described in Note 3 to the consolidated financial statements in chapter 6 of the 2024 Universal Registration Document.

The interim consolidated financial statements for the six months ended June 30, 2025 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, 2024, available at 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, 2024.

These condensed interim consolidated financial statements were approved for issue by the Board of Directors on July 30, 2025.

## Note 2 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, 2024.

### New standards and interpretations effective in 2025

The amendment to IAS 21 – Lack of Exchangeability came into effect on January 1, 2025. This amendment had no material impact on the Group's financial statements at June 30, 2025.

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. 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, 2024.

## Note 3 Goodwill, other intangible assets and property, plant and equipment

Goodwill totaled €283.1 million at June 30, 2025, showing a net decrease of €15.0 million compared with the December 31, 2024 figure, reflecting:

- currency effects for a €17.3 million decrease in goodwill;
- adjustments to the goodwill of GMI (Graphite Machining Inc.), Bar-Lo Carbon Products, Inc. and KTK Thermal Technologies, which were consolidated in 2024, increasing Group goodwill by €2.3 million.

At June 30, 2025, the Group finalized the allocation of the goodwill of GMI, acquired on July 1, 2024. The final values of the total net assets acquired and goodwill corresponding to the business combination were as follows:

| *In millions of euros* | **Fair value of net assets** |
|---|---|
| Non-current assets | 20.1 |
| Current assets | 21.4 |
| Non-current liabilities | (0.9) |
| Current liabilities | (2.8) |
| **Fair value of identifiable net assets** | **37.9** |
| **Goodwill** | **18.2** |
| Non-controlling interests | |
| **Consideration transferred** | **56.1** |

The goodwill on Bar-Lo Carbon Products, Inc. and KTK Thermal Technologies (business combinations completed at the end of 2024) are still pending allocation.

Property, plant and equipment (excluding right-of-use assets) decreased by €23.7 million, including the impact of €64.1 million in capital expenditure for the period.

## Note 4 Asset impairment tests

In accordance with IAS 36, as there were no indications of impairment in the six months ended June 30, 2025, no impairment tests were carried out. No impairment losses were recognized following the impairment tests carried out on goodwill at December 31, 2024. The date of the next impairment tests will be December 31, 2025.

# Note 5 Equity

At June 30, 2025, 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 27,108,514. 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.

| *Number of shares (unless stated otherwise)* | **Ordinary shares** |
|---|---|
| Number of shares at January 1, 2025 | 24,418,312 |
| Capital increase/reduction *(in millions of euros)* | |
| Number of shares in issue and fully paid-up during the period | |
| Number of shares at June 30, 2025 | 24,418,312 |
| Number of treasury shares canceled | |
| Number of shares in issue and not fully paid-up | |
| Par value of shares *(in euros)* | 2 |
| Number of shares held by the Company or by its subsidiaries and associates | 71,288 |

Mersen's ownership structure at June 30, 2025 was as follows:

- French institutional investors: 33.7%
- International institutional investors: 45.7%
- Private shareholders: 17.9%
- Employee shareholders: 2.4%
- Treasury shares: 0.3%

### *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, 2025, the number of free shares that could potentially vest corresponded to 706,671 new shares (versus 667,128 new shares at December 31, 2024, including 253,430 new ordinary shares allocated as part of the 2025 free share plans), representing 2.9% of the Company's capital at that date. This total included 665,756 free shares granted subject to performance conditions, of which 47,561 to the Chief Executive Officer, Luc Themelin.

A net expense of €1.8 million in respect of share-based payments was recognized in the first half of 2025 (a net expense of €2.5 million first-half 2024).

# Note 6 Provisions, operating payables, miscellaneous liabilities and contingent liabilities

Provisions amounted to €18.6 million at June 30, 2025, down €4.1 million from December 31, 2024 (€22.7 million).

| | June 30, 2025 | | Dec. 31, 2024 | |
|---|---|---|---|---|
| *In millions of euros* | Non-current | Current | Non-current | Current |
| - provision for restructuring | 0.5 | 2.7 | 0.8 | 6.5 |
| - provision for environmental risks | 2.9 | 0.1 | 3.8 | 0.3 |
| - provision for litigation and other expenses | 2.6 | 9.8 | 2.4 | 8.9 |
| **TOTAL** | **5.9** | **12.6** | **7.0** | **15.7** |

## Significant developments in ongoing litigation and proceedings

The Group regularly undergoes tax and customs audits carried out by the tax/customs authorities in the countries in which it operates. To this end, in the first half of 2025, the Group booked additional provisions totaling €1.3 million under "provision for litigation and other expenses", corresponding to the best estimate of risks arising in its various geographical regions over the period.

There were no significant developments in litigation and proceedings that were ongoing at December 31, 2024 in the first half of 2025.

## Other operating payables, miscellaneous liabilities and contingent liabilities

Other operating payables (€116.3 million at June 30, 2025) mainly comprised personnel and social security payables, VAT and other tax payables (excluding income tax), and prepaid income.

Miscellaneous liabilities (€39.8 million at June 30, 2025) mainly included dividends of €22.0 million to be paid following the Annual General Meeting of May 16, 2025, and amounts payable on property, plant and equipment.

No material contingent liabilities were identified by the Group at June 30, 2025.

# Note 7 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 (17% of obligations) and Germany (7% of obligations).

The Group's obligations were measured at December 31, 2024 with the assistance of independent actuaries and in accordance with IAS 19. At June 30, 2025, the Group measured its obligations taking into account the sensitivity assumptions provided by its actuaries at the 2024 year-end, as well as the following changes in discount rates compared with that date:

| Region | June 30, 2025 | Dec. 31, 2024 |
|---|---|---|
| France | 3.70% | 3.40% |
| Germany | 3.70% | 3.40% |
| United States | 5.55% | 5.60% |
| United Kingdom | 5.60% | 5.50% |

## Reconciliation between assets and liabilities recognized

| *In millions of euros* | June 30, 2025 | Dec. 31, 2024 |
|---|---|---|
| Present value of defined benefit obligation | 131.3 | 139.9 |
| Fair value of plan assets | (99.8) | (107.5) |
| **PROVISION BEFORE IMPACT OF MINIMUM FUNDING REQUIREMENT/ASSET CEILING** | **31.4** | **32.4** |
| Impact of minimum funding requirement/asset ceiling | | |
| **PROVISION AFTER IMPACT OF MINIMUM FUNDING REQUIREMENT/ASSET CEILING (NET PROVISION RECOGNIZED)** | **31.4** | **32.4** |

At June 30, 2025, the provision stood at €31.4 million, largely stable compared to December 31, 2024. The expense recognized in relation to employee benefit plans amounted to €2.1 million in the six months ended June 30, 2025, compared with €2.8 million in the first half of 2024.

## Note 8 Net debt

Mersen has committed credit lines and borrowing facilities totaling €860.5 million, of which 62% had been drawn down at June 30, 2025. Based on the amounts drawn down, the average maturity of these committed facilities is 4.9 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 (which had not been drawn down at June 30, 2025), set up in October 2022 and repayable in full in October 2029, following the exercise in 2023 and 2024 of two one-year options to extend its maturity. The credit margin on the loan is 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 rate at Euribor 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;
- two US private placements (USPP) with a pool of North American investors: one for USD 60 million, maturing in 2031, and the other for €30 million, maturing in 2028, redeemable at maturity. The private placement was arranged in May 2021 and the funds became available in October 2021. The holders of the notes issued under the USPP receive interest at a fixed rate. The second USPP with a pool of North American investors, comprising a USD 100 million tranche maturing in 2035, and a €90 million tranche maturing in 2032, is redeemable at maturity. The private placement was arranged in February 2025 and the funds became available in April 2025. The holders of the notes issued under the USPP receive interest at a fixed rate;
- two German private placements ("Schuldschein"): the first for €130 million initially arranged in April 2019, reduced to €115 million in 2022 following an early partial redemption, with a pool of European and Asian investors, with an initial maturity of seven years and repayable at maturity. 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, 2025. 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, 2025 | Utilization rate at June 30, 2025 | Maturity: Less than 1 year | Maturity: From 1 to 5 years | Maturity: More than 5 years |
|---|---|---|---|---|---|---|
| Group syndicated loan | 320.0 | 0.0 | 0% | 0.0 | 320.0 | 0.0 |
| Bpifrance loans | 18.0 | 18.0 | 100% | 6.0 | 12.0 | 0.0 |
| Committed credit line – China | 6.0 | 0.0 | 0% | 0.0 | 6.0 | 0.0 |
| NEU MTN | 45.0 | 45.0 | 100% | 20.0 | 25.0 | 0.0 |
| German private placements | 215.0 | 215.0 | 100% | 115.0 | 100.0 | 0.0 |
| US private placements | 256.5 | 256.5 | 100% | 0.0 | 30.0 | 226.5 |
| **TOTAL** | **860.5** | **534.5** | **62%** | **141.0** | **493.0** | **226.5** |
| **AVERAGE MATURITY (YEARS)** | **4.8**(1) | **4.9**(2) | | | | |

*(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, 2025 | Dec. 31, 2024 |
|---|---|---|
| Long- and medium-term borrowings | 399.1 | 349.5 |
| Current financial liabilities | 143.9 | 83.3 |
| Bank overdrafts | 7.8 | 8.7 |
| **GROSS DEBT** | **550.8** | **441.4** |
| Current financial assets* | (9.1) | (19.8) |
| Cash and cash equivalents | (161.6) | (51.3) |
| **NET DEBT** | **380.1** | **370.3** |

** Including €7.4 million in good quality Chinese bank drafts. Poor quality bank drafts are classified under Other operating receivables.*

Net debt at June 30, 2025 amounted to €380.1 million compared with €370.3 million at December 31, 2024.

The €311.1 million increase in borrowings and debt recorded in the statement of cash flows for first-half 2025 mainly corresponds to €177.9 million from the issue of a second USPP and €125.0 million from the issue of NEU CP. The decrease in borrowings and debt during the period, recognized in the statement of cash flows for €183.0 million, corresponds to NEU CP repayments for €180.0 million and repayments to Bpifrance for €3.0 million.

Of the €550.8 million in gross debt, €534.5 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).

Current financial liabilities in the amount of €143.9 million corresponded mainly to the German private placement for a total of €115.0 million maturing in April 2026, and a €20.0 million NEU MTN maturing in November 2025. These current financial liabilities were more than counterbalanced by €161.6 million in available cash, notably from the issue of the new USPP in April 2025, and by the €320 million in available financing lines from the Group's syndicated loan.

## Financial covenants at June 30, 2025

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 placements) 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 | | |
|---|---|---|---|---|---|---|
| Committed credit lines and borrowings | Ratio to be observed | June 30, 2025 | Dec. 31, 2024 | Ratio to be observed | June 30, 2025 | Dec. 31, 2024 |
| Group syndicated loan<br>Committed credit lines – China | <3.5 | 2.16 | 1.82 | <1.3 | 0.48 | 0.42 |
| US private placement (2025-2035) | <3.5 | 2.16 | N/A | <1.3 | 0.48 | N/A |
| US private placement (2021-2031) | <3.5 | 2.16 | 1.82 | <1.3 | 0.48 | 0.42 |
| German private placement (2024-2030) | <3.5 | 2.16 | 1.82 | N/A | N/A | N/A |
| German private placement (2019-2026) | <3.5 | 2.18 | 1.82 | 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, 2025, there were no material credit lines or borrowings secured by assets or guaranteed by third parties.

# Note 9 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, 2025** *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** |
| **Financial assets measured at fair value** | | | | | | | | | | |
| Unlisted equity interests | | | 2.1 | | | 2.1 | | | 2.1 | 2.1 |
| Derivatives held as current and non-current assets | | 3.9 | | | | 3.9 | | 3.9 | | 3.9 |
| | | **3.9** | **2.1** | **0.0** | **0.0** | **6.1** | **0.0** | **3.9** | **2.1** | **6.1** |
| **Financial assets not measured at fair value** | | | | | | | | | | |
| Current and non-current financial assets | 8 | | | 12.8 | | 12.8 | | | | |
| Trade receivables | | | | 173.2 | | 173.2 | | | | |
| Cash and cash equivalents | 8 | | | 161.6 | | 161.6 | | | | |
| | | **0.0** | **0.0** | **347.6** | **0.0** | **347.6** | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | | |
| Derivatives held as current and non-current liabilities | | (3.7) | | | | (3.7) | | (3.7) | | (3.7) |
| | | **(3.7)** | **0.0** | **0.0** | **0.0** | **(3.7)** | **0.0** | **(3.7)** | **0.0** | **(3.7)** |
| **Financial liabilities not measured at fair value** | | | | | | | | | | |
| Bank borrowings | 8 | | | | (399.1) | (399.1) | | (391.5) | | |
| Bank overdrafts | 8 | | | | (7.8) | (7.8) | | | | |
| Current financial liabilities | 8 | | | | (143.9) | (143.9) | | | | |
| Trade payables | | | | | (77.1) | (77.1) | | | | |
| | | **0.0** | **0.0** | **0.0** | **(627.9)** | **(627.9)** | | | | |
| **Carrying amount by category** | | **0.2** | **2.1** | **347.6** | **(627.9)** | **(277.9)** | | | | |

| December 31, 2024 *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** |
| **Financial assets measured at fair value** | | | | | | | | | | |
| Unlisted equity interests | | | 2.7 | | | 2.7 | | | 2.7 | 2.7 |
| Derivatives held as current and non-current assets | | 1.4 | | | | 1.4 | | 1.4 | | 1.4 |
| | | **1.4** | **2.7** | **0.0** | **0.0** | **4.1** | **0.0** | **1.4** | **2.7** | **4.1** |
| **Financial assets not measured at fair value** | | | | | | | | | | |
| Current and non-current financial assets | 8 | | | 23.3 | | 23.3 | | | | |
| Trade receivables | | | | 176.7 | | 176.7 | | | | |
| Cash and cash equivalents | 8 | | | 51.3 | | 51.3 | | | | |
| | | **0.0** | **0.0** | **251.3** | **0.0** | **251.3** | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | | |
| Derivatives held as current and non-current liabilities | | (9.9) | | | | (9.9) | | (9.9) | | (9.9) |
| | | **(9.9)** | **0.0** | **0.0** | **0.0** | **(9.9)** | **0.0** | **(9.9)** | **0.0** | **(9.9)** |
| **Financial liabilities not measured at fair value** | | | | | | | | | | |
| Bank borrowings | 8 | | | | (349.5) | (349.5) | | (336.8) | | |
| Bank overdrafts | 8 | | | | (8.7) | (8.7) | | | | |
| Current financial liabilities | 8 | | | | (83.3) | (83.3) | | | | |
| Trade payables | | | | | (80.9) | (80.9) | | | | |
| | | **0.0** | **0.0** | **0.0** | **(522.3)** | **(522.3)** | | | | |
| **Carrying amount by category** | | **(8.6)** | **2.7** | **251.3** | **(522.3)** | **(276.9)** | | | | |

## 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, 2024 and June 30, 2025.

In terms of interest rate risk, the new US private placement set up in April 2025 includes a €90 million fixed-interest tranche with a six-monthly coupon of 4.21% and a USD 100 million fixed-interest tranche with a six-monthly coupon of 6.33%. At June 30, 2025, gross debt broke down as 71% at fixed rates and 29% at variable rates.

Regarding commodity risk, at end-2024, a portion of the copper and silver tonnage provided for in the 2025 budget had been hedged. Higher commodity prices were offset overall by selling price increases.

## Note 10 Right-of-use assets and lease liabilities

Right-of-use assets totaled €53.8 million at June 30, 2025, down €5.9 million compared with the December 31, 2024 figure. This fall was mainly due to a depreciation expense of €6.4 million and an unfavorable €3.4 million currency effect, partly offset by an increase in right-of-use assets linked to the signing of new contracts for €3.9 million.

Lease liabilities totaled €58.4 million, down €6.0 million compared with December 31, 2024, including €8.0 million in lease payments.

## Note 11 Other non-recurring income and expenses

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

| *In millions of euros* | H1 2025 | H1 2024 |
|---|---|---|
| Litigation and other costs | (1.3) | (0.1) |
| Restructuring costs | (3.3) | (3.5) |
| Acquisition-related costs | (0.2) | (1.4) |
| Asset disposals and impairment | (0.1) | (0.4) |
| **TOTAL** | **(4.9)** | **(5.4)** |

In first-half 2025, other non-recurring income and expenses represented a net expense of €4.9 million, primarily breaking down as:

- €3.3 million in expenses for optimization measures;
- €1.3 million in provisions for litigation (see Note 6).

In first-half 2024, 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);
- a €0.4 million loss on the disposal of Mersen Hatan Electrical Carbon (Harbin) Co. Ltd in early April 2024.

## Note 12 Segment reporting

| In millions of euros | H1 2025 | | | | H1 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 323.0 | 287.4 | | **610.4** | 346.6 | 277.4 | | **624.0** |
| Proportion of total | 52.9% | 47.1% | | **100.0%** | 55.6% | 44.4% | | **100.0%** |
| **EBITDA before non-recurring items*** | **61.4** | **45.3** | **(8.9)** | **97.8** | **77.1** | **39.1** | **(10.7)** | **105.5** |
| *EBITDA margin before non-recurring items* | *19.0%* | *15.8%* | | ***16.0%*** | *22.2%* | *14.1%* | | ***16.9%*** |
| Depreciation and amortization | (27.6) | (10.5) | (1.9) | **(40.0)** | (24.3) | (9.5) | (1.6) | **(35.5)** |
| **Operating income before non-recurring items** | **33.8** | **34.8** | **(10.8)** | **57.8** | **52.8** | **29.6** | **(12.3)** | **70.1** |
| *Operating margin before non-recurring items* | *10.5%* | *12.1%* | | ***9.5%*** | *15.2%* | *10.7%* | | ***11.2%*** |
| Non-recurring income and expenses | (2.8) | (2.1) | (0.1) | **(4.9)** | (4.5) | (0.7) | (0.2) | **(5.4)** |
| **Operating income** | **31.1** | **32.8** | **(10.9)** | **52.9** | **48.2** | **28.9** | **(12.5)** | **64.7** |
| *Operating margin* | *9.6%* | *11.4%* | | ***8.7%*** | *13.9%* | *10.4%* | | ***10.4%*** |
| Net financial expense | | | (13.5) | **(13.5)** | | | (10.3) | **(10.3)** |
| Current and deferred income tax | | | (9.9) | **(9.9)** | | | (13.0) | **(13.0)** |
| **Net income** | | | | **29.5** | | | | **41.3** |

** 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 13 Payroll costs and headcount

Group payroll costs (including social security contributions, provisions for pension obligations and retirement benefits) came to €211.1 million in the first half of 2025 compared with €209.2 million in the same period of 2024.

At constant scope and exchange rates, payroll costs (including those related to temporary staff) decreased by 1.9%.

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

| Geographical area | June 30, 2025 | % | June 30, 2024 | % |
|---|---|---|---|---|
| France | 1,483 | 20% | 1,460 | 20% |
| Rest of Europe | 1,322 | 18% | 1,382 | 19% |
| North America & Mexico | 2,388 | 33% | 2,405 | 33% |
| Asia | 1,568 | 21% | 1,628 | 22% |
| Rest of the world | 536 | 7% | 497 | 7% |
| **TOTAL** | **7,297** | **100%** | **7,372** | **100%** |

# Note 14 Income tax

| *In millions of euros* | H1 2025 | H1 2024 |
|---|---|---|
| Current income tax | (7.6) | (11.7) |
| Deferred income tax | (1.4) | (0.9) |
| Withholding tax | (0.9) | (0.5) |
| **ACTUAL INCOME TAX BENEFIT (EXPENSE) RECOGNIZED** | **(9.9)** | **(13.0)** |

The Mersen group has consolidated tax groups in France, Germany, Italy, the United Kingdom (group relief) and the United States. The effective tax rate in first-half 2025 was 25.2% (versus 24.0% in first-half 2024).

# Note 15 Earnings per share

Basic and diluted earnings per share are presented below:

| | H1 2025 | H1 2024 |
|---|---|---|
| Net income attributable to Mersen shareholders *(in millions of euros)* | 29.3 | 38.9 |
| Weighted average number of ordinary shares* used to calculate basic earnings per share | 24,218,590 | 24,248,800 |
| Maximum effect of dilutive potential ordinary shares | 659,865 | 671,220 |
| Weighted average number of ordinary shares* used to calculate diluted earnings per share | 24,878,455 | 24,920,020 |
| Basic earnings per share *(in euros)* | 1.21 | 1.60 |
| Diluted earnings per share *(in euros)* | 1.18 | 1.56 |

** Excluding treasury shares.*

# Note 16 Dividends

The Annual General Meeting of May 16, 2025 approved a dividend payment of €0.90 per share in respect of 2024. The dividend was paid in cash in July 2025 and represented a total payout of €22.0 million.

# Note 17 Off-balance sheet commitments

Off-balance sheet commitments decreased by €8.3 million between December 31, 2024 and June 30, 2025, mainly due to the withdrawal of guarantees given under equipment purchase contracts and the investment plan.

# Note 18 Subsequent events

Between June 30, 2025 and the date the interim financial statements were approved for issue, no events occurred which would require any changes in the value of assets and liabilities or any additional disclosures.

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

For the six months ended June 30, 2025

*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, 2025;
- 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 31, 2025

The Statutory Auditors

| KPMG S.A. | ERNST & YOUNG Audit |
|---|---|
| Alexandra Saastamoinen | 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 presets 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 31, 2025

Luc Themelin

Chief Executive Officer

Expertise, our source of energy

GLOBAL EXPERT
IN ELECTRICAL POWER
& ADVANCED MATERIALS

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