



2024 URD

*Universal Registration
Document*



MERSEN

Universal Registration Document

	page
1 Group Profile	3
2 Corporate governance report	27
3 Management Report	75
4 Sustainability report	103
4 Other sustainability information	195
BIS	
5 Information about the Company, the share capital and share ownership	203
6 Consolidated financial statements	219
7 Parent company financial statements	275
8 Additional information & glossaries	299

This is a translation into English for convenience purposes only of the (universal) registration document of the Company issued in French and it is available on Mersen website www.mersen.com

Mersen is a global expert in electrical power and advanced materials for high-tech industries.

With more than 50 industrial sites and 21 R&D centers in about 30 countries around the world, Mersen develops custom-built solutions and delivers key products for clients in order to meet the new technological challenges shaping tomorrow's world.

For over 130 years, Mersen has focused tirelessly on innovation to accompany its clients and meet their needs.

Be it in wind power, solar power, electronics, electric vehicles, aeronautics, space or countless other sectors, wherever technology is progressing, you will always find a bit of Mersen.



04

INTRODUCTION

04 • MESSAGE FROM LUC THEMELIN

06

PROFILE

- 06 • MERSEN IN A NUTSHELL & KEY FIGURES
- 08 • LANDMARK DATES
- 10 • TRENDS AND OPPORTUNITIES
- 12 • BUSINESS MODEL
- 14 • OUR EXPERTISE
- 16 • OUR SOLUTIONS BY MARKET
- 18 • OUR STRENGTHS

20

AMBITIONS

- 20 • FOUR PILLARS OF MEDIUM-TERM GROWTH
- 22 • MEDIUM-TERM STRATEGIC PLAN

24

GOVERNANCE



26

SHARE OWNERSHIP & TRADING

MESSAGE FROM LUC THEMELIN CHIEF EXECUTIVE OFFICER OF MERSEN



*We returned
to external growth
in 2024.*



Luc Themelin, 64, has been Chief Executive Officer of Mersen since May 11, 2016, after serving as Chairman of the Management Board from August 2011 to May 2016. He also sits on the Group's Board of Directors. He holds a PhD in ceramic materials science, and initially joined the Group in 1993 as an R&D engineer.

In recent years, Mersen has taken on a new dimension and acquired a more comprehensive, dynamic, profitable and resilient profile thanks to our unique expertise in electrical power and advanced materials, our international presence and our position as world leader.

In 2024, Mersen set a new sales record, at €1,244 million. We have returned to external growth, and are delighted to welcome the employees of GMI, Bar-Lo and KTK to the Group. These acquisitions in the United States are an opportunity for us to expand our customer base while consolidating our production resources and expertise.

However, the Group's organic sales growth of 2.6% in 2024 is below initial expectations, due to a sharp downturn in deliveries to the solar cell market in China in the second half of the year and slower growth in SiC semiconductors due to turbulence in the electric vehicle market. These factors have also led the Group to push back its medium-term objectives by two years, from 2027 to 2029.

The Group rapidly adapted to the delay in these markets and achieved an EBITDA margin of 16.5%, virtually unchanged from last year. The increase in development costs for electric vehicles and the p-SiC substrate development project was offset by the ramping up of measures to improve the profitability of certain sites and product lines, with effects already visible at the end of 2024. The operating margin before non-recurring items, at 10.5% of sales, was 80 basis points lower than in 2023, due to the increase in depreciation and amortization linked to the significant investments made in 2023 and 2024.

16.5%

EBITDA MARGIN BEFORE
NON-RECURRING ITEMS

3

ACQUISITIONS:
GMI, BAR-LO AND KTK



Thanks to an increase in prepayments on contracts in the SiC semiconductor market and the initial effects of the inventory reduction plan announced at the end of October, the Group was able to generate record net cash from operating activities before capital expenditure over the year.

Net debt at the end of 2024 stood at €370 million, a significant increase compared to December 31, 2023, due to record capital expenditure and the financing of acquisitions. However, the Group's financial structure remains solid, with a leverage ratio (net debt/EBITDA) of 1.8x, in line with its policy. We also strengthened our cash position with the issue of a €100 million German private placement "Schuldschein" in March 2024, together with a US private placement of almost USD 195 million signed in February 2025.

Lastly, the Group has complied with the European Corporate Sustainability Reporting Directive (CSRD) and published its first sustainability report this year. In the future, the CSR double materiality assessment will help align the Group's strategy even more closely with its sustainability objectives.

Based on these results, the Board of Directors will ask shareholders at the Annual General Meeting to approve a cash dividend of €0.90 per share for 2024, in line with the Group's policy.

In 2025, we will continue to implement our strategic plan, leveraging growth opportunities in our markets and pursuing our adaptation and cost optimization initiatives against a backdrop that remains turbulent.

Luc Themelin

*The Board
of Directors
will ask
shareholders
to approve
a dividend
of €0.90 per share.*



MERSEN IN A NUTSHELL & KEY FIGURES FOR 2024

A global expert in electrical power and advanced materials,
Mersen partners companies around the world that drive
today's industry and shape tomorrow's society.
A committed partner and core technology provider.

OUR SOLUTIONS

The Group develops tailor-made solutions and supplies key products across ten main product lines to meet new technological challenges.

- High-temperature graphite solutions
- High-temperature insulation
- Advanced mirrors
- Anti-corrosion equipment
- Power transfer
- Power conversion
- Overcurrent protection
- Overvoltage protection
- Motor brushes
- Signal transfer

€1,244M
IN SALES

55%
FOR SUSTAINABLE
DEVELOPMENT MARKETS

EARNINGS

€206M

EBITDA BEFORE
NON-RECURRING ITEMS

€131M

OPERATING INCOME
BEFORE NON-RECURRING ITEMS

€59M

NET INCOME ATTRIBUTABLE
TO MERSEN SHAREHOLDERS

DIVIDEND PER SHARE

€0.90

Subject to shareholder
approval at the Annual
General Meeting

FINANCIAL STRUCTURE

10.8%

RETURN ON
CAPITAL EMPLOYED

1.8

LEVERAGE

OUR COMMITMENTS



MERSEN WORLDWIDE

7,466
EMPLOYEES

33
COUNTRIES

55
SITES WORLDWIDE
(of which 18 with more than 125 employees)

NORTH AMERICA

34%
EMPLOYEES

19
MANUFACTURING SITES

41%
OF SALES

EUROPE

38%
EMPLOYEES

19
MANUFACTURING SITES

32%
OF SALES

ASIA-PACIFIC

21%
EMPLOYEES

13
MANUFACTURING SITES

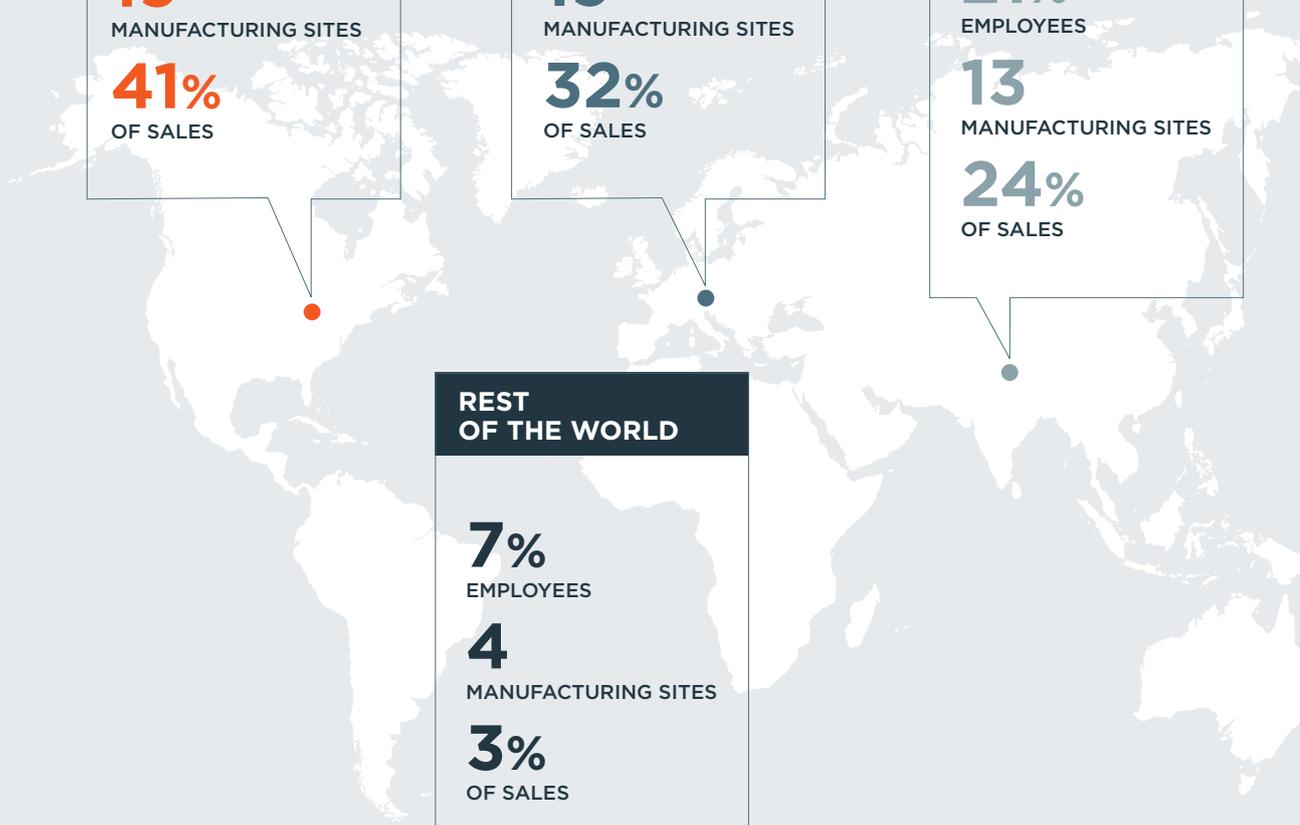
24%
OF SALES

REST OF THE WORLD

7%
EMPLOYEES

4
MANUFACTURING SITES

3%
OF SALES



LANDMARK DATES

The revolution in electricity, where it all began

Mersen's roots lay in a technology that was about to play a decisive role in the coming electrical revolution: carbon arc rods. These would illuminate public spaces and large department stores from the 1870s.

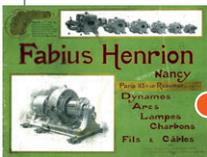
Following on from lighting and arc lamps, electric motors gave the Group's founders opportunities to develop on an industrial scale. Electricity was being produced by dynamos in which the current was transmitted by sliding contacts in the form of small brushes made of carbon, another major market that would underpin Mersen's growth.

In addition, electrical networks also required distribution, control and protection equipment: Mersen rapidly became a leader in the electrical appliances industry.

FOUNDING



The adventure began with two entrepreneurs, Maurice Lacombe and Fabius Henrion. Their companies - Le Carbone and the Compagnie Lorraine de Charbons - merged in 1937 to give rise to the Carbone Lorraine group. These two entrepreneurs are the true founders of Mersen.



- **1891** Establishment of the Fabius Henrion factory, producing electric motors, dynamos and lamps



- **1892** Creation of Le Carbone in Paris, specializing in the manufacture of brushes for motors

- **1897** Opening of the first foreign subsidiary, in Germany



- **1937** Foundation of Carbone Lorraine



REBUILDING

When France was liberated in 1945, Carbone Lorraine recovered most of its plants in working order. However, the Group emerged weakened from the global conflict.

It was now faced with a major challenge: modernize or disappear. Under the leadership of its new Chairman, Charles Malégarie, the Group rallied to return to the industrial presence it had enjoyed in the 1930s.

- **1950-1985** Resumption of worldwide distribution of products from Ferraz, a Lyon-based manufacturer of industrial fuses and brush-holders



- **1961** Construction of the Amiens plant to manufacture brushes for electric motors



EXPANDING

In the early 80s, the Group decided to reinvent itself. The aim was to move away from commonplace products and specialize in highly technical manufacturing methods.

At the same time, R&D efforts were more and more focused around customers so as to offer them tailor-made products. This important turning point is what shaped the Mersen Group as we know it today.

1991 Acquisition of Stackpole's electrical applications and high-temperature assets (United States)

1999 Acquisition of the Gould-Shawmut group's electrical protection division (American standard fuses)



2005 Disposal of its automotive magnets business

2007 Inauguration of the Chongqing plant, the Group's first industrial facility in China to produce isostatic graphite



2008 Acquisition of Xianda (heat exchangers) and Mingrong Electrical Protection (MEP) (fuses), the Group's first acquisitions in China

Disposal of its rail and motorcycle braking business to Faiveley

Acquisition of Calcarb, world no. 2 in rigid graphite felts



2009 Disposal of its automotive and household electrical appliance brush business

CONSOLIDATING

In 2010, the Group undertook to bring its identity in line with its new profile. Carbone Lorraine gave way to Mersen.

2010 CARBONE LORRAINE BECOMES MERSEN

MERSEN

Acquisition of a majority stake in Boostec, a specialist in silicon carbide

Strengthening of the solar energy business with the acquisition of a majority stake in Yantai in China

2011 Acquisition of Eldre, a specialist in laminated and insulated bus bars

2014-2018 Acquisition of Cirprotec, a specialist in lightning and surge protection devices (SPD)

2018 Acquisition of Idealec, a leader in designing and manufacturing laminated bus bars

Acquisition of FTCap, a leader in designing and manufacturing capacitors

2019 Acquisition of the Columbia site to manufacture isostatic and extruded graphite and insulation felts



Acquisition of Advanced Graphite Materials Italy, a specialist in the machining of graphite and carbon fiber insulation

2020 Acquisition of GAB Neumann, a specialist in graphite and silicon carbide heat exchangers



TRENDS AND OPPORTUNITIES

The energy transition is one of the greatest challenges of the 21st century, as the world faces the depletion of natural resources, a growing need for energy supply, and climate change.

The way forward is a structural transformation to reduce energy consumption and give green energy a greater share of our energy mix.

Mersen sees these underlying trends as opportunities to further support economic development and the global energy transition, delivering tailor-made solutions and key products to customers to help them rise to these new technological challenges.

Supporting the development of renewable energies

At the end of 2023, renewable energies accounted for 30% of global electricity production, of which 14% from hydroelectric power, 8% from wind power and 5% from solar power. In 2024, the combined capacities of solar and wind power overtook hydroelectric power. Annual solar panel installations climbed from 228 GW in 2022 to 440 GW in 2023, and then to more than 550 GW in 2024. Installed on-shore and off-shore wind power capacity was estimated at around 1,150 GW worldwide at the end of 2024 (1,020 GW worldwide at the end of 2023).

Renewable energies are expected to account for 46% of global energy production in 2030 (source: IEA Renewables 2024), with particularly strong growth in solar power.

China is set to consolidate its leading position in the rollout of additional capacity, accounting for 60% of global capacity expansion by 2030. Since 2020, China's cumulative photovoltaic solar power capacity has almost quadrupled and its wind power capacity has doubled, thanks to competitive costs and support policies.

Mersen is contributing to the boom in renewable energies: solar, wind and hydroelectric.

Thanks to its offering of solutions and products that help make these major energy sources possible, Mersen benefits from the short- and medium-term potential of these markets. Its global presence at the heart of its markets is also a major advantage.

Helping convert and transmit electricity

The development of high-performance storage and transmission solutions is crucial if renewable energies are to continue to rise.

Due to its intermittent nature, renewable power has to be converted so that it can be transmitted and stored.

Energy storage systems help balance electricity supply and demand on power grids and mitigate the intermittent output of renewables. Excess energy produced at certain times can be stored and then fed back into the grid when demand is higher. These systems also meet the needs of remote, off-grid areas.

(1) Source: International Energy Agency (IEA).

In most cases, electrical energy cannot be stored or transmitted directly, so it is converted into the form required for its intended use – from direct current to alternating current, for example.

Thanks to power conversion, electricity from renewable sources can be transformed into an energy form that is subsequently fed into power grids, or stored and transformed back when it needs to be used.

Power conversion is a key area of development for Mersen.

The Group offers passive components for power management, as well as a wide range for optimizing the operation of power conversion and storage systems to make sure they are safe and reliable.

Improving power conversion efficiency with silicon carbide semiconductors

Silicon carbide (SiC) semiconductors, which perform better and consume less energy than their silicon (Si) counterparts, are increasingly becoming the go-to choice in the transition toward greater efficiency. They are used in the conversion systems of electric vehicles, energy storage, wind power and solar energy.

They are particularly essential in accelerating the adoption of electric vehicles, as they improve range and reduce battery charging times.

The power components market was estimated at USD 2.7 billion in 2023, 70% of which was used in electric vehicles. Other end markets include manufacturing (speed drives for motors) and renewable energies (power conversion). Despite the current temporary slowdown in the electric vehicle market, with an estimated delay of about three years compared to the 2023 estimate, strong growth is still expected: the market is set to climb to around USD 10 billion by 2029⁽¹⁾, i.e., a growth rate of around 25% per year.

Mersen is a key player in the rise of SiC semiconductors.

The Group's expertise in supplying the components needed to manufacture power semiconductors is virtually unique. Mersen's isostatic graphite and insulators ensure perfect control of the reaction at 2,400°C, to form very high-quality silicon carbide.

Participating in the development of electric vehicles

The electric vehicle (BEV, HEV or PHEV⁽²⁾) market is thriving, with both the passenger vehicle, and industrial and commercial heavy vehicle segments enjoying robust growth.

More than 14 million new electric cars were sold in 2023, representing over 16% of total car sales, compared with around 4% in 2020 (source: JD Power).

Growth in the passenger vehicle market has been driven by China, early adopters and European regulatory requirements. In 2024, China accounted for more than 60% of all electric vehicles sold, and is expected to continue to represent a significant share of the market in the medium term. In Europe and North America, electric vehicles are being adopted more slowly than initially anticipated due to vehicle purchase costs and automakers and charging infrastructures running behind schedule. The global market is estimated to be delayed by about three years compared to the 2023 estimate.

Mersen is contributing to the powerful momentum of the electric vehicle market.

Thanks to its expertise in cutting-edge technologies and its long experience in sectors that share the same need for electrical protection and energy management, the Group has been developing and adapting its products (particularly fuses and bus bars) for several years to meet the requirements for battery protection and connection and for the range of electric vehicles.

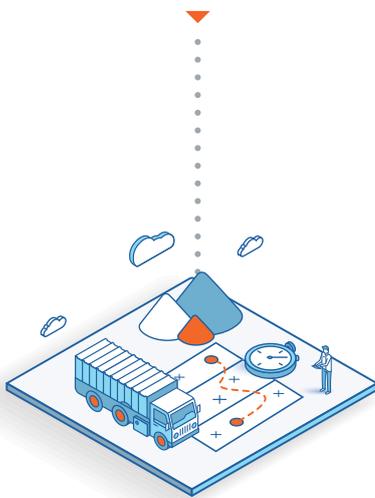
(1) Source: Yole: Power SiC – Markets and Applications 2024.

(2) Plug-in Hybrid Electric Vehicle.

BUSINESS MODEL

Purpose

SUPPLY CHAIN



- + Processed raw materials (black materials)
- + New or recycled metals
- + Energy
- + Plastic
- + Sand

BUSINESSES



ADVANCED MATERIALS

Design
Materials formulation
Transformation
Treatment processes, finishing

- + Graphite
- + Brushes
- + Felts

ELECTRICAL POWER

Design
Concept
Assembly

- + Fuses
- + Cooling
- + Bus bars
- + Capacitors

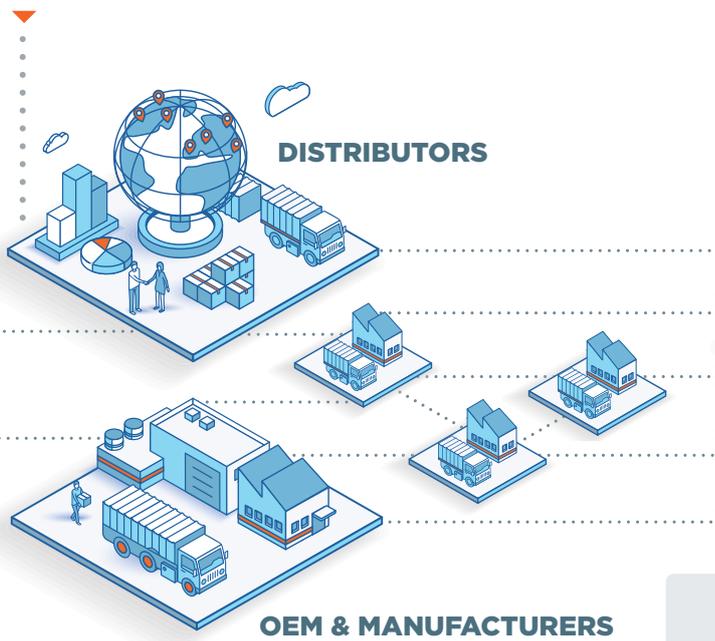
- €710m in purchases
- 76% renewable electricity

- 55 manufacturing sites
- 59% of sites certified ISO 14001 (>125 people)
- €204m in capital expenditure
- 21 R&D centers
- 7,466 employees
- €390m in fixed salaries
- €31m in profit sharing plans and bonuses

WE PROVIDE MANUFACTURERS ALL OVER THE WORLD WITH INNOVATIVE SOLUTIONS TO ENHANCE THE PERFORMANCE OF THEIR OFFER.

CUSTOMERS

END USE OF PRODUCTS



MARKETS

- Energy
- Electronics
- Transportation
- Chemicals
- Process industries

- 55% of sales linked to sustainable development

ECONOMIC CONTRIBUTION

- €31m in dividends paid
- €13m in income tax
- €17m in interest paid to banks

OUR EXPERTISE

Since its beginnings at the end of the 19th century, Mersen has gradually transformed into an industrial group with recognized expertise in two key areas – Advanced Materials and Electrical Power. The Group primarily develops innovative solutions tailored to its customers' needs.

Advanced Materials segment

In the Advanced Materials segment, the Group operates across the entire value chain, from the formulation and manufacture of materials (graphite, silicon carbide, carbon fiber insulation and carbon-carbon composites) to the design of final products in line with customer needs.

It offers a range of solutions and products designed to perform the following principal functions:

Resistance against very high temperatures

Mersen's range includes isostatic graphite equipment, carbon-carbon composites, flexible and rigid insulating felt, silicon carbide parts (for solar applications and semiconductors) and other refractory components, electrodes for electrical discharge machining and kiln linings. Since 2019 and the acquisition of the Columbia site (United States), the Group has also produced specialty extruded graphite. In 2024, it boosted its graphite processing capabilities with the acquisition of two companies in the United States (GMI and Bar-Lo Carbon Products).

WORLD NO. 1⁽¹⁾⁽²⁾
in high-temperature isostatic graphite applications.



Protection against corrosion

This is provided by equipment using graphite, reactive metals or silicon carbide for the chemical, pharmaceutical and metallurgy industries.

WORLD NO. 1-2⁽¹⁾⁽²⁾
in graphite anticorrosion equipment.



Electric power transfer

The Group's range provides stable and constant generation, flow and transformation of electrical current in industrial environments (steel, mining, etc.), energy (power plants, hydropower plants, wind farms, etc.) and transportation (rail, aeronautics, space and maritime). This function is carried out with brushes, brush holders and power slip rings used in generators and motors, and with pantograph strips and collectors and third-rail shoe systems for subways.

WORLD NO. 1-2⁽²⁾
in brushes and brush holders for industrial electric motors.



Main competitors (in alphabetical order)

- **Helwig Carbon** (United States) – brushes, brush-holders and pantograph strips.
- **Morgan Advanced Materials** (United Kingdom) – brushes, brush-holders and pantograph strips and flexible and insulating felt.
- **Schunk** (Germany) – isostatic graphite transformation, brushes, brush-holders, pantograph strips and carbon-carbon composites.
- **SGL Carbon** (Germany) – isostatic graphite, anticorrosion systems, extruded graphite and flexible and rigid insulating felt.
- **Tokai Carbon** (Japan) – isostatic graphite and extruded graphite.
- **Toyo Tanso** (Japan) – isostatic graphite, carbon-carbon composites.

Electrical Power segment

The Electrical Power segment offers a range of solutions and products designed to perform the following principal functions across the entire electrical chain:

€554M
IN SALES

45%
OF TOTAL SALES

Equipment and people protection

This function prevents the destruction of industrial and commercial electrical equipment, ensures an uninterrupted power supply and helps stabilize the electrical network. It is provided by overcurrent protection devices (such as industrial fuses) and by surge protection devices (to protect against damage from power surges).

The Group stands out for its ability to offer a wide and thorough range of products that meet various regional standards (e.g., UL, IEC, BS and DIN) and are aligned with the needs of the majority of its distributor and OEM customers.

WORLD NO. 2⁽²⁾
in industrial fuses



Power conversion

This function changes the nature, voltage, intensity or frequency of the current to meet very diverse applications, such as motor speed variation, solar and wind energy conversion, electric vehicle propulsion and the management of battery-based systems (electric vehicle or stationary storage).

To provide this, Mersen is the only group with an offering for power electronics industry players that includes high-speed fuses, cooling devices, laminated bus bars, and capacitors that are integrated around power electronics components or in the architecture of battery packs. In 2024, the Group strengthened its expertise in cooling devices with the acquisition of KTK Thermal Technologies.

For the electric vehicle market, some Group sites are certified to International Automotive Task Force (IATF) standards.

WORLD NO. 1⁽¹⁾⁽²⁾
supplier of components
for the power electronics market.



Main competitors (in alphabetical order)

- **Boyd Corp** (USA) – cooling devices
- **Dehn** (Germany) – surge protection devices
- **Eaton** (USA) – industrial fuses
- **ETI** (Slovenia) – industrial fuses
- **Littelfuse** (USA) – industrial fuses
- **Method** (USA) – bus bars
- **Phoenix Contact** (USA) – surge protection devices
- **Rogers** (USA) – bus bars
- **Siba** (Germany) – industrial fuses
- **TDK Electronics** (Japan) – capacitors
- **Wabtec** (USA) – current collector and earth current return units for rail transportation
- **WDI** (China) – bus bars

(1) Some businesses are covered by the regulations on the control of exports of dual-use items and technology.

(2) Internal source: the Group operates in niche markets. It draws on its in-depth sector expertise and the financial and technical documentation published by its competitors to establish its market position.

OUR SOLUTIONS BY MARKET

Mersen provides solutions for all sectors in manufacturing, as well as all companies seeking efficiency and reliability.

ENERGIES



Solutions and products for principal energy sources, and renewable energies in particular.

Solar power

- Graphite and carbon fiber components for silicon ingot pulling which are needed to guarantee the purity of solar cells and to control the temperature of hot zones during crystallization.
- Isostatic graphite components for the deposition of blue anti-reflective coating on the surface of solar panels (PECVD process).
- A full range of solutions for the protection of photovoltaic panel installations (circuit breakers, fuses and surge protection devices).
- High-speed fuses, capacitors, laminated bus bars and cooling devices used for power conversion, which can be used in an integrated architecture.

Wind power

- Carbon brushes and brush holders and slip ring assemblies for current collection for generators.

- Signal transmission systems, brushes and brush holders for yaw motors and grounding systems.
- Full range of fuses, fusegears, fuseholders and surge protection devices.
- High-speed fuses, capacitors, laminated bus bars and cooling devices used for wind power conversion.
- Maintenance services: technical diagnostics, equipment verification, installation and replacement of components.

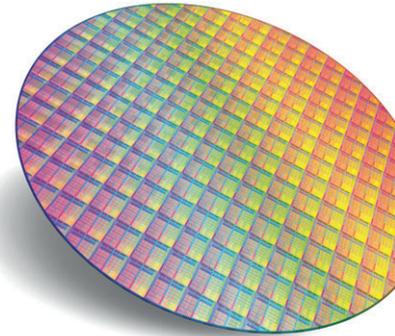
Energy storage

- Direct current surge protection solutions with fuse-based devices and laminated bus bars to connect battery cells.
- High-speed fuses, capacitors, laminated bus bars and cooling devices used in power conversion.

Conventional energies

- Power transfer solutions (brushes, slip ring assemblies, brush holders, and monitoring solutions).
- Power management: fuses and fusegears, cooling devices and laminated bus bars.

ELECTRONICS



Si and compound semiconductor manufacturing

- High-grade, ultra-pure graphite for the manufacture of semiconductors.
- Coated graphite supports for epitaxy and deposition phases of semiconductor active layers (CVD, MOCVD, ALD, etc.).
- Graphite parts for semiconductor manufacturing steps (lithography and ion implantation).

SiC semiconductor manufacturing

- Rigid felt and graphite components for the PVT process.
- Coated graphite supports for epitaxy and deposition phases of semiconductor active layers (CVD, MOCVD, ALD, etc.).
- Polycrystalline substrates (p-SiC[®]) for Soitec's SmartSiC process.

Power conversion

- High-speed fuses, capacitors, laminated bus bars and cooling devices used for power conversion, which can be used in an integrated architecture.

TRANSPORTATION



16%
OF SALES

Rail

Solutions that meet the needs of rail infrastructure and rolling stock:

- High-speed fuses, capacitors, laminated bus bars and cooling devices used for power conversion, which can be used in an integrated architecture.
- Current collector devices (pantograph strips, third rail shoes), brushes and brush holders.

Aeronautics

- Components for auxiliary motors, air conditioning, electrical power generation and distribution systems.
- Wear-resistant composite materials and brushes and brush holders designed for aircraft pressure systems.
- Optimal electronics cooling systems, low-inductance laminated bus bars, turbine blade positioning devices and components with lower friction rates.

- Materials and heat processing solutions for manufacturing processes for superalloy reactor blades.

Electric vehicles

High-end BEV and pHEV and industrial and commercial heavy vehicle markets:

- High-speed fuses and bus bars for battery modules and packs.
- Dedicated range of fuses to protect the electrical system supporting auxiliary functions.
- High-speed fuses, capacitors, laminated bus bars and surge protection devices for electric vehicle charging stations.

Space

- Silicon carbide mirrors and structures for telescopes, particularly for observation satellites, but also for ground-based telescopes (ELT).



PROCESS INDUSTRIES



33%
OF SALES

A wide range of tailor-made products and solutions to meet the challenges of energy efficiency and electrical protection.

- **Metallurgy:** electrical and graphite solutions for foundries and furnaces, hot and cold rolling mills, galvanic lines and electrolysis systems.
- **High temperature furnace industry:** graphite refractories, thermal insulation and flexible graphite composite systems.
- **Sintering processes:** graphite refractory tools to withstand extreme pressure and temperature during processes.
- **Glass industry:** graphite solutions and grades specially designed for glass molding and handling.
- **Rubber and plastic:** solutions designed for very specific operations (extrusion, injection, high temperatures, constant or variable speed, etc.).
- **Pulp and paper:** electrical, mechanical and sealing solutions.
- **Oil and gas industries:** electrical, mechanical and sealing solutions and equipment for production processes (drilling and refining).



9%
OF SALES

The Group offers equipment designed to meet the **most stringent production requirements**, in particular for phosphoric acid, chlor-alkali, active pharmaceutical ingredients, isocyanates, acid and specialty chemicals.

Made from graphite, SiC or reactive metals, its customized solutions:

- perform heat exchange and reaction functions: **heat exchangers**;
- transfer highly corrosive and high-temperature fluids: columns, reactors, pressure vessels, piping, fittings and bellows.

CORROSIVE CHEMICALS

OUR STRENGTHS



Maxime D.

4

VALUES

Employees committed to shared values

Mersen's major strength is its 7,400-plus employees around the world who drive its development according to a strict code of ethics that guides all of the Group's activities and operations.

Its four core values are driven by 12 principles of conduct and action:

- **People first:** health & safety, respect, people development
- **One step ahead:** continuous improvement, open to challenges, balanced achievement
- **Cross collaboration:** trust, open-mindedness, collective intelligence
- **Innovate for our customers:** deep understanding of customers & markets, customer orientation, co-development

88%

OF EMPLOYEES SATISFIED WITH WORKING FOR MERSEN

96%

OF PLANT MANAGERS RECRUITED LOCALLY

Local relationships worldwide

Mersen works side-by-side with its customers all over the world. The Group draws on its production base of more than 50 manufacturing sites in over 30 countries, overseen by local managers to facilitate interaction with local stakeholders.

The Group leverages its knowledge of its customers' challenges to offer innovative products and solutions, which are sometimes developed jointly.



21

R&D CENTERS

230

EXPERTS AND SPECIALISTS

200

EMPLOYEES WORKING IN R&D AND INNOVATION

Innovative answers to customer challenges

R&D organization

Mersen's R&D organization is built around a lean central structure headed by the Group's Chief Technical Officer (CTO), who also manages its 21 R&D centers.

This structure oversees the long-term vision and manages priorities in line with the company's strategy. Each activity splits its efforts between "everyday" innovations and very ambitious projects, in terms of both the challenges to be solved and the value of the developments in question for Mersen.

The Group devotes around 3% of its sales to research and development for products, materials and processes, and to technical sales efforts so as to constantly adapt its solutions or services to each customer's specific requirements. Most of this expenditure is financed internally.

The Group offers certain employees the option of professional careers focused primarily on the development of critical technical expertise for Mersen. The role of these 230 experts and specialists is to ensure that the Group's internal scientific culture and know-how are leveraged and passed on.

A source of synergies between Mersen's different activities

One of the Group's defining characteristics is the wide range of expertise required for its various activities to succeed, reflected by the highly decentralized rollout of R&D projects.

As such, Mersen ensures that central resources are in place and available to each of its activities, in particular powerful computing resources and the specialists needed to operate them, making possible to multiply and streamline our digital simulations. As well as accelerating the development of all parties involved, these resources also make it easier to share relevant expertise between activities.

Partnerships to strengthen R&D

The Group relies on a network of partnerships and collaborations with external players such as universities and large national research centers, which play a key role in helping the company to develop core knowledge, without which the Group would be less efficient in delivering solutions to the increasingly complex problems which its customers need to solve. It is also involved in standardization and standards committees.

The Innovation Challenge

The Innovation Challenge is designed to encourage and reward individual or collective initiatives that can contribute to the Group's growth or improve its performance.

It is an annual event and culminates in two prizes:

- the "Growth +" prize rewards a team for putting forward a successful growth project whose execution is already contributing significantly to Mersen's sales growth;
- the "Best Creative" prize rewards the best innovative idea whose future implementation could make a lasting contribution to the growth or improvement of the Group's net income.

Eco-design

Since 2021, Mersen has been stepping up its eco-design approach in order to reduce the overall ecological impact of certain products. For example, when developing new products in the Electrical Power segment, the challenge is to design products that have a lesser impact than existing product lines.

To achieve this, Mersen integrates environmental criteria into its design process, such as carbon weight (kg CO₂eq.) and water acidification and consumption.

The process begins with a life cycle assessment of the existing product to calculate its current impact, identify areas for improvement and define impact reduction targets. This assessment covers the product's entire life cycle, from the extraction of materials to production, transportation, use and end-of-life recycling. The results of this assessment are then used to optimize the various stages in the product's life cycle. For example, the use of recycled materials may be increased to optimize the materials extraction stage, certain production sites may be selected to limit emissions of pollutants, and identical materials may be used for different components of the same product to make it more easily recyclable.

FOUR PILLARS OF MEDIUM-TERM GROWTH

As a key player in manufacturing industries around the world, Mersen follows a strategy based on four main pillars:

1

Pursuing the development of solutions tailored to our customers' needs by relying on our high value-added expertise

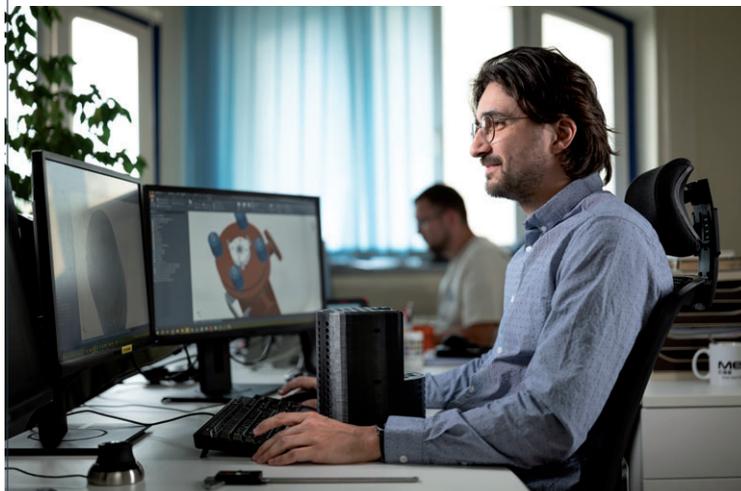
Mersen offers a wide range of products, services and solutions in our two areas of expertise – electrical power and advanced materials. To effectively address customers' specific needs, the Group draws on its network of 21 R&D centers located close to its customers across the world. This proximity gives Mersen unique insight into the challenges facing each player and enables the Group to offer custom-designed, innovative solutions backed by state-of-the-art technology. Mersen is also pursuing its policy of targeted acquisitions to provide its customers with an enhanced experience, consolidate its leadership positions and expand its operations in certain regions.



2

Fostering growth in buoyant sustainable development markets by offering innovative and sustainable solutions

Mersen works closely with major industry players around the world, leveraging its international sales and manufacturing network. It focuses its efforts on markets with significant medium-term growth potential that contribute to the sustainable development of the planet, from renewable energy to electronics, energy storage and electric vehicles.



3

Continuing to implement its competitiveness and performance program while taking a socially responsible approach

Mersen wants to gain in operational efficiency while promoting the security and safety of its plants and the people who work there and strengthening its ties with stakeholders in its host communities. The Group's overall performance is supported by a global operational excellence initiative for all parts of the company, from operations through to sales, with special emphasis on improving health and safety in the workplace and reducing the environmental footprint of its sites.



BE PART OF THE CHANGING WORLD

MERSEN, A GENUINELY INDUSTRIAL & HUMAN CULTURE.



NOUS AVONS LE POUVOIR D'AGIR



PARTOUT, ÊTRE DES PARTENAIRES RESPONSABLES

Clients, fournisseurs, partenaires, c'est ensemble que nous créerons une chaîne de valeur plus responsable.



4

Ensuring human capital development by building on Mersen's strong identity

Mersen promotes a culture where people are the bedrock of the Group and its development. It has built a robust, deep-rooted and attractive culture by offering employees genuine trust and accountability, and by respecting local cultures and fighting all forms of discrimination. Mersen is committed to helping its employees grow - while paying the utmost respect to human rights - and providing social protection for all.

MEDIUM-TERM STRATEGIC PLAN

OPERATIONAL AND FINANCIAL

In 2023, Mersen presented its 2027 strategic plan

The plan draws on the stability of Mersen's traditional markets as well as strong momentum from some buoyant energy transition markets:

- **silicon carbide semiconductors:** Mersen supplies materials that are essential for manufacturing these power components, which are necessary for high-performance electric vehicles.
- **silicon semiconductors:** the Group has a strong position in the most sophisticated stages of the manufacturing process.
- **electric vehicles,** with a dedicated offering for battery connection and protection, including a wide range of fuses.
- **renewable energies,** with:
 - photovoltaic solar power, for which the Group is a major supplier across the entire value chain, ranging from materials for the solar cell production process to protection for panels and conversion of the energy produced,
 - wind power, with solutions that contribute to the functioning of wind turbines, spanning from protection and electricity production through to power transfer and cooling.

Alongside this strategic plan, the Group also drew up **a plan for the capital expenditure necessary to support its growth**, earmarking approximately €300 million for 2023-2025 – above its usual level of expenditure – as well as around €100 million for bolt-on acquisitions.

Updating the roadmap

In the second half of 2024, a number of indicators from our customers confirmed a slowdown in the electric vehicle market, and consequently in the related SiC semiconductor market.

Mersen estimates that these markets will be delayed by three years. The Group's other markets continue to grow, and the Group can leverage its extensive expertise, global leadership position, international footprint and longstanding relationships with leading players to continue its development.

Investments made as part of the Group's growth plan will be adjusted to this new context. They are now expected to total between €280 million and €290 million over the 2023-2025 period, a reduction of between €30 million and €40 million, excluding the impact of inflation, on the amount initially planned in 2023.

Medium-term objectives unchanged but postponed

Mersen confirms the targets it announced in 2023 but is pushing them back by two years, to 2029.

Accordingly, by 2029, the Group is aiming for:

- sales of around €1.7 billion;
- operating margin before non-recurring items of 12% of sales. This margin may vary by +/-50 basis points;
- EBITDA margin before non-recurring items of 19% of sales. This margin may vary by +/-50 basis points;
- ROCE of 13%, which may vary by +/-50 basis points.

These objectives include bolt-on acquisitions, of which three were completed in 2024.

CORPORATE SOCIAL RESPONSIBILITY

In March 2024, the Group plotted out a 2027 CSR roadmap, in line with its strategic objectives and with a view to growing its business in a responsible and sustainable way. No changes were made to this roadmap in 2024. It will be reviewed over the coming years in light of the European Corporate Sustainability Reporting Directive (CSRD).

Mersen's commitment to CSR is reflected in a number of objectives across the entire value chain, built on four pillars:

Being responsible partners

Ensuring responsible purchasing

- Maintain a minimum of 85% of external purchases with local suppliers
- Less than 5% of suppliers with a CSR score of less than 25

Limiting our environmental footprint

Limiting greenhouse gas emissions

- Reduce GHG emission intensity (scopes 1 and 2) by 35% (compared with 2022)
- Increase the share of renewable electricity to 80%

Recycling waste

- Increase the share of waste recycled to 80%

Limiting water consumption

- Reduce water consumption by 15% (compared with 2022)
- Draw up a formal water conservation plan for all sites exposed to water stress

Developing human capital

Promoting equal opportunity and diversity

- Encourage gender balance and diversity in the workplace:
 - % of senior management positions held by women: 27%
 - % women engineers and managers: $\geq 29\%$
- Improve inclusion of people with disabilities: up 25% (compared with 2022)

Promoting a social responsibility policy for all: 100% employee beneficiaries

- Provide social protection with a universal indemnity in the event of death in service
- Standardize profit-sharing schemes
- Adopt a minimum amount of paid leave in all countries

Promoting well-being, health and safety at work

- Keep LTIR ≤ 1.8 and ISR ≤ 60
- Increase the number of management safety visits per employee by 30% (compared with 2022)

Cultivating an ethics and regulatory compliance culture

Ethics training

- Compulsory for new hires
- Compulsory refresher training every two years (individual or theme-based training by site)

Cybersecurity training

- Compulsory for employees with a personal computer

GOVERNANCE

BOARD OF DIRECTORS

The Board of Directors determines the Company's overall strategy, overseen by its Chairman in close collaboration with Executive Management. As part of this role, it examines and approves the Company's strategic plans and activities.

It is assisted by two committees: the Audit and Accounts Committee and the Governance, Appointments and Remuneration Committee.

Two directors play a coordinating role in strategic issues and CSR.

57%

PERCENTAGE OF
INDEPENDENT DIRECTORS

98%

AVERAGE ATTENDANCE
RATE OF DIRECTORS



Olivier Legrain*
Chairman of the Board and member of the Governance, Appointments and Remuneration Committee



Emmanuel Blot
Representative of Bpifrance Participations in charge of CSR issues and member of the Audit and Accounts Committee



Pierre Creusy
Director representing employees and member of the Governance, Appointments and Remuneration Committee



Carolle Foissaud
Member of the Governance, Appointments and Remuneration Committee



Emmanuelle Picard*
Responsible for leading discussions on strategic issues and member of the Audit and Accounts Committee



Luc Themelin
Chief Executive Officer of Mersen



Denis Thiery*
Chair of the Audit and Accounts Committee and member of the Governance, Appointments and Remuneration Committee



Jocelyne Vassoille*
Chair of the Governance, Appointments and Remuneration Committee

Board members (at the date of publication of the URD)

* Independent director

EXECUTIVE COMMITTEE

The Executive Committee is responsible for managing the Mersen group's operational affairs and meets every month to review the Group's financial and non-financial performance and decide on action plans in various areas (including human resources, IT, procurement, legal affairs and development) in line with its strategic priorities. The Executive Committee ensures that the Group's organization runs smoothly. To this end, it is closely involved in forecasting the human resources required for the continued development of its business activities. It defines the Group's sustainable development roadmap and ensures that it is applied at all levels of the company.

16 YEARS
AVERAGE LENGTH OF SERVICE

30%
WOMEN



Luc Themelin
Chief Executive Officer



Thomas Baumgartner
Chief Financial Officer



Gilles Boisseau
*Executive Vice President,
Electrical Power*



Christophe Bommier
*Group Vice President,
Technology, Research,
Innovation and Business
Support*



Thomas Farkas
*Group Vice President,
Strategy & Development*



**Jean-Philippe
Fournier**
*Group Vice President,
Operational Excellence*



Éric Guajioty
*Executive Vice President,
Advanced Materials*



Sylvie Guiganti
*Group Chief
Information Officer*



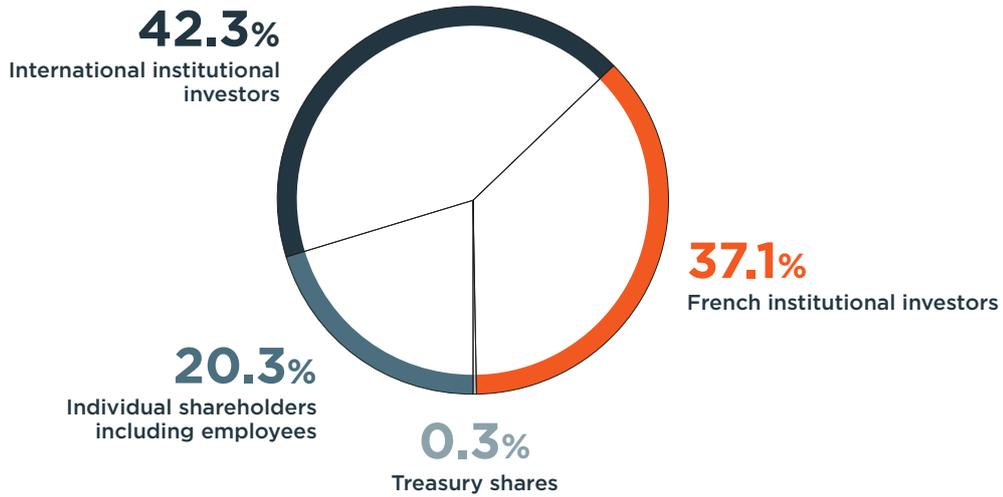
Delphine Jacquemont
*General Counsel and
Secretary of the Board
of Directors*



Estelle Legrand
*Group Vice President,
Human Resources*

SHARE OWNERSHIP & TRADING

SHARE OWNERSHIP on December 31, 2024



Number of shares: 24,418,312

SHARE PRICE in 2024



Share price on December 31, 2024: €20.60

Average daily transactions in 2024: 118,390 shares

DIVIDEND PER SHARE in €* **€0.90**

* Subject to shareholder approval at the Annual General Meeting

2 CORPORATE GOVERNANCE REPORT

1. ADMINISTRATIVE AND MANAGEMENT BODIES	28
1.1. The Board of Directors	28
1.2. Executive Management	46
2. COMPENSATION AND BENEFITS OF CORPORATE OFFICERS	47
2.1. Compensation policy for corporate officers	47
2.2. Compensation paid to directors and corporate officers in 2024	52
2.3. Free performance shares (executives programs)	57
2.4. Free shares (non-executives programs)	63
2.5. Free share authorization to be put to the shareholders' vote at the next Annual General Meeting on May 16, 2025	68
2.6. Components of compensation paid or granted to Luc Themelin (Chief Executive Officer) in respect of the fiscal year ended December 31, 2024 submitted to a vote by the Combined General Meeting of May 16, 2025	68
2.7. Components of compensation paid or granted to Olivier Legrain (Chairman of the Board) in respect of the fiscal year ended December 31, 2024 submitted to a vote by the Combined General Meeting of May 16, 2025	70
3. OTHER DISCLOSURES	71
3.1. Items likely to have an impact in the event of a public offer	71
3.2. Agreements within the meaning of Articles L.225-38 and L.225-39 of the French Commercial Code and agreements entered into between (i) a corporate officer or a shareholder with more than 10% of the voting rights and (ii) a controlled company within the meaning of Article L.233-3 of the French Commercial Code	72
STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS	73

This corporate governance report was prepared by the Board of Directors in respect of the fiscal year ended December 31, 2024, in accordance with the provisions of Articles L.225-37, L.225-37-4 and L.22-10-8 to L.22-10-11 of the French Commercial Code (*Code de commerce*). Pursuant to these provisions, this report was submitted for the opinion of the Governance, Appointments and Remuneration Committee, which met on March 25, 2025, and for the approval of the Board of Directors on March 27, 2025.

The corporate governance policy of Mersen ("the Company") is in line with the legislative and regulatory provisions applicable to listed companies in France, its Articles of Association (available online at www.mersen.com) and the recommendations of the AFEP-MEDEF Corporate Governance Code for listed companies as revised in December 2022 to which the Company refers (hereinafter "the AFEP-MEDEF Code") and whose provisions it complies with. The AFEP-MEDEF Code is available (in French) on the AFEP website (www.afep.com) and on the MEDEF website (www.medef.com).

1. ADMINISTRATIVE AND MANAGEMENT BODIES

1.1. The Board of Directors

The Company has been governed by a Board of Directors and an Executive Management team since the Annual General Meeting of May 11, 2016. It was previously governed by a two-tier structure with a Supervisory Board and a Management Board.

1.1.1. The Internal Rules of the Board of Directors

The Internal Rules represent the governance charter for the Board of Directors and also govern the relationships between Board members and the Company's Chief Executive Officer, in a spirit of cooperation notably intended to ensure fluid exchanges between the corporate bodies in the interest of shareholders.

It is intended to give the Board the means to implement best practices in corporate governance in line with the recommendations of the AFEP-MEDEF Code.

The Internal Rules were amended in 2024 on several points and in particular:

- The roles and duties of the Board of Directors and the Audit and Accounts Committee were expanded to include sustainability matters, in accordance with the provisions of French government order no. 2023-1142 of December 6, 2023 and the French decree of December 30, 2023, which transposed the European Corporate Sustainability Reporting Directive ("CSRD") into French law;
- The procedures for the assessment of the Board of Directors were defined;
- Directors' compensation was adjusted;
- The prohibition on the use of videoconference or other means of telecommunication to attend Board meetings called to approve the annual financial statements was removed (this prohibition has no longer been mandatory since the entry into force of French law no. 2024-537 of June 13, 2024 aimed at making the Paris financial market more attractive).

The Internal Rules have seven articles and one annex:

- Article 1 defines the composition of the Board of Directors in accordance with its diversity policy applied to its members, training of its members, and the concept of "independent" members;
- Article 2 relates to the role and duties of the Board of Directors and indicates the lists of decisions made by the Chief Executive Officer subject to the Board of Directors' authorization or prior opinion;
- Article 3 relates to the holding and the procedures of meetings of the Board of Directors (notices of meetings, participation, majority rules, minutes, and Board secretary);
- Article 4 covers the compensation and benefits paid to members of the Board of Directors (directors' compensation, compensation and benefits paid to the Chairman, and exceptional compensation and benefits);
- Article 5 covers the obligations applicable to members of the Board of Directors;
- Article 6 covers the assessment rules for the Board of Directors and its Committees;
- Article 7 governs the operating rules for the Committees set up by the Board of Directors.

Annex 1 refers to the selection procedure for independent directors (see section 1.1.5 below).

The Internal Rules of the Board of Directors can be downloaded from the Company's website at www.mersen.com.

1.1.2. Assignments and duties of the Board of Directors

The Board of Directors determines the Company's overall strategy, overseen by its Chairman in close collaboration with Executive Management. As part of this role, it examines and approves the Company's strategic plans and activities.

Under the Articles of Association, the Chairman of the Board of Directors is a natural person, appointed by the Board from among its members. The Chairman is responsible for convening the Board and directing its proceedings. The Chairman exercises their functions for the duration of their term of office as a director and may be re-elected. The Chairman is subject to the same age limit as the members of the Board of Directors and may, at any time, be dismissed by the Board of Directors. The vote of the Chairman does not act as the casting vote in the event of a tied vote.

The Chairman may delegate to another member of the Board their powers for organizing the Board's work, preparing Board meetings in advance and leading the discussions during Board meetings. Until May 16, 2024, Michel Crochon, an independent director, was responsible for leading discussions on strategic issues. He was replaced on that date by Emmanuelle Picard.

The Chairman and the director responsible for leading discussions on strategic issues may:

- receive from the Company any documents that they deem useful for carrying out their duties;
- hold meetings with the Chief Executive Officer (if the Chairman does not also hold the position of Chief Executive Officer) and any Deputy Chief Executive Officers, as well as with any other person they may consider it useful to meet with;
- request that any third parties of their choosing (specialists, advisers or statutory auditors) attend Board meetings;
- commission, at the Company's expense and subject to the budgets approved by the Board of Directors, any internal or external specialist studies or research that may help the Board in its discussions.

The Board's main duties are:

- review of the financial position, cash position and commitments of the Company and its subsidiaries; the Board also receives a monthly report on the Group's net sales and net income, and on the Group's financial position;
- annual review and approval of the budget;
- approval of the management report (including the sustainability information) and the corporate governance report;
- review and approval of the parent company and consolidated financial statements;
- review of related-party agreements and annual assessment of routine agreements entered into on arm's length terms;
- prior authorization of related-party agreements and their annual review in order to ensure that they are in the Company's interests;
- appointment and removal of the Chief Executive Officer and setting of their compensation in accordance with the regulations;
- definition of the compensation policy for corporate officers;
- review and approval of the succession plan for executive corporate officers;
- co-optation of members of the Board of Directors;

- allocation of compensation among the members of the Board of Directors, setting of the Chairman's compensation in accordance with the conditions provided for by the regulations;
- prior consultation on the content of the interim financial information released to the market;
- authorizations relating to guarantees and endorsements;
- convening of the Annual General Meeting and approval of proposed resolutions;
- set-up of stock option and free share plans.

The Chief Executive Officer may not make decisions, unless previously authorized to do so by the Board, in the following areas:

- issues of securities conferring rights directly or indirectly to the Company's share capital;
- funding operations likely to substantially alter the Company's financing structure;
- approval and/or modification of the Group's business plan;
- capital expenditure for organic growth exceeding the Group's annual budget or business plan by an aggregate amount of over €20 million;
- acquisitions in any form (acquisitions of assets or equity interests), the price of which, including all liabilities and less any cash, exceeds €5 million;
- asset or equity interest disposals in an amount of over €10 million per transaction, if not provided for in the annual budget;
- authorizations to grant sureties, endorsements and guarantees, in accordance with the legal provisions in force;
- strategic partnership agreements that are likely to have a substantial impact on the Company's business activities or financial results;
- major internal restructuring operations;
- major transactions that do not fall within the scope of the Company's announced strategy.

1.1.3. Promoting long-term value creation and committing to corporate social responsibility (CSR) issues

In accordance with Article L.225-35 of the French Commercial Code and with the AFEP-MEDEF Code, the Board of Directors determines the priorities of the Company's businesses and ensures that these priorities are implemented in line with the general interest of the Company, while taking into consideration the social and environmental challenges of the Company's businesses. For corporate social responsibility, the Board determines multi-year strategic objectives, on the recommendation of Executive Management, which reports annually on implementation and results achieved. More specifically with regard to climate issues, the Board sets precise objectives to be achieved at various intervals. It reviews the results obtained each year, adapts the objectives if necessary and presents the strategy to the Annual General Meeting in the event of any significant change, and at least every three years.

ADMINISTRATIVE AND MANAGEMENT BODIES

To this end, on December 17, 2021, the Board decided to appoint a director to oversee CSR issues. As part of this role, the director coordinates work ahead of Board meetings. The director makes sure that CSR issues are assigned the proper level of priority and, in particular, reviews the CSR roadmap defined by the Group's Executive Management and oversees its implementation (see chapter 4 of this Universal Registration Document). The director also ensures that the CSR challenges of the issues submitted to the Board for approval are included in the reports provided beforehand.

This role has been carried out by Emmanuel Blot since January 5, 2024 (see section 1.1.8.2).

The Audit and Accounts Committee, of which Emmanuel Blot is a member, and the Governance, Appointments and Remuneration Committee are also fully engaged on the various aspects of CSR (see section 1.1.9.2).

With the entry into force of the new CSRD-related legal provisions in January 2024, the duties of the Board and the Audit and Accounts Committee were expanded to include sustainability information (see sections 1.1.1, 1.1.2 and 1.1.9).

Progress reports on the implementation of the CSR roadmap are the subject of regular presentations and discussions at meetings of the Board of Directors and Board Committees. For example, in October 2024, several members of the Executive Committee presented to the Board the progress of the Group's objectives in terms of gender balance, safety and the reduction of CO₂ emissions.

Promoting diversity in the Board

Criterion	Objectives	Measures implemented and results obtained in 2024
Representation of men and women	Balanced representation of men and women on the Board	The legal provisions concerning gender parity are complied with, since the gender gap on the Board (excluding directors representing employees) does not exceed two directors (see chapter 4, ESRS 2 GOV-1).
Nationalities and international profiles	Directors who are non-French citizens or with an international background and/or with international experience	The majority of the directors have international experience. Experience and skills are described in section 1.1.8.3.
Age of Directors	Compliance with statutory provisions Generational balance	As of December 31, 2024, the directors are between 39 to 72 years old with an average age of 60.
Qualifications, experience and expertise	Complementary skills and experiences of directors Directors' experience and expertise in relation to the Mersen group's businesses and strategy	The Board of Directors has described the expertise it deems necessary to carry out its duties. This expertise is regularly assessed by the Governance, Appointments and Remuneration Committee (see section 1.1.8.3).

Policy to increase the proportion of women in senior management positions

The Board supports and encourages management in its diversity policy. It notes the Group's exemplary position in terms of international diversity, as 96% of site managers are local, and endorses the Group's policy of increasing the percentage of women engineers and managers (see chapter 4 of this Universal Registration Document).

At its meeting of March 10, 2021, the Board of Directors adopted an ambitious policy aimed at increasing the proportion of

This year, compliance with the new requirements under the CSRD gave rise to several progress reports and discussions within the Audit and Accounts Committee and the Board:

- proposal to appoint the sustainability auditor (Grant Thornton) at the Annual General Meeting of May 16, 2024;
- presentation of material matters and validation of the double materiality matrix;
- drafting of the sustainability report and coordination of the associated audit program.

Detailed information on the governance and implementation of the Group's CSR policy is presented in chapter 4 of this Universal Registration Document.

1.1.4. Promoting diversity in the Board of Directors and policy to increase the proportion of women in senior management positions

The Board of Directors pays close attention to diversity, particularly in terms of gender and expertise. It works to achieve balance in its composition and that of the Committees it establishes from among its members, by ensuring that its tasks and those of its Committees are carried out with the necessary independence and objectivity. In particular, it ensures that the composition of the Board allows for the balanced representation of men and women, different nationalities, ages, qualifications, professional experience and expertise.

women in senior management positions, in accordance with the recommendations of the AFEP-MEDEF Code. The Group has accordingly set the target of gradually raising this figure. The target is to have women represent 27% of senior management positions by 2027.

In its annual Corporate Governance Report, the Board of Directors reports on the progress made during the past year, including, where applicable, the reasons why targets were not met and the corrective measures taken.

The objectives set in 2022 and the results obtained in 2024 are presented below:

Objective	Measures implemented and results obtained in 2024
Increase the proportion of women in senior management positions from 19.7% at end-2020 to 27% by the end of 2027 Scope: Executive Committee, Management Committees of businesses and support functions	In 2024, the Group endeavored to develop its pool of internal female candidates (see the section on diversity, inclusion and equal opportunity in the chapter 4). As of December 31, 2024, based on the scope used and shown opposite, the proportion of women stood at 26.4% (24.3% in 2023).

1.1.5. Selection procedure of the members of the Board of Directors

As of the date of this Universal Registration Document, the Board of Directors comprised three categories of directors:

- directors elected by the Annual General Meeting on the proposal of major shareholders;

- one director representing employees appointed by the Group Committee, in accordance with the Articles of Association;
- independent directors.

For the election of independent directors, the Board of Directors adopted a selection procedure, which is appended to the Internal Rules and shown below.

Selection procedure for independent directors

Definition	Identification	Selection	Appointment
Definition by the Governance, Appointments and Remuneration Committee of the profile sought in light of the Board's requirements in terms of expertise and diversity	Identification of several candidates by the Governance, Appointments and Remuneration Committee with the help of a specialized consultant in accordance with market practices	The shortlisted candidates are interviewed by the members of the Governance, Appointments and Remuneration Committee, including the Chief Executive Officer where appropriate, each of whom establish a ranking according to the skills matrix. Opinions are then pooled and the Governance, Appointments and Remuneration Committee, after a discussion among its members, chooses the candidate to be recommended to the Board of Directors.	The Board of Directors approves the final choice of the candidate and proposes their election to the shareholders at the Annual General Meeting.

This procedure was followed when Carolle Foissaud was replaced by Jocelyne Vassoille, whose appointment was approved by the Combined General Meeting of May 16, 2024. It was followed again in 2024 to replace Olivier Legrain, Chairman of the Board of Directors, whose term of office expires at the Combined General Meeting of May 16, 2025 (see section 1.1.8.4): for each of these replacements, the Governance, Appointments and Remuneration Committee established a detailed profile for the purpose of identifying suitable candidates, with the support of a specialized consultant. Interviews were then conducted with each of the pre-selected candidates.

1.1.6. Training of the members of the Board of Directors

In accordance with the recommendations of the AFEP-MEDEF Code, directors who deem it necessary may benefit from additional training in the Company's specific characteristics, business segments, business sector and corporate social responsibility issues, with a focus on climate issues. This training is particularly intended for new Directors and

may take the form of visits to the Group's sites. In 2024, for example, during work undertaken at the Gennevilliers site (France) as part of the p-SiC project, a visit was organized for certain members of the Board of Directors.

Upon their appointment, Audit and Accounts Committee members are given information about the Company's specific accounting, financial and operational requirements.

In addition, directors representing employees receive training on their role on the Board and must be given the necessary time to devote to their directorships.

Lastly, the Company offers each director the chance to enroll with an organization tasked with supporting, informing and training members of boards of directors. Accordingly, all directors can use this organization's services.

1.1.7. Assessment of the Board of Directors' practices and procedures

The Board of Directors assesses its ability to fulfill its duties by periodically assessing its composition, organization and operation. The assessment has three objectives:

- reviewing the operating procedures of the Board and its Committees;
- ensuring that important issues within its remit are properly prepared and debated;
- evaluating the effective contribution of each director to the work of the Board and its Committees.

The assessment is conducted as follows:

- once a year, the Board of Directors devotes an item on its agenda to a discussion of its practices and procedures, based on an assessment conducted by a director, under the guidance of the Governance, Appointments and Remuneration Committee;

ADMINISTRATIVE AND MANAGEMENT BODIES

- at least every three years, an assessment by an independent external consultant selected by the Governance, Appointments and Compensation Committee is conducted;
- the assessment includes a report that is presented to the Board of Directors;
- each year, shareholders are informed in the corporate governance report of the results of the assessment and of any suggested improvements.

For 2024, the assessment was conducted by Pierre Creusy, director representing employees and member of the CGNR, under the supervision of this committee, by means of a questionnaire and individual interviews with all directors. The results of this assessment were reviewed by the CGNR and then presented and discussed at the Board of Directors' meeting of March 5, 2025.

This gave rise to the following conclusions:

- Board member satisfaction is very high;
- The Board's operations are appropriate, despite its small size (8 people);
- Most of the areas for improvement identified in previous years have been implemented.

The main areas for improvement identified are as follows:

- Rebalance the number of members between the 2 committees, with the Audit and Accounts Committee comprising only 3 members;
- Intensify presentations of CSR topics, particularly safety;
- Improve monitoring of HR issues (more frequent updates, and indicators to be implemented);
- More systematically include an update on the share price situation (with benchmark elements) in the monthly reports sent by General Management on trends in sales, earnings and the Group's financial situation;
- Present post-mortem analyses of acquisitions made in recent years;
- Reinforce presentations on Capex monitoring;
- Share additional information on cybersecurity, regulatory compliance and anti-corruption.

1.1.8. Composition of the Board of Directors

1.1.8.1. Current Articles of Association and proposed changes

According to the Articles of Association, the Board of Directors comprises at least three members and at most 18 members, who are elected by the Annual General Meeting of shareholders on the recommendation of the Board of Directors. The Board of Directors elects a Chairman from among its members, a natural person, who is responsible for convening the Board and directing its proceedings. The Chairman exercises their functions for the duration of their term of office as a director and may be re-elected. One or two employee directors are also appointed in accordance with legal provisions. Pursuant to the Articles of Association, when the number of directors, calculated in accordance with Article L.225-27-1 II of the French Commercial Code, is less than or equal to eight (not including any directors

representing employees), the Group Committee shall appoint a director representing employees. When this number is greater than eight, then a second director representing employees shall be appointed by the European Works Council. The directors representing employees are appointed for a period of four years ending on the date of the first meeting of the Group Committee or, where appropriate, of the European Works Council, following the date of the fourth anniversary of their appointment. The term of the director representing the employees may be renewed once.

The age limit applicable to the duties performed by any individual Board member and any permanent representative of a legal entity is set at 72 years; members who have reached this age during their term are deemed to have resigned at the close of the Ordinary General Meeting held after the date of the seventy-second birthday.

Furthermore, no individual person having passed the age of 70 years may be elected as a member of the Board of Directors if their election results in over one-third of the members of the Board of Directors having exceeded that age.

Board members are elected for a renewable term in office of four years, with the possibility of providing for a period of two or three years to be able to implement or maintain a staggered board or to take into account the abovementioned rules relating to the age limit.

For smoother management of the process of replacing directors, the Combined General Meeting of May 16, 2025 will be asked to approve the following amendments to the Articles of Association:

- raise the age limit from 72 to 75;
- provide for the possibility of appointing a director for a one-year term under the staggering clause or to take account of age limit rules.

If approved, these amendments will allow for more flexible management of future successions (see section 1.1.8.5).

1.1.8.2. Changes in the composition of the Board of Directors in 2024

The following changes took place in January 2024:

- Magali Joëssel, permanent representative of Bpifrance Investissement, asked to be relieved of these duties in order to focus on an investment fund she manages. To replace her, Bpifrance Investissement appointed Carolle Foissaud, an independent director, who has since resigned from her position.
- To replace Carolle Foissaud for the remainder of her term of office, the Board of Directors appointed Jocelyne Vassoille, currently Vice-President, Human Resources and member of the Executive Committee of Vinci. Jocelyne Vassoille brings to the Board her extensive experience in human resources management for major international groups, as well as in governance and CSR issues.
- Magali Joëssel was also responsible for CSR issues on the Board of Directors and was a member of the Audit and Accounts Committee. She has been replaced in these roles by Emmanuel Blot, permanent representative of Bpifrance Participations. Emmanuel Blot brings to these CSR issues the expertise in multi-criteria environmental and socio-economic analysis he has developed working on investment projects. The extensive financial expertise acquired in her role at Bpi is also an asset for the Audit and Accounts Committee.

ADMINISTRATIVE AND MANAGEMENT BODIES

- Carolle Foissaud was also Chair of the Governance, Appointments and Remuneration Committee and a member of the Audit and Accounts Committee. Jocelyne Vassoille has been appointed to replace her as Chair of the Governance, Appointments and Remuneration Committee. Carolle Foissaud remains a member of this Committee, replacing Emmanuel Blot. Emmanuelle Picard has replaced Carolle Foissaud on the Audit and Accounts Committee.

The changes described above took effect on January 5, 2024.

The Annual General Meeting of May 16, 2024 ratified the co-optation and renewed the term of office of Jocelyne Vassoille as a director for a period of four years. It also decided not to renew nor replace Michel Crochon, whose term of office was due to expire and who could not stand for re-election due to the age limit for directors.

Summary of changes in the composition of the Board of Directors and the Committees in 2024

	Departure	Election (term of office)	Re-election (term of office)
The Board of Directors	Magali Joëssel (as of January 5, 2024) as permanent representative of Bpifrance Investissement	Carolle Foissaud (as of January 5, 2024) as permanent representative of Bpifrance Investissement	
	Carolle Foissaud (as of January 5, 2024) as director	Jocelyne Vassoille (as of January 5, 2024 for the remainder of the term of Carolle Foissaud, who resigned, i.e., until May 16, 2024)	Jocelyne Vassoille (ratification of provisional appointment and renewal for four years)
	Michel Crochon (as of May 16, 2024)		
Audit and Accounts Committee	Magali Joëssel (as of January 5, 2024)	Emmanuel Blot permanent representative of Bpifrance Participations (as of January 5, 2024)	
	Carolle Foissaud (as of January 5, 2024)	Emmanuelle Picard (as of January 5, 2024)	
	Michel Crochon (as of May 16, 2024)		
Governance, Appointments and Remuneration Committee	Carole Foissaud (as of January 5, 2024) as President of CGNR	Jocelyne Vassoille, independent director, appointed Chair of the Governance, Appointments and Remuneration Committee with effect from January 5, 2024 for the duration of her term of office as a director	
	Emmanuel Blot (as of January 5, 2024)		
Oversight of CSR issues	Magali Joëssel (as of January 5, 2024)	Emmanuel Blot permanent representative of Bpifrance Participations (as of January 5, 2024)	
Oversight of strategic issues	Michel Crochon (as of May 16, 2024)	Emmanuelle Picard (as of May 16, 2024)	

ADMINISTRATIVE AND MANAGEMENT BODIES

Thus, at the date of this Universal Registration Document, the Board of Directors was composed of eight members, including one director representing employees:

Personal information					Position within the Board				Participation in a Committee	
	Age (at the 2025 AGM)	Gender	Nationality	Number of shares	Independence	Date of first election	Term ends	Length of service on the Board (years)	Audit and Accounts	Governance, Appointments and Remuneration
Olivier Legrain <i>Chairman</i>	72	M	FR	3,631	X	05/18/2017	2025 AGM	8		X
Bpifrance Participations <i>Director</i> Represented by Emmanuel Blot Responsible for CSR issues	39	M	FR	2,627,244		05/19/2022	2026 GM	3	X	
Pierre Creusy <i>Director representing employees</i>	62	M	FR	902		10/12/2017	Group Committee meeting post 05/05/2026	7		X
Jocelyne Vassoille <i>Director</i>	59	F	FR	800	X	01/05/2024	2024 AGM	1		X
Bpifrance Investissement <i>Director</i> Represented by Carolle Foissaud	58	F	FR	1,100*		10/30/2013	2027 AGM	11		X
Emmanuelle Picard <i>Director</i>	50	F	FR	800	X	05/16/2023	2027 AGM	2	X	
Luc Themelin <i>Chief Executive Officer</i> <i>Director</i>	64	M	FR	63,252		05/20/2021	2025 AGM	4		
Denis Thiery <i>Director</i>	69	M	FR	1,032	X	05/17/2019	2027 AGM	6	X	X

■ Chair.

* Number of shares held by Carolle Foissaud in a personal capacity.

1.1.8.3. Profile, experience and expertise of directors

The Board of Directors and the Governance, Appointments and Remuneration Committee regularly assess the composition of the Board and its Committees, as well as the skills and experience that each director brings to the Board. They also identify how to

achieve the best possible balance of directors' profiles, taking into account both international expertise and diversity – in terms of nationality, gender and experience.

The following table summarizes the main areas of expertise and experience of Board members.

General expertise

	O. Legrain	E. Blot	P. Creusy	C. Foissaud	E. Picard	L. Themelin	D. Thiery	J. Vassoille
Executive Management	X			X	X	X	X	
Innovation			X	X	X	X		
Strategy	X	X		X	X	X	X	X
Experience in Mersen's business activities	X	X	X	X	X	X		
Industrial expertise	X			X		X		
International/knowledge of a strategic geographic area for Mersen			X	X	X	X	X	X
Finance/risk management/knowledge of financial markets/M&A		X		X	X	X	X	
Experience in listed companies	X	X		X	X	X	X	X

CSR expertise

The CSR skills of the members of the Board of Directors are presented by issue based on the double materiality assessment (see chapter 4).

	O. Legrain	E. Blot	P. Creusy	C. Foissaud	E. Picard	L. Themelin	D. Thiery	J. Vassoille
Environment								
Reduction of the carbon footprint		X	X	X	X	X	X	
Measures to adapt to climate change		X	X	X	X	X		
Waste management and the circular economy		X	X	X	X	X	X	
Business operations								
Business ethics	X			X	X	X	X	X
Responsible supply chain	X				X	X	X	
Legislative and regulatory inflation	X	X		X	X	X	X	
Human resources								
Diversity, inclusion and equal opportunity				X	X	X	X	X
Training and skills development	X			X	X		X	X
Employee safety and well-being	X	X	X	X	X	X	X	X
Working conditions for value chain workers				X			X	X
Societal								
Product safety and security	X			X	X	X	X	
Respect for human rights and fundamental freedoms	X	X		X	X	X	X	X

1.1.8.4. Detailed presentation of the members of the Board of Directors at the date of this Universal Registration Document

Olivier Legrain



Born 09/30/1952
French nationality
Term ends: 2025
Shares held: 3,631
Business address:
Tour Trinity
1 bis, place de la Défense
92400 Courbevoie, France
Independent member

Chairman of Mersen's Board of Directors – Member of the Governance, Appointments and Remuneration Committee

Biography – Professional experience

Olivier Legrain began his career with Rhône-Poulenc, where he held executive positions in several business units. He subsequently joined the Lafarge Group as a member of its Executive Committee, in charge of specialty materials and strategy. After organizing the sale of the Lafarge Group's stake in Materis, a group specializing in materials, he became Chairman of Materis until 2015.

Main activities exercised outside the Company

Olivier Legrain is now a therapist.

Current directorships:

Directorships in listed companies other than Mersen:

N/A

Directorships in non-listed companies:

Director of Kiloutou

Director of Minafin

Member of the Governance Committee of Balas

Directorships that have expired in the past five years:

Director of Parrot, Astrance

Member of the Supervisory Board of Amplegest

Bpifrance Participations Represented by Emmanuel Blot



Born 07/06/1985
French nationality
Term ends: 2026
Shares held by Bpifrance
Participations: 2,627,244
Business address:
27/31, avenue du Général Leclerc
94710 Maisons-Alfort cedex, France

Member of Mersen's Board of Directors – Member of the Audit and Accounts Committee Responsible for CSR issues

Biography – Professional experience

Emmanuel Blot started his career as a sell-side analyst in the capital goods sector, first at Bryan, Garnier & Co and then at Oddo BHF, covering industrial and aerospace companies. In 2012, he joined Fonds Stratégique d'Investissement, which became part of Bpifrance in 2013, and is currently Investment Director in the Large Cap division, with a focus on listed investments. He has been part of the team monitoring Mersen at Bpifrance for over ten years.

Main activities exercised outside the Company

Director in the Large Cap division of Bpifrance Participations

Current directorships:

Directorships in listed companies other than Mersen:

Director of Constellium SE

Director of VusionGroup

Permanent representative of Bpifrance Investissement on the Board of Directors of Quadient

Directorships in non-listed companies:

N/A

Directorships that have expired in the past five years:

N/A

Pierre Creusy



Born 09/27/1962
French nationality
Term ends: First Group Committee
meeting post 05/05/2026
Shares held: 902
Business address:
15, rue Jacques de Vaucanson
69720 Saint-Bonnet-de-Mure, France

Member of Mersen's Board of Directors representing employees – Member of the Governance, Appointments and Remuneration Committee

Biography – Professional experience

Pierre Creusy joined Mersen in 1986. After working in Korea, he held positions in production engineering and subsequently in product management before joining Mersen's Corporate Finance team as a financial controller. In 1999, he took on business responsibilities in Asia and then held the position of Director of Strategic Projects within the Electrical Power segment. He is now VP Industrial Performance and EHS for this segment.

Main activities exercised outside the Company

N/A

Current directorships:

N/A

Directorships that have expired in the past five years:

N/A

**Bpifrance Investissement
Represented by Carolle Foissaud**

Born 09/02/1966
French nationality
Term ends: 2027
Shares held
by Carolle Foissaud: 1,100
Business address:
Teréga,
40, avenue de l'Europe
64000 Pau, France

Member of Mersen's Board of Directors – Member of the Governance, Appointments and Remuneration CommitteeBiography – Professional experience

Carolle Foissaud has spent the bulk of her career with the Areva Group, primarily in operational positions within the Fuel and Reactors units and in management positions as Chair and Chief Executive Officer of STMI and its subsidiaries in the field of Cleanup and as Chair and Chief Executive Officer of TechnicAtome, which specializes in naval propulsion reactors and research reactors. She was also a member of the Areva Group's Executive Management Board. She then held the position of Chief Executive Officer of the Energy & Industry segment at Bouygues Energies & Services (2,500 employees) from September 2017 to June 2021, after which she was Managing Director of EQUANS Specialties business until 2023, a €2 billion division with 8,600 employees in France and abroad. Today, she is Deputy Chief Executive Officer of Teréga in charge of the group's executive coordination.

Main activities exercised outside the Company

Deputy Chief Executive Officer of Teréga in charge of the group's executive coordination

Current directorships:Directorships in listed companies other than Mersen:

Director of GTT

Directorships in non-listed companies:

Chair of the Orientation Committee of ENSTA

Independent director of KEOLIS

Member of the Supervisory Board of Grand Port Maritime de Bordeaux

Directorships that have expired in the past five years:

N/A

Emmanuelle Picard

Born 10/08/1974
French nationality
Term ends: 2027
Shares held: 800
Business address:
9, rue des Halles
75001 Paris, France
Independent member

Member of Mersen's Board of Directors, member of the Audit and Accounts Committee, responsible for coordinating discussions on strategic issuesBiography – Professional experience

Emmanuelle Picard has more than 20 years of industry experience with international responsibility, gained in strategy, marketing and executive management positions. In particular, she spent nearly 15 years with the Saint-Gobain group, where her positions included Managing Director of the Abrasive Wheel Reinforcement business and then of Saint-Gobain Adfors Industrial Fabrics Europe. She was also Managing Director, Performance Additives, for the EMEA region at Imerys and Executive Vice President, Building Materials, at the Ahlstrom group, a world leader in advanced fiber-based materials.

Main activities exercised outside the Company

N/A

Current directorships:Directorships in listed companies other than Mersen:

N/A

Directorships in non-listed companies:

Member of the Minafin Monitoring Committee (fine chemicals)

Directorships that have expired in the past five years:

Member of advisory boards of Bpifrance mid-cap accelerator programs (Boccard, Neys Group, ECM Technologies, Treuil Group, Civitec)

ADMINISTRATIVE AND MANAGEMENT BODIES

Luc Themelin

Born 02/23/1961
 French nationality
 Term ends: 2025
 Shares held: 63,252
 Business address:
 Tour Trinity
 1 bis, place de la Défense
 92400 Courbevoie, France

Chief Executive Officer and member of the Board of Directors of MersenBiography – Professional experience

Luc Themelin holds a Ph.D. in ceramic materials science. He began his career at Alliages Frittés Metafram, a subsidiary of the Pechiney Group, in 1988. He joined the Mersen group in 1993 as a Research and Development engineer. He was appointed Director of the Braking Division in 1998 and Director of the High Temperatures Division in 2004. He joined the Executive Committee in 2005, while continuing to manage the Braking Division and overseeing the High Temperatures Division. On July 1, 2008, Luc Themelin was appointed as Supervisor of the Electrical Applications division and a member of the Management Board in May 2009. Luc Themelin was appointed Chairman of the Management Board on August 24, 2011. His term of office as Chairman was renewed on May 16, 2013 for a period of four years. He was then appointed Chief Executive Officer on May 11, 2016. His term of office as Chief Executive Officer will expire at the Board meeting following the 2027 Ordinary General Meeting (see section 1.2.1 of this Corporate Governance Report).

Main activities exercised outside the Company

N/A

Current directorships:

Directorships in listed companies other than Mersen:

N/A

Directorships in non-listed companies:

Chairman and/or director of several subsidiaries that are controlled by the Company within the meaning of Article L.233-6 of the French Commercial Code

Directorships that have expired in the past five years:

Director of ITEN until February 2024

Denis Thiery

Born 06/28/1955
 French nationality
 Term ends: 2027
 Shares held: 1,032
 Business address:
 26, rue de St Germain
 78112 Fourqueux, France
Independent member

Member of Mersen's Board of Directors – Chairman of the Audit and Accounts Committee and member of the Governance, Appointments and Remuneration CommitteeBiography – Professional experience

Denis Thiery worked at Wang France between 1984 and 1991, where he held various posts, including Chief Financial Officer from 1989. From 1991 through 1997, he served as Chief Financial Officer and then Chief Executive Officer of Moorings, a world leader in pleasure boat charters based in the United States. He then joined the Neopost group as Group Chief Financial Officer in 1998 where he served as Group Chief Executive Officer from 2007 through 2018 and Chairman of the Board of Directors from January 2010 until July 2019.

Main activities exercised outside the Company

N/A

Current directorships:

N/A

Directorships that have expired in the past five years:

Chairman of Neopost/Quadiant (2019)

Jocelyne Vassoille

Born 06/29/1965
 French nationality
 Term ends: 2028
 Shares held: 800
 Business address:
 1973, boulevard de La Défense
 92000 Nanterre, France
Independent member

Member of Mersen's Board of Directors – Chair of the Governance, Appointments and Remuneration CommitteeBiography – Professional experience

Jocelyne Vassoille began her career in aeronautics and HR consulting before joining the Danone group, where she held HR positions both in and outside France. She then joined LVMH as Director of Human Resources in charge of Group Talent and Acquisition, as well as the Selective Distribution, Perfumes and Cosmetics divisions, before being appointed Director of Human Resources at Parfums Christian Dior. She was then appointed Director of Human Resources, CSR and Communications at Vivarte. She was Director of Human Resources of L'Oréal's Research & Innovation division before being appointed Vice-President, Human Resources and a member of the Executive Committee of the Vinci group.

Main activities exercised outside the Company

Vice-President, Human Resources and member of the Executive Committee of the Vinci group

Current directorships:Directorships in listed companies other than Mersen:

Member of the Supervisory Board of the Laurent-Perrier group

Directorships in non-listed companies:

Chair of Vinci Management SA

Director of La Fabrique de la Cité

Chief Executive Officer of Vie SAS

Directorships that have expired in the past five years:

N/A

To the Company's knowledge, at the date of this Universal Registration Document, there were no benefits granted under any service agreements between corporate officers and the issuer or any of its subsidiaries.

Other members of the Board of Directors in 2024

- Michel Crochon was a member of the Board of Directors and responsible for coordinating discussions on strategic issues until the Annual General Meeting of May 16, 2024:

Michel Crochon

Born 10/14/1951
 French nationality
Independent member

Member of Mersen's Board of Directors – Responsible for leading discussions on strategic issues – Member of the Audit and Accounts CommitteeBiography – Professional experience

Michel Crochon has spent his entire career at Schneider Electric, where he accumulated years of experience in many different roles. In addition to managing departments and production plants, he has also worked in sales and marketing, held cross-functional roles and managed large units. He was a member of the Executive Committee for 12 consecutive years. During that time, he was Head of the Customers and Markets Division, and later Head of the Industry Business and the Energy and Infrastructure Business, before becoming Head of the Group's Corporate Strategy and Technology. Michel Crochon has experience in working abroad and facing cross-cultural challenges, having traveled and managed teams in a variety of countries. He spent three years in China and another three in Hong Kong.

Main activities exercised outside the Company

N/A

Directorships at May 16, 2024:Directorships in listed companies other than Mersen:

N/A

Directorships in non-listed companies:

Director of Sphérea,

Director of Opéra Energie

Directorships that have expired in the past five years:

N/A

ADMINISTRATIVE AND MANAGEMENT BODIES

- Magali Joëssel was a representative of Bpifrance Investissement, a member of the Governance, Appointments and Remuneration Committee and was in charge of CSR issues until January 5, 2024:



Born 10/24/1973
French nationality

Biography – Professional experience

Magali Joëssel began her career with the Inspectorate General of Finance at the French Ministry of Economic and Financial Affairs, before being named General Interest Investment Manager at Caisse des Dépôts et Consignations, where she was responsible for the deployment of investments and the development of new offers in the fields of renewable energy and energy efficiency. She joined Bpifrance when it was created in mid-2013 as Strategy Manager. Since 2015, Magali Joëssel has been heading an investment division dedicated to the development of new industrial activities in territories that work directly or indirectly in favor of the energy transition.

Investment projects are subject to a multi-criteria environmental analysis and a socio-economic analysis.

Main activities exercised outside the Company

Since September 2014, Magali Joëssel has been in charge of the Industrial Project Companies (SPI) fund, which invests in the development of innovative industrial activities and projects.

Directorships at January 5, 2024:

Directorships in listed companies other than Mersen:

Metabolic Explorer

Other directorships:

Director of Yposkesi, Aledlia and Iten; non-voting director of Expliseat

Directorships that have expired in the past five years:

Director of Naval Energies and RATP

1.1.8.5. Upcoming changes in the composition of the Board of Directors in 2025

Two directorships are due to expire at the Combined General Meeting of May 16, 2025:

- Olivier Legrain. As his successor has not yet been identified, his re-election for an additional one-year term will be subject to approval by the Combined General Meeting of May 16, 2025 and to approval of the two amendments to the Articles of Association set out in section 1.1.8.1;
- Luc Themelin, Chief Executive Officer. His re-election for an additional four-year term will be subject to approval by the Combined General Meeting of May 16, 2025.

1.1.8.6. Independence of Directors

To verify whether or not each member is independent, after being informed of the recommendations of the Governance, Appointments and Remuneration Committee, the Board reviews all the criteria recommended by the AFEP-MEDEF Code and set out in the Board's Internal Rules, which state that an independent member may not:

- be an employee or executive corporate officer of the Company or the Group, an employee, executive corporate officer or director of a company that the Company consolidates, of the parent company of the Company or of a company consolidated by that parent company for the previous five years;
- be an executive corporate officer of another company in which the Company holds, directly or indirectly, a directorship, or in which an employee appointed as such or an executive corporate officer of the Company (currently in office or having been in office within the past five years) is a director;

- be (or be directly or indirectly linked to) a customer, supplier, commercial banker, financial banker or adviser that is material to the Company or its Group, or for which the Company or its Group accounts for a significant part of its business;
- have close family ties to a corporate officer of the Company or its Group;
- be, or have been in the past five years, a statutory auditor for the Group's financial statements or for the financial statements of a Group company;
- have been a corporate officer of the Company for more than 12 years.

A non-executive corporate officer may not be regarded as independent if they receive variable compensation in cash or in shares or any other compensation related to the performance of the Company or the Group.

Directors representing major shareholders of the Company or its parent company may be considered independent if those shareholders do not control the Company within the meaning of Article L.233-3 of the French Commercial Code. However, where the shareholder owns more than 10% of the capital or voting rights, the Board will systematically review the director's independence based on a report by the Governance, Appointments and Remuneration Committee, taking into account the Company's ownership structure and any potential conflict of interest.

A member who meets all the above criteria may nevertheless be deemed not independent by the Board of Directors due to their individual circumstances or the Company's circumstances regarding its shareholders or for any other reason. Conversely, the Board may consider that a member who does not meet all of the above criteria is nevertheless independent. The Board must be able to justify such cases based on the Company's specific circumstances and the individual circumstances of the Board member in question.

ADMINISTRATIVE AND MANAGEMENT BODIES

Based on the recommendations of the Governance, Appointments and Remuneration Committee, the Board of Directors reviewed the situation of each director in light of the independence criteria. It ruled that the representatives of Bpifrance could not be regarded

as independent due to the level of Bpifrance's holding in the Company's capital. The director representing employees and the Chief Executive Officer cannot be regarded as independent either.

	Non-independent directors				Independent directors			
	Bpifrance Participations, represented by E. Blot	Bpifrance Investissement, represented by C. Foissaud	P. Creusy*	L. Themelin	O. Legrain	E. Picard	D. Thiery	J. Vassolle
Employee or executive corporate officer of the Company in the past five years	X	X	O	O	X	X	X	X
Cross-directorships	X	X	X	X	X	X	X	X
Significant business relationships	X	X	X	X	X	X	X	X
Close family ties to a senior manager	X	X	X	X	X	X	X	X
Statutory Auditor of the Company in the past five years	X	X	X	X	X	X	X	X
Director of the Company for more than 12 years	X	X	X	X	X	X	X	X
Variable or performance-related compensation for non-executive corporate officers	X	X	X	N/A	X	X	X	X
Major shareholder	O	O	X	X	X	X	X	X

X = no; O = yes

* Employee representative.

None of the independent directors have a business relationship with the Company.

At the date of this Universal Registration Document, the proportion of independent directors was 57%. In accordance with the recommendations of the AFEP-MEDEF Code, the director representing employees is not included in the calculation of this percentage. The proportion of independent directors is higher than that recommended by the AFEP-MEDEF Code, according to which independent directors should account for half the members of the Board in widely-held corporations without controlling shareholders.

1.1.8.7. No convictions or conflicts of interest, and other disclosures concerning members of the Board of Directors and Executive Management

To the Company's knowledge, at the date of this Universal Registration Document, the following was true of the members of the Board of Directors and Executive Management:

- there are no family ties between them;
- none of them has been convicted of fraud for at least the past five years;
- none of them has been involved in bankruptcy, receivership or liquidation proceedings or the placing of companies under administration as a result of having served as a member of an administrative, management or supervisory body for at least the past five years;
- no official complaint and/or public sanction has been issued by a statutory or regulatory authority (including designated professional bodies) against any of them for at least five years;

- no members have been prevented by a court from acting as a member of an administrative, management or supervisory body or from participating in a company's management or business operations for at least the past five years;
- no conflicts of interest have been identified between their private interests and/or other duties with respect to the Company;
- there are no arrangements or agreements between the main shareholders and customers, suppliers or other parties under which any one of them has been appointed as a member of the Board of Directors;
- there is no restriction to which one of them agreed concerning the sale of their interest in the Company's share capital, within a given timeframe, provided that:
 - each member of the Board of Directors (with the exception of the director representing employees) holds at least 800 shares of the Company, fully paid up and held in registered form,
 - stock options or free shares granted to the Chief Executive Officer are subject to minimum holding periods (see section 2.3).

As regards the prevention and management of conflicts of interest, Article 5 of the Internal Rules states that the directors "shall inform the Board of Directors of any actual or potential conflict of interest to which they may be exposed in particular when they are directly or indirectly involved in a regulated agreement submitted to the Board of Directors for authorization or assessment. Where this is the case, they shall abstain from taking part in any deliberations and any decisions relating to the matters concerned." No conflict of interest or potential conflict of interest was brought to the attention of the Board of Directors in 2024.

ADMINISTRATIVE AND MANAGEMENT BODIES

1.1.8.8. Compliance with the rules on multiple directorships

According to the Board of Directors' Internal Rules, the members of the Board of Directors undertake to devote the necessary time and attention to their duties. In this respect, in accordance with the recommendations of the AFEP-MEDEF Code, a director should not hold more than four other directorships in listed companies, including foreign corporations, outside the Group. In addition, the French Commercial Code provides that no natural person may simultaneously hold more than five directorships in French joint stock corporations (sociétés anonymes) having their registered office in France. On the basis of the information provided by the directors, all the directors comply with the rules on multiple directorships.

1.1.9. Work of the Board of Directors and its Committees in 2024**1.1.9.1. Work of the Board**

The Board of Directors met nine times, including two extraordinary meetings not scheduled in the initial timetable, with an average attendance rate of 98%. In addition, as every year, an informal meeting was held without any executive corporate officers being present. As this meeting was informal, no minutes were drawn up.

During these meetings, the Board reviewed and/or made decisions concerning the following issues:

- Group strategy and development
 - approval of strategic plans, business plan and budget;
 - discussions about strategic topics, in particular M&A projects, progress made in the electric vehicle market, developments on the SiC market, particularly in China, investments at the Columbia (Tennessee, United States) plant, and the graphite production strategy;
 - approval of the revised medium-term roadmap to 2029.
- CSR policy
 - On the recommendation of the Audit and Accounts Committee, proposal to the Annual General Meeting to appoint Grant Thornton as sustainable auditors;
 - CSR governance and update on the implementation of the sustainability report;
 - HR roadmap and challenges of the growth plan to 2027.
- Group results
 - regular reviews of the Group's business;
 - approval of interim and annual financial statements, management forecasts and draft press releases on results and guidance.
- Governance
 - review of directors' independence;
 - re-election of Luc Themelin as Chief Executive Officer;
 - succession planning;
- approval of amendments to the Board's Internal Rules;
- assessment of routine agreements entered into on arm's length terms;
- update on the assessment of the Board;
- update on the Board's composition.
- Compensation
 - approval of the Chief Executive Officer's compensation (including setting targets for the current year and validating achievement levels for the previous year);
 - approval of the compensation policy for the Chairman and members of the Board of Directors;
 - approval of long-term incentive (LTI) plans.
- Preparation of the Annual General Meeting
 - approval of resolutions to be put to the Annual General Meeting.
- Other
 - setting of the annual amount for the authorization of guarantees and deposits issued by Mersen;
 - analysis of the minutes of Board Committee meetings;
 - authorization of financing (€100 million Schuldschein German private placement; approximately USD 200 million US private placement).

1.1.9.2. Work performed by the Board of Directors' Committees

In its Internal Rules, the Board of Directors has defined the roles, responsibilities, and resources of its two Committees: the Audit and Accounts Committee and the Governance, Appointments and Remuneration Committee. As far as possible and depending on the applicable circumstances, all Board decisions that fall within the remit of a Committee must not be taken without prior discussion with the relevant Committee and may be made only after that Committee has issued its recommendations and proposals.

When performing its duties, each of the Committees may:

- receive from the Company any documents that it deems useful for carrying out its duties;
- hold meetings with the Chief Executive Officer (if the Chairman does not also hold the position of Chief Executive Officer) and any Deputy Chief Executive Officer(s), as well as with any other person it may consider it useful to meet with;
- request that any third parties of its choosing (specialists, advisers or statutory auditors) attend Committee meetings;
- commission, at the Company's expense and subject to the budgets approved by the Board of Directors, any internal or external specialist studies or research that may help the Board in its discussions.

The consultation of the Committees as described above may not serve to delegate the powers conferred upon the Board of Directors by law or in the Articles of Association or have the effect of reducing or restricting the Chief Executive Officer's powers. Each Committee meeting is reported to the next Board of Directors.

Audit and Accounts Committee

The Internal Rules of the Board of Directors state that the Audit and Accounts Committee must comprise at least three and at most six members. In accordance with the recommendations of the AFEP-MEDEF Code, it also stipulates that (i) at least two-thirds of the members of the Committee must be independent; (ii) no executive corporate officer may be a member; (iii) members are selected on account of their accounting or statutory audit expertise; and (iv) the appointment or reappointment of the Chair of the Audit and Accounts Committee, as proposed by the Governance, Appointments and Remuneration Committee, must be subject to a specific review by the Board.

At the date of this Universal Registration Document, the composition of the Audit and Accounts Committee was as follows:

- Chairman: Denis Thiery;
- Members: Bpifrance Participations (represented by Emmanuel Blot) and Emmanuelle Picard.

Given their training and professional experience (see section 1.1.8.4), the Committee members satisfy the aforementioned criteria. In addition, two-thirds of the members are independent and the executive corporate officer, Luc Themelin, is not a member of the Committee.

The Audit and Accounts Committee meets at least three times per year and whenever it deems necessary, and prior to meetings of the Board of Directors for which the agenda includes a review of an issue related to its area of expertise. The Committee meets approximately one week before the Board of Directors to review the annual financial statements. The Group's Chief Financial Officer is responsible for making the presentations. He reports at least once a year on the Group's risk exposure, including social and environmental risk. The Director of Risk and Compliance and the Director of Internal Audit attend these meetings at least once a year, as do the Director of Management Control and the Director of Treasury and Financing.

In 2024, the remit of the Audit and Accounts Committee was expanded to include sustainability information, in line with new regulations resulting from the transposition of the CSRD.

The role of the Audit and Accounts Committee is now to:

- monitor the financial and sustainability reporting process and, where applicable, make recommendations to ensure its integrity;
- monitor the effectiveness of internal control, risk management and, where applicable, internal audit systems, regarding procedures for preparing and processing financial accounting and sustainability information;

- review the financial statements and sustainability information and ensure the appropriateness and ongoing consistency of the accounting methods used to prepare the Company's consolidated and parent company financial statements, and review the statutory audit of the parent company and consolidated financial statements by the Statutory Auditors and the certification of sustainability information by the Statutory Auditor(s) and/or, where applicable, the independent third party(ies) (hereinafter referred to as the "Sustainability Auditor(s)");
- ensure compliance with the conditions for the independence of the Statutory Auditors and the Sustainability Auditor(s);
- make a recommendation on the Statutory Auditors and the Sustainability Auditor(s) nominated for appointment at the Annual General Meeting in accordance with Article L.821-67 of the French Commercial Code. The Committee's recommendations and preferences are brought to the attention of the Annual General Meeting asked to vote on the appointment of the Statutory Auditors and the Sustainability Auditor(s);
- approve the provision of non-audit and sustainability reporting services, provided they are permitted by the regulations. The Committee's decision is based on an analysis of the risks to the independence of the Statutory Auditors and the Sustainability Auditor(s) involved in the certification of the financial statements and the sustainability information, and the safeguards applied by the Committee.

The Committee met six times in 2024, with an attendance rate of 100%.

During these meetings, the Committee reviewed and/or made decisions concerning the following issues:

- review and validation of the Group's annual and interim results;
- review of the Universal Registration Document;
- changes to accounting standards;
- review of compliance work, notably in relation to France's "Sapin II" law and the GDPR;
- review of the progress of the Buzit plan (upgrade of the Group's IT systems);
- review of risk mapping;
- approval of new German private placement financing (Schuldschein) for €100 million;
- authorization of new US private placement (USPP) financing for USD 100 million + €90 million;
- review of cybersecurity risks and the Group's cybersecurity policy;
- review of environmental risks;
- review of the aggregate investments at the Columbia plant (United States);

ADMINISTRATIVE AND MANAGEMENT BODIES

- review of internal control and audits in 2024, and review and approval of the 2025 audit program;
- review of the independence of the Statutory Auditors and of the Sustainability Auditor(s); review of Statutory Auditors' fees for non-audit services; review of the charter applicable to non-audit services;
- review of routine agreements between Mersen and its non-wholly owned subsidiaries;
- discussions on increasing the auditors' fees in view of inflationary pressures;
- Recommendation concerning the appointment of the Sustainability Auditor (Grant Thornton) for the remainder of the term of office (financial year 2027);
- proposed governance of CSRD matters at Group level;
- update on CSRD-related work, including approval of the double materiality matrix and a progress report on audit work with the Sustainability Auditor in attendance;
- other matters, such as pensions, taxation and cash flow.

The Committee also met twice with the Statutory Auditors without management being present.

Governance, Appointments and Remuneration Committee

The Internal Rules of the Board of Directors state that the Governance, Appointments and Remuneration Committee must comprise at least three and at most six members, with a majority of independent members and meet at least twice a year and, no matter the circumstances, prior to the Board of Directors' meetings for which the agenda includes the review of an issue related to its area of expertise. In accordance with the recommendations of the AFEP-MEDEF Code, it also provides that the Committee (i) is chaired by an independent director; (ii) comprises a majority of independent members and a director representing employees; and (iii) does not include any executive corporate officer among its members.

At the date of this Universal Registration Document, the composition of the Governance, Appointments and Remuneration Committee was as follows:

- Chair: Jocelyne Vassoille
- Members: Olivier Legrain, Pierre Creusy, Denis Thiery and Bpifrance Investissement (represented by Carolle Foissaud).

The composition of the Governance, Appointments and Remuneration Committee complies with the Internal Rules and the recommendations of the AFEP-MEDEF Code, since a majority of the Committee's members are independent (three out of four) as the director representing employees is not taken into account in the calculation of the percentage of independent directors in line with Articles 18.1 and 19.1 of the AFEPMEDEF Code.

The role of the Governance, Appointments and Remuneration Committee is as follows:

■ Governance and appointments

- make proposals on the appointment, removal and re-appointment of the Chief Executive Officer, Chairman of the Board, Committee members and Presidents and any Deputy Chief Executive Officer(s);
- give an opinion on proposed candidates for the above offices in terms of expertise, availability, suitability and complementarity with other members of the Board, taking into account the Board's diversity policy;
- conduct the selection process for new independent directors, following the procedure described in the table above, and propose any changes to that procedure;
- prepare a succession plan for the executive corporate officers and make sure a succession plan is in place for members of the Executive Committee;
- be informed in advance about Executive Management's proposals to appoint or remove members of the Executive Committee;
- determine which Board members can be regarded as independent;
- review and assess the Company's corporate governance practices and, in particular, review and inform the Board about changes in the corporate governance rules to which the Company refers;
- review the draft corporate governance report prepared by Executive Management;
- periodically review the structure, composition, procedures and practices of the Board of Directors and make recommendations on potential changes;
- prepare the assessment of the Board of Directors provided for in its Internal Rules and make recommendations to the Board of Directors on its procedures and practices based on the outcome of the assessment;
- examine the proposals made by General Management with a view to determining the objectives for gender diversity within the management bodies.

ADMINISTRATIVE AND MANAGEMENT BODIES

■ Compensation

- propose the compensation of the Chairman and, where applicable, the Vice-Chairman of the Board of Directors and put forward to the Board of Directors recommended changes to the aggregate amount of compensation to be paid to the Board members and/or the allocation of such compensation, in order for the Board to then submit the proposed changes for shareholder approval at the Annual General Meeting;
- make recommendations to the Board about (i) the annual and multi-annual compensation of the Chief Executive Officer and any Deputy Chief Executive Officer(s); (ii) the rules for determining their variable compensation; and (iii) other items of compensation such as supplementary pension plans and benefits in kind;
- make recommendations on the compensation and benefits envisaged in the event of the removal from office or the termination of the term of office of the Chairman of the Board of Directors, the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officers;
- be informed of the termination benefits proposed by the Chief Executive Officer upon the termination of the employment contract of a member of the Executive Committee, and give an opinion thereon to the Chairman of the Board of Directors;
- give advice on the policy for allocating stock options, performance shares or any other type of securities implemented by the Board of Directors for all categories of beneficiary and more particularly for the Chief Executive Officer and the members of the Company's Executive Committee, and make recommendations on the frequency and terms of allocation;
- be informed in advance about conditions and changes in the compensation of Executive Committee members.

In 2024, the Governance, Appointments and Remuneration Committee met four times during the year, with an attendance rate of 100%.

During these meetings, the Committee reviewed and/or made decisions concerning the following issues:

■ Compensation

- 2023 results and 2024 proposals for the fixed and variable compensation (annual and multi-year variable) of the Chief Executive Officer;
- proposal relating to the 2024 bonus share plans and consideration of changes to certain points relating to 2025 bonus share plans.

■ Governance and appointments

- assessment of the Board of Directors' practices and procedures;
- review of directors' expertise;
- review of the attendance rate at Board and Committee meetings;
- review of the information published in the Universal Registration Document, in particular ex-post and ex-ante votes and pay ratios;
- preparation of the Annual General Meeting: review of governance information;
- assessment of the implementation of the policy to increase the proportion of women in senior management positions;
- assessment of the directors' independence;
- review of the Internal Rules of the Board of Directors;
- succession planning for the Chairman of the Board of Directors;
- succession planning for the Chief Executive Officer. As it does each year, the Committee reviewed the succession plan drawn up by Executive Management and the Human Resources Department. An external specialized firm prepares a report on the support they provided to members of the Executive Committee team. The Committee also approved the specialized firm that will assist the Group in identifying the external talent pool.

The table below summarizes each Board member's attendance at Board and Committee meetings in 2024.

Members of the Board	Attendance at Board meetings	Attendance at Audit and Accounts Committee meetings	Attendance at Governance, Appointments and Remuneration Committee meetings
Jocelyne Vassoille	90%	N/A	100%
Bpifrance Participations represented by Emmanuel Blot	100%	100%	N/A
Bpifrance Investissement, represented by Carolle Foissaud	100%	N/A	100%
Pierre Creusy	100%	N/A	100%
Michel Crochon*	100%	100%	N/A
Olivier Legrain	100%	N/A	100%
Emmanuelle Picard	100%	100%	N/A
Denis Thiery	100%	100%	100%
Luc Themelin	100%	N/A	N/A
Average	98%	100%	100%

* Until the AGM of May 16, 2024.

1.2. Executive Management

1.2.1. Chief Executive Officer

The Company is administered by a Chief Executive Officer, who performs their duties under the oversight of the Board of Directors. The Chief Executive Officer is eligible for reappointment. They may not be more than 65 years of age. When they reach the age limit, they are deemed to have resigned at the end of the Ordinary General Meeting called to vote on the financial statements for the year in which the age limit is reached. The Chief Executive Officer may be removed by the Board of Directors.

The Chief Executive Officer has the broadest powers to act in all circumstances in the name of the Company, within the limits of the corporate purpose and subject to the powers granted by law to the Board of Directors and to shareholders' meetings and subject to the limitations on powers described in section 1.1.2.

In dealings with third parties, the Company is bound even by acts of the Chief Executive Officer not falling within the corporate purpose, unless it can prove that the third party knew that the act fell outside the scope of the corporate purpose or that it could not fail to know this in view of the circumstances, with mere publication of the Articles of Association not counting as evidence thereof.

The Chief Executive Officer represents the Company in its dealings with third parties. Upon the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more individuals – who need not be Board members – to assist the Chief Executive Officer. Those individuals then have the title of Deputy Chief Executive Officer.

Luc Themelin was appointed Chief Executive Officer on May 11, 2016. His four-year term of office was to expire on the date of the Board of Directors meeting held immediately after the Annual General Meeting called to vote on the financial statements for the

year ended December 31, 2023. On March 12, 2024, the Board of Directors decided to renew Luc Themelin's term of office for an additional three years. His term of office as Chief Executive Officer will therefore expire in 2027, at the Board meeting following the Annual General Meeting called to approve the financial statements for the year ending December 31, 2026.

For a detailed presentation, see section 1.1.8.4 of this chapter.

The AFEP-MEDEF Code recommends that executive corporate officers not hold more than two other directorships in listed companies, including foreign companies, outside their group. Luc Themelin has no other directorship in another French or foreign listed company.

No Deputy Chief Executive Officer was appointed by the Board of Directors in 2024.

1.2.2. Executive Committee

An Executive Committee was established by the Management Board on October 14, 2011 and maintained following the change in governance on May 11, 2016. It is responsible for managing the Mersen group's operational affairs and meets every month to review the Group's financial and non-financial performance and decide on action plans in various areas (including human resources, IT, procurement, legal affairs and development) in line with its strategic priorities. The Executive Committee ensures that the Group's organization runs smoothly. To this end, it is closely involved in forecasting the human resources required for the continued development of its business activities. It defines the Group's CSR roadmap and ensures that it is applied at all levels of the Company.

The Executive Committee has ten members.

At the date of this Universal Registration Document, the members of the Executive Committee were as follows:

Name	Position	Date of joining the Group
Thomas Baumgartner	Chief Financial Officer	1999
Gilles Boisseau	Executive Vice President, <i>Electrical Power</i>	2015
Christophe Bommier	Group Vice President, Technology, Research, Innovation and Business Support	1989
Thomas Farkas	Group Vice President, Strategy & Development	2006
Jean-Philippe Fournier	Group Vice President, Operational Excellence	2013
Eric Guajioty	Executive Vice President, <i>Advanced Materials</i>	2016
Sylvie Guiganti	Group Chief Information Officer	2017
Delphine Jacquemont	General Counsel	2020
Estelle Legrand	Group Vice President, Human Resources	2009
Luc Themelin	Chief Executive Officer	1993

2. COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

2.1. Compensation policy for corporate officers

This compensation policy for corporate officers was drawn up by the Board of Directors in accordance with Article L.22-10-8 of the French Commercial Code (*Code de commerce*). It is subject to approval by the Combined General Meeting of May 16, 2025.

At its meetings of March 11 and March 27, 2025, the Board of Directors decided not to make any changes to the compensation policy for corporate officers. It therefore remains unchanged from the policy approved by the Combined General Meeting of May 16, 2024, subject to updated performance criteria for the annual variable compensation of the Chief Executive Officer and a review of the criteria for long-term variable compensation.

2.1.1. General principles for determining the compensation policy for corporate officers

The compensation policy for corporate officers is determined by the Board of Directors on the recommendation of the Governance, Appointments and Remuneration Committee, taking into account the principles set out in the AFEP-MEDEF Code, which are as follows:

- **comprehensiveness:** the compensation determined through this process must be comprehensive. All the components of the compensation must be taken into account when determining the overall compensation level;
- **balance between the compensation components:** each component of the compensation must be clearly substantiated and correspond to the general interest of the company;
- **comparability:** the compensation must be assessed within the context of a business sector and the reference market. If the market is taken as a reference, it must not be the only one since the compensation of a corporate officer depends on the responsibilities assumed, the results achieved and the work performed. It may also depend on the nature of the tasks entrusted to the corporate officer or the specific situations;
- **consistency:** a corporate officer's compensation must be determined in a manner consistent with that of the other officers and employees of the company;
- **understandability of the rules:** the rules should be simple, stable and transparent. The performance criteria used must correspond to the company's objectives, and be demanding, explicit, and, to the greatest extent possible, long-lasting;
- **proportionality:** the determination of the compensation components must be well balanced and simultaneously take account of the company's general interest, market practices, the performance of the senior managers, and the other stakeholders in the company.

The Board of Directors ensures that the compensation policy is in line with market practices for comparable companies, is adapted to the company's strategy and context, and is intended to promote its medium- and long-term performance and competitiveness.

2.1.2. Compensation policy for the Chairman of the Board of Directors

The compensation policy for the Chairman of the Board of Directors remains unchanged from the policy approved by the Combined General Meeting of May 16, 2024 (ninth resolution) by a 99.84% majority.

The compensation of the Chairman of the Board of Directors comprises fixed annual compensation for his duties as Chairman, for a gross amount of €120,000, as well as compensation for his duties as a director, the payment of which is mostly conditional on attendance (see section 2.1.3).

The Chairman of the Board does not receive any cash-based or share-based variable compensation or any compensation related to the performance of either the Company or the Group.

2.1.3. Compensation policy for directors

The compensation policy for directors remains unchanged from the policy approved by the Combined General Meeting of May 16, 2024 (eleventh resolution) by a 99.48% majority.

It takes into account a maximum amount of €330,000 to be allocated to the Board of Directors for the 2025 financial year and is determined as follows:

- rules for allocating compensation in accordance with the recommendations of the AFEP-MEDEF Code in this area, with a predominant portion contingent on attendance. The annual compensation paid to each director comprises a fixed portion of €13,000. On top of this basic amount, directors receive additional compensation as follows:

Chair of the Audit and Accounts Committee	€11,000
Chair of the Governance, Appointments and Remuneration Committee	€9,000
Director responsible for strategic issues	€6,000
Director responsible for CSR issues	€6,000

- each director also receives a variable portion of compensation based on their actual attendance at Board and Committee meetings, corresponding to €2,000 per meeting.

If the aggregate amount of compensation calculated by applying the above rules is higher than the compensation package of €330,000 (i.e., if more meetings are held than usual), then the compensation of each director will be reduced proportionately.

2.1.4. Compensation policy for the Chief Executive Officer and/or for any other executive corporate officer

The current compensation policy for the Chief Executive Officer remains unchanged from the policy approved by the Combined General Meeting of May 16, 2024 (tenth resolution) by a 96.66% majority, with the exception of (i) a change in the respective weightings of the financial criteria (recurring EBITDA and recurring operating margin) for annual variable remuneration, and (ii) a change in the rule governing the retention of the benefit of long-term share-based remuneration plans in certain cases where the Chief Executive Officer leaves before the plans expire. This modification, approved by the Board of Directors on March 27, 2025 on the recommendation of the CGNR, is in line with the recommendations of the AFEP-MEDEF Code.

2.1.4.1. Principles

The Board of Directors is responsible for setting and adjusting the compensation of the Chief Executive Officer based on recommendations made by the Governance, Appointments and Remuneration Committee. When carrying out its analyses and drawing up proposals for the Board, the Committee pays particular attention to respecting the recommendations in the AFEP-MEDEF Code. The Chief Executive Officer is not present during discussions on these matters.

The compensation policy for the Chief Executive Officer is in line with the Group's objective of growing its business responsibly and sustainably in order to ensure its longevity and profitable growth and futureproof the resources it needs for its expansion. The Board set this policy taking into account the Group's strategy as described in chapter 1 of this Universal Registration Document.

All of the components of the Chief Executive Officer's compensation and benefits are analyzed exhaustively every year on a component-by-component basis followed by an overall consistency review in order to achieve the best balance between fixed and variable, individual and collective, and short- and long-term compensation.

Benchmarking surveys are regularly carried out with the help of specialist consultants to position the Chief Executive Officer's compensation in relation to a panel of comparable companies, in light of Mersen's specific characteristics. The criteria used for selecting the panel members are based on business sector, sales, headcount, nationality and listing on a financial market. The companies of the panel are also all companies with a production activity and generate at least 30% of their sales outside France.

The Board of Directors has decided that the Chief Executive Officer's fixed compensation may only be revised at relatively long intervals, in accordance with the recommendations of the AFEP-MEDEF Code. However, it may be revised on an exceptional basis if there is a major change in his duties and responsibilities or if there is a significant gap between his compensation and the market benchmark. Any changes made to his fixed compensation as a result of these specific cases would be publicly disclosed along with the reasons for the changes.

Additionally, the Board of Directors reserves the right to exercise its discretionary power when setting the Chief Executive Officer's compensation, in compliance with the principles of the compensation policy approved in accordance with

Article L.22-10-8 of the French Commercial Code, if specific circumstances arise that represent reasonable grounds for exceptionally adjusting (either upwards or downwards) one or more of the criteria underlying his compensation components in order to ensure that the application of those criteria (as defined below) reflects the individual performance of the Chief Executive Officer and the performance of the Group as a whole. Any such adjustments would be made to the Chief Executive Officer's annual variable compensation by the Board of Directors, acting on the recommendation of the Governance, Appointments and Remuneration Committee, after the Board has duly justified its decision and provided the shareholders with a clear and precise explanation of its choice, it being specified that the adjusted amounts may not exceed the maximum amount originally approved for the Chief Executive Officer's annual variable compensation provided for in this policy.

If there is a major change in circumstances affecting how the Group's financial data is calculated (particularly a change in accounting standards), the Board may set the components of the Chief Executive Officer's compensation package excluding any such exceptional external factors.

2.1.4.2. Overall structure of the compensation package

The compensation of the Chief Executive Officer comprises fixed compensation, annual variable compensation, multi-year share-based compensation subject to performance conditions, and benefits. In accordance with the law, the payment of annual variable compensation awarded for a given year is contingent on the approval by the Ordinary General Meeting of the components of compensation paid or awarded to the Chief Executive Officer for that year (individual ex-post vote).

A severance payment upon the termination of his term of office, based on length of service and performance conditions, may also be agreed subject to the legal provisions and recommendations of the AFEP-MEDEF Code.

Fixed compensation

Fixed compensation may only be reviewed on a multi-annual basis.

The Chief Executive Officer's gross annual fixed compensation for 2025 amounts to €500,000, unchanged from 2024.

Annual variable compensation

The Chief Executive Officer's annual variable compensation is contingent on performance conditions aligned with the Group's strategy. There is no minimum guaranteed amount.

The Board defines the specific financial criteria and individual criteria for setting the annual variable compensation.

The financial criteria represent 70% of the total. Under the principle of removing caps, these criteria can represent up to 120% of fixed compensation if objectives are exceeded (see table below).

They are based on the main financial indicators used by the Board to assess the Group's financial performance, in particular those reported in the Universal Registration Document, such as operating margin before non-recurring items, EBITDA before non-recurring items (in value) and net cash generated by operating activities (operating cash flow), as defined in the statement of cash flows.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

If there is a major change in circumstances affecting how the Group's financial data is calculated (particularly a change in accounting standards), the Board may set the components of the Chief Executive Officer's compensation package excluding any such exceptional external factors.

The individual criteria are defined by the Board of Directors in line with the Group's strategy. They are reviewed independently. At least one criterion must be based on a CSR objective.

At its meeting of March 11, 2025, the Board of Directors set the following criteria for 2025 (weighting of each criterion is indicated in brackets):

- **Safety (25%)**: the objective is based on three criteria, each with equal weighting:
 - the lost time injury rate (LTIR) must be less than or equal to 1.6 to reach 100% achievement (0% if more than or equal to 1.8),
 - the severity injury rate (SIR) must be less than or equal to 60 to reach 100% achievement (0% if more than 70),
 - the number of management safety visits (MSV) must be 0.98 per employee to reach 100% achievement.

- **Environment (25%)** (see chapter 4, ESRS 2 GOV-3): the objective is based on four criteria, each with equal weighting:

- the waste recycling rate must be greater than or equal to 75% to reach 100% achievement (0% if less than or equal to 72%),
- the Scope 3 greenhouse gas emissions targets must be validated for publication,
- Scope 1 and 2 GHG emissions intensity must be less than or equal to 85 tCO₂ per million euros of sales for 100% achievement (0 if greater than or equal to 87 tCO₂ per million euros of sales),
- water consumption intensity must be less than 624 cu.m per million euros of sales for 100% achievement (0 if greater than or equal to 645 cu.m per million euros of sales).

- **Succession planning (25%)**: the objective is to continue to roll out the succession plan for the Chief Executive Officer.

- **Business (25%)**: the objective is to successfully track and manage the Group's capital expenditure plan and to achieve the target return and costs for the p-SiC project.

The breakdown of targets and achievement rates are as follows:

Criterion	Target	Maximum
Operating margin before non-recurring items	20%	30%
EBITDA before non-recurring items (€m)	30%	60%
Operating cash flow	20%	30%
Non-financial criteria		30%
TOTAL (as a % of fixed compensation)	100%	150%
<i>of which weighting of financial criteria</i>	<i>70%</i>	<i>120%</i>

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

The limits (target and maximum) are defined by the Board of Directors in line with the budget objectives. Achievement beyond the target rewards financial outperformance. At its meeting on March 11, 2025, the Board of Directors decided to modify the weightings of the operating margin and EBITDA before non-recurring items targets to take account of the context and the time lag in the medium-term growth plan, leading to a significant increase in depreciation and amortization without the expected growth.

In addition, the Board of Directors reserves the right to exercise its discretionary power if specific circumstances arise as mentioned in the principles set out in section 2.1.4.1.

The payment of annual variable compensation awarded in respect of the previous year is contingent on the approval by the Ordinary General Meeting of the components of compensation and benefits in kind paid during the previous year or awarded for that year (individual ex-post vote).

Long-term share-based compensation

As part of an overall strategy to motivate and retain the Chief Executive Officer over the long term, the Chief Executive Officer may be awarded long-term share-based compensation contingent on meeting objectives related to the Group's medium- to long-term strategy.

Such compensation packages will take the form of free shares and/or stock options whose value (measured on an IFRS basis as at the date of the Board meeting that decides on the allocation) may not exceed 30% of the Chief Executive Officer's entire compensation for the previous calendar year (fixed, maximum annual variable and long-term share-based compensation measured based on the method used for the consolidated financial statements).

In addition, the Chief Executive Officer may not receive more than 10% of all stock options and free shares allocated each year, measured on an IFRS basis. These percentages are set by the Board of Directors based on market practices. Free shares and/or stock options are subject to the achievement of performance objectives over a minimum period of three years.

One of the criteria must be relative to the performance of other comparable companies (SBF 120 or other relevant, documented benchmarks).

Benefits in kind

The Chief Executive Officer may receive benefits in kind, mainly contributions paid to an external organization in respect of executive unemployment insurance, as well as use of a company car and the payment of an annual medical examination.

Incentive plans

The Chief Executive Officer is eligible for the staff incentive plans set up at company and/or Group level.

Exceptional compensation

No exceptional compensation may be paid.

Signing bonus

In order to facilitate the recruitment of an executive corporate officer from outside the Group, the Board of Directors may, on the recommendation of the Governance, Appointments and Remuneration Committee, grant a signing bonus. The amount of this bonus may not exceed the amount of the executive officer's compensation package in their previous job.

2.1.4.3. Compensation and benefits in the event of the termination of the Chief Executive Officer's term of office

Pension plan

Luc Themelin benefits from the "Mersen group defined benefit pension plan". The purpose of this plan, adopted in 1999, then amended in 2005, 2007 and 2013, is to enable Mersen to reward its Chief Executive Officer for his loyalty.

The rules state that:

- the beneficiary must effectively end their professional career with the member company at the age of 65 or from the age of 60;
- the beneficiary must first claim their state old-age pension;
- the beneficiary must have at least ten years of continuous service at the Mersen group;
- the beneficiary must have been a member of the Group's Executive Committee for at least three years during their career;
- the 2013 amendment confirms that the beneficiary will have to be classified at a rank equal to or higher than coefficient 880 of the classification of the collective bargaining agreement for the French chemicals industry.

Pension entitlements and the method for calculating the pension are based on the following rules:

- the reference base for the calculation of the pension is the end of career salary (ending salary – ES), made up of (i) the average annual gross salaries for the last three years of activity preceding retirement, and (ii) 50% of the maximum bonus;
- the calculation of the pension: R is the annual amount of the pension to which the beneficiary is entitled. It is based on service determined in accordance with the rules mentioned above, bearing in mind that the entitlements are full and final with 20 years of service:

Service	Calculation of the annual amount of the pension
10 years	10% x ES
15 years	15% x ES
20 years or more	20% x ES

To date, taking into account his service with the Péchiney Group, to which Mersen belonged, Luc Themelin has 36 years of service with the Mersen group, including 25 years as an employee. The potential future pension rights of Luc Themelin have therefore been capped for more than ten years and can no longer be increased.

Given his length of service with the Group, Luc Themelin shall receive a supplementary pension corresponding to 20% of the amount of his reference compensation.

This plan is an important tool in securing the loyalty of the Chief Executive Officer in that it entitles him to a pension at a similar rate to that of the rest of the company's employees. It does not represent an undue financial burden on the company. At December 31, 2024, the estimated amount of the annuity under the supplementary pension scheme paid to Luc Themelin was €175,000, before tax and social security contributions:

Data in euros	Ending salary	Annual pension
Basic salary (average of 3 years)	500,000	100,000
Maximum bonus (50% of 1.5 fixed)	375,000	75,000
Base	875,000	175,000

In December 2021, with the approval of the Board of Directors and after a favorable review by the Audit and Accounts Committee and the Governance, Appointments and Remuneration Committee, the Company paid an amount of €2.5 million (excluding taxes and charges) into the collective insurance fund intended to finance the Company's defined benefit pension obligations in respect of the Chief Executive Officer. The early payment of a portion of the pension obligations to the Chief Executive Officer enables the Company to spread over time the disbursements related to these obligations. In the event of the Chief Executive Officer's early retirement resulting in the loss of these entitlements, the funds (after taxes) would be returned to the Company.

Non-compete and non-solicitation clause

Should his term of office as Chief Executive Officer end, and in return for signing a non-compete and non-solicitation undertaking for one year from the date on which his duties cease, Luc Themelin will receive a monthly payment equivalent to 50% of the gross fixed monthly compensation that he received immediately prior to the termination of his term of office, paid over the period. The Company may decide to forgo this non-compete and non-solicitation clause and thus free itself from its obligation of making this monthly payment, by informing Luc Themelin of its decision within a notice period of two months of the termination of his term of office.

The non-compete undertaking referred to above will cover all of the Group's business activities and will be applicable in all of the countries in which Mersen is active (whether it has a physical presence there or whether it operates from a base in another country). At the Company's discretion, the non-compete and non-solicitation undertaking will be laid down and structured as a non-compete agreement, if necessary.

No payment will be made once the Chief Executive Officer has claimed his pension benefits. In any event, no payment will be made after he reaches the age of 65.

Severance payment

Should the Mersen group terminate, in any manner and for whatever reason (barring gross or willful misconduct, retirement, enforced retirement, resignation or change of function within the Group), Luc Themelin's term of office as Chief Executive Officer (notably by dismissal, non-renewal of the term of office for whatever reason or elimination of office following the conversion or merger of the Company, except for a change in corporate governance leading to his appointment as Chairman of the Management Board of a limited company with a Supervisory Board and a Management Board), a lump sum payment will be made to Luc Themelin, calculated as stated below in the applicable performance conditions (the "Severance Payment"), when his departure is forced. The Severance Payment will exclude the payment of any other indemnity of any kind, including damages, except for the non-compete and non-solicitation indemnity.

Should the responsibilities and/or compensation of Luc Themelin be modified substantially following a take-over of the Company, and if as a result, he decides to leave the Company, he would be entitled to the same Severance Payment.

The amount of the Severance Payment is calculated as follows:

$$I = 0.5 \times R \times C$$

where

- I is the amount of the Severance Payment;
- R is the gross total compensation (fixed compensation and annual variable compensation, excluding benefits in kind and incentives) paid to Luc Themelin for the 3 calendar years prior to termination, whether this compensation and benefits have been paid to him in respect of his duties as Chief Executive Officer or as an employee; and
- C is Luc Themelin's performance condition as measured in accordance with the criteria defined below.

Payment of the Severance Payment will be subject to the achievement of the performance condition under the following conditions:

- Performance rate (P):

P = the average percentage of Luc Themelin's annual variable compensation in the four calendar years preceding his departure (as Chief Executive Officer).

The percentage of annual variable compensation may vary from 0 to 112% of annual fixed compensation. The average performance rate P will be observed by the Board of Directors.

- Performance condition (C):

If $P \geq 100\%$, $C = 100\%$

If $P \geq 90\%$ and $< 100\%$, $C = 90\%$

If $P \geq 80\%$ and $< 90\%$, $C = 80\%$

If $P \geq 60\%$ and $< 80\%$, $C = 60\%$

If $P \geq 50\%$ and $< 60\%$, $C = 50\%$

If $P < 50\%$, no payment will be made.

The amount of any Severance Payment (I) that may be due upon termination of his term of office may not exceed 18 months of total gross compensation (fixed and annual variable). In addition to this Severance Payment, a non-compete indemnity may also be due and may not exceed six months of total gross compensation (fixed and annual variable), making a total of 24 months of total gross compensation (fixed and annual variable) for both payments.

Unemployment benefits

Luc Themelin is also eligible for basic corporate officers' unemployment benefits (*Garantie Sociale des Chefs d'Entreprises*, GSC) for up to 24 months. The annual cost of this benefit depends on the previous year's net taxable income of the party concerned and the length of the period over which the benefit is paid. The Company pays 40% of the contribution and Luc Themelin pays 60%. This arrangement includes a waiting period of 30 days of continuous unemployment.

Stock options – Performance shares

Should Luc Themelin's term of office as Chief Executive Officer be terminated in any manner and for any reason whatsoever (barring termination following the acquisition of control of the Company, retirement or enforced retirement), he will automatically lose his entitlement to all the stock options allocated to him prior to the end date of his term of office where the conditions of allocation (condition related to continued presence and performance conditions) have not been satisfied by the end date of his term of office. He will also automatically lose his entitlement to all the free shares allocated to him in accordance with the provisions of Articles L.225-197-1 to L.225-197-5, L.22-10-59 and L.22-10-60 of the French Commercial Code, prior to the end date of his term of office, where shares allocated have not vested by the end date of his term of office.

However, the Board of Directors reserves the right to decide, where appropriate, to maintain the benefit of the stock options and performance shares, reduced on a pro rata basis, and subject to achievement of the corresponding performance conditions. The Board is required to give reasons for its decision.

In the event that the responsibilities and/or remuneration of Mr. Luc Themelin should be substantially modified following a takeover of the Company, and where, as a result, he should decide to leave the Company, as well as in the event of dismissal following a takeover of the Company, retirement or being forced into retirement, the benefit of the share subscription options and free shares in question will be maintained, after reduction of their number pro rata temporis and subject to the fulfillment of the corresponding performance conditions. However, the Board reserves the right, by reasoned decision, not to proceed with all or part of the aforementioned reduction.

2.1.4.4. Changes in the organization of Executive Management

If the Board of Directors decides to appoint one or more Deputy Chief Executive Officers, the policy relating to the Chief Executive Officer's compensation package will also apply to the Deputy Chief Executive Officer(s), adapted as required. If the Board of Directors decides to combine the roles of Chairman and Chief Executive Officer, the policy relating to the Chief Executive Officer's compensation package will apply to the Chairman and Chief Executive Officer, adapted as required.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

2.1.5. Summary of commitments given to corporate officers

	Employment contract	Supplementary pension plan	Compensation and benefits payable or likely to be payable owing to termination or change of office	Non-compete indemnity
Olivier Legrain Chairman of the Board of Directors since May 18, 2017 (expiration 2025 AGM)	NO	NO	NO	NO
Luc Themelin Chief Executive Officer since May 11, 2016 (expiration post-2027 AGM Board meeting)	NO	YES ⁽¹⁾	YES ⁽²⁾	YES

(1) Luc Themelin is eligible for a supplementary pension plan pursuant to his employment contract, the terms of which are described in section 2.1.4.3.

(2) Compensation and benefits payable or likely to be payable owing to termination or change of office are described in section 2.1.4.3.

2.2. Compensation paid to directors and corporate officers in 2024

2.2.1. Directors' compensation for 2024

The compensation for directors for 2024 was awarded in accordance with the compensation policy described in 2023 URD and was paid in a single installment at the beginning of 2025. It should be noted that, in accordance with the Internal Rules of the Board of Directors, the director representing employees and the

Chief Executive Officer do not receive any compensation for their duties as directors. In addition, Emmanuel Blot, who since January 5, 2024 has been responsible for monitoring matters related to CSR, stated that he did not wish to receive any compensation in this capacity (see section 1.1.3 of this chapter).

(In euros – gross amounts)	Amounts granted for 2024		Paid in 2024	Amounts granted for 2023	
	Total	o/w fixed portion		granted for 2023	Paid in 2023
Isabelle Azemard	0	0	0	0	15,951
Bpifrance Participations (represented by Emmanuel Blot)	43,000	13,000	37,603	37,603	20,875
Bpifrance Investissement (represented by Carolle Foissaud)	41,000	13,000	39,274	39,274	40,604
Pierre Creusy (director representing employees)	NA	NA	NA	NA	NA
Michel Crochon	21,079	4,844	44,288	44,288	46,269
Carolle Foissaud	0	0	52,361	52,361	40,604
Olivier Legrain*	41,000	13,000	37,603	37,603	36,827
Emmanuelle Picard	46,764	13,000	13,519	13,519	0
Ulrike Steinhorst	0	0	23,530	23,530	45,325
Luc Themelin	NA	NA	NA	NA	NA
Denis Thiery	64,000	13,000	56,822	56,822	58,545
Jocelyne Vassoille	48,000	13,000	0	0	0
	304,843	82,844	305,000	305,000	305,000

* Excluding compensation for his duties as Chairman (see section 2.2.2 below).

The amounts indicated above include the compensation and benefits in kind received by the directors from the Company and from its controlled companies within the meaning of

Article L.233-16 of the French Commercial Code. In accordance with Article L.225-45 of the French Commercial Code, this only concerns compensation for their duties as directors.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

2.2.2. Compensation of the Chairman of the Board of Directors (Olivier Legrain) for 2024

The compensation of the Chairman of the Board of Directors for 2024 was granted in accordance with the compensation policy described in the 2023 URD.

(In euros – gross amounts)	2024	2023
Compensation granted in respect of the fiscal year (broken down below)	161,000	157,603
Value of long-term variable compensation granted during the fiscal year	N/A	N/A
Value of options granted during the fiscal year	N/A	N/A
Value of performance shares granted during the fiscal year	N/A	N/A
Value of other long-term incentive plans	N/A	N/A
TOTAL	161,000	157,603

(In euros – gross amounts)	2024		2023	
	Amounts granted for 2024	Amounts paid in 2024	Amounts granted for 2023	Amounts paid in 2023
Directors' compensation*	41,000	37,603	37,603	36,827
Chairman's fixed compensation	120,000	120,000	120,000	120,000
TOTAL	161,000	157,603	157,603	156,827

* The compensation granted in respect of a given fiscal year is paid in the subsequent year.

The amounts indicated above include the compensation and benefits in kind received by the Chairman of the Board of Directors from the Company and, where applicable, from its controlled companies within the meaning of Article L. 233-16 of the French Commercial Code.

2.2.3. Compensation of the Chief Executive Officer (Luc Themelin) for 2024

The compensation of the Chief Executive Officer for 2024 was granted in accordance with the compensation policy described in the 2023 URD.

Summary of the compensation and benefits, options and shares granted to the Chief Executive Officer

	2024	2023
Compensation granted in respect of the fiscal year (broken down below)	919,913	1,273,234
Value of long-term variable compensation granted during the fiscal year	N/A	N/A
Value of options granted during the fiscal year	N/A	N/A
Value of performance shares granted during the fiscal year	488,105	318,254
Value of other long-term incentive plans	N/A	N/A
TOTAL	1,408,018	1,591,488

(in euros)	2024		2023	
	Amounts granted for 2024	Amounts paid in 2024	Amounts granted for 2023	Amounts paid in 2023
Fixed compensation	500,000	500,000	500,000	500,000
Annual variable compensation	359,050	715,451	715,451	660,000
Long-term variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Incentives	23,184	22,240	21,996	20,223
Compensation for serving as a director	N/A	N/A	N/A	N/A
Benefits in kind*	37,679	37,679	35,787	35,787
TOTAL	919,913	1,275,370	1,273,234	1,216,010

* Benefits in kind primarily correspond to contributions for executive unemployment benefits.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

The amounts indicated above include the compensation and benefits in kind received by the Chief Executive Officer from the Company and, where applicable, from its controlled companies within the meaning of Article L.233-16 of the French Commercial Code. The Chief Executive Officer does not receive any compensation from these companies.

Annual fixed compensation

Luc Themelin's fixed compensation for 2024 was €500,000, gross.

Annual variable compensation

At its meeting of March 11, 2025, the Board of Directors carried out a performance assessment of Luc Themelin and set the overall performance at 71.8%, representing annual variable compensation granted of €359,050 for 2024, payable in 2025 contingent on the approval by the Combined General Meeting of May 16, 2025 of the compensation components paid to Luc Themelin in the previous year or granted in respect of that year (individual ex-post vote).

Financial objectives		Unit	Min.	Target	Max.	Actual
Group operating margin before non-recurring items	<i>Indicator value</i>	%	10.0	10.8	11.4	10.5
	% of fixed compensation	%	0%	30%	60%	16.1%
Group operating cash flow	<i>Indicator value</i>	€m	120.6	148.6	162.6	194.0
	% of fixed compensation	%	0%	20%	30%	30%
EBITDA before non-recurring items	<i>Indicator value</i>	€m	199	216	225	206
	% of fixed compensation	%	0%	20%	30%	7.7%
			0%	70%	120%	53.8%
Non-financial objectives						
Security			0%		7.5%	0%
Environment			0%		7.5%	3.9%
Succession plan			0%		4.5%	4.5%
Capital expenditure plan and p-SiC project			0%		6.0%	5.1%
External growth			0%		4.5%	4.5%
			0%		30%	18%
TOTAL AS A % OF FIXED COMPENSATION			0%	100%	150%	71.8%

Financial criteria:

The 2024 financial objectives were based on the Group's annual budget:

- **Operating margin before non-recurring items:** the maximum target was 11.4% of sales, higher than the 2023 target of 11.3%. The Board of Directors set an ambitious maximum target in the context of the Group's growth plan, which requires high levels of capital expenditure and therefore higher depreciation and amortization. The result achieved was 10.5%, or an achievement rate of 53.7%. During the year, the short- to medium-term outlook for the electric vehicle market – and therefore for SiC semiconductors – shifted, leading to lower volumes for the Group and therefore a lower margin than initially expected.
- **Operating cash flow:** the target was set at €148.6 million in 2024. The maximum target (€162.6 million) was set below the level for 2023 (€179 million), which had been a record year, in particular owing to advances received on SiC contracts. However, the targets and maximum targets are well above the levels for 2022 (€105.5 million) and 2021 (€116.8 million). Achievement was well above target, mainly due to the swift results from the initial inventory reduction plan at the end of the year, leading to an achievement rate of 150%.
- **EBITDA before non-recurring items:** the target for this objective was €216 million and the maximum was €225 million, representing a 10% increase compared with 2023. Based on EBITDA before non-recurring items of €206 million, achievement of this objective stands at 38.5%.

Non-financial criteria:

For 2024, the non-financial objectives were based on the following criteria:

- **Safety (25%): this criterion is based on three indicators:**
 - The lost time injury rate (LTIR) must be less than or equal to 1.4 to reach 100% achievement (0% if more than or equal to 1.6). For 2024, the rate was 2.1, i.e., 0% achievement. This rate is lower than that for 2023 (2.78), demonstrating the Group's efforts to limit the lost time injury rate.
 - The severity injury rate (SIR) must be less than or equal to 60 to reach 100% achievement (0% if more than or equal to 70). For 2024, the rate was 70, i.e., 0% achievement. This rate is close to that of 2023 (68).
 - The number of management safety visits (MSV) must be greater than 1.2 per employee. For 2024, the number of MSVs was 0.95 per employee, an improvement of 15% on 2023, but still not enough to meet the target set. The achievement rate is therefore 0%.

The Board of Directors is aware that the safety targets set for 2024 were very difficult to achieve, particularly in view of the deployment of the Group's growth plan. It considers that the 0% achievement rate does not call into question the robustness of the Group's safety policy or the prevention initiatives deployed.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

■ **Environment (25%):** this criterion is based on four indicators:

- The waste recycling rate must be greater than or equal to 75% to reach 100% achievement (0% if less than or equal to 70%). For 2024, the rate was 71.3%, i.e., 26% achievement.
- The target for Scope 3 greenhouse gas emissions was to have the methodology validated for publication. The methodology was validated and tested but not published. The target was therefore 80% achieved.
- The target for Scope 1 and 2 GHG emissions intensity was for the intensity to be less than or equal to 87 tCO₂ per million euros to reach 100% achievement, lower than the level in 2023 (0 if greater than or equal to 92 tCO₂ per million euros); the actual result was 77 tCO₂ per million euros, representing an achievement rate of 100%.
- The last target for the environmental objective was for the Group's water consumption intensity to be less than 645 cu.m per million euros of sales to reach 100% achievement, with a low of 653 cu.m per million euros of sales, lower than the intensity achieved in 2023. In 2024, the actual figure was 692 cu.m per million euros of sales, representing a 0% achievement rate. Benefits from the Group's ongoing review of its most water-intensive sites should filter through in 2025.

Taking these factors into account, the overall achievement rate for the safety objective was 52%, i.e., a 3.9% contribution to the nonfinancial objectives out of a maximum 7.5%.

■ **Succession plan (15%):** this plan is necessary to ensure an effective transition for certain roles in the Executive Committee over the medium term. The Board of Directors considers that the objective was 100% achieved, particularly with the appointment of Caroline Levy as successor to Christophe Bommier, Chief Technology Officer. Significant progress has been made on other succession plans. This represents a 4.5% contribution to total annual variable compensation.

■ **Business (20%):** in 2024, the objective was to track and manage the Group's capital expenditure plan, and specifically the p-SiC project. The objective was 85% achieved, i.e., 5.1% of total compensation, the Board judging that progress on the p-SiC project was significant but not wholly in line with initial expectations for the year.

■ **External growth (15%):** the objective was to complete the various acquisitions planned for 2024. With regard to acquisitions completed, namely GMI, KTK and Bar-Lo, the objective was 100% achieved, representing 4.5% of all objectives.

The Board of Directors considers that the **60% overall achievement rate for non-financial objectives** illustrates the complexity and ambitious nature of the targets set, particularly with regard to safety and the environment.

Long-term compensation

Under the 2024 plan, the Board of Directors allocated 17,321 free shares to the Chief Executive Officer, subject to the continued presence and performance conditions set out in section 2.3.4, representing 6.3% of the total number of shares allocated under the three plans authorized by the Combined General Meeting of May 16, 2024.

It should be noted that the Board of Directors' meeting of May 16, 2024 had initially decided to allocate 17,640 shares to the Chief Executive Officer, it being specified, however, that in accordance with the Chief Executive Officer's compensation policy, this number could be capped in the event that the value of these shares as calculated under IFRS standards exceeded 30% of his total compensation for 2023. On the basis of the IFRS valuation report submitted by an independent consultant in June 2024, the number of shares granted to Luc Themelin was reduced by 319 shares to remain within the above-mentioned limit.

Under the 2021 plan, Luc Themelin received 11,857 shares which vest in 2024. The extent to which performance conditions have been achieved is presented in section 2.3.1.

Incentives

In 2024, the Chief Executive Officer was a member of the incentive plan set up within the Company.

2.2.4. Summary of free shares granted to executive corporate officers and shares that became available during the year

Free shares granted during the year to each executive corporate officer

Beneficiary	No. and date of plan	Number of shares granted during the fiscal year	Value of shares		Vesting date	Availability date	Performance conditions
			according to the method used in the consolidated financial statements				
Luc Themelin	2024 plan	17,321	488,105		May 17, 2027	May 17, 2027	See section 2.3.4.

Free shares that became available during the year for each executive corporate officer

Beneficiary	No. and date of plan	Number of shares that become available during the fiscal year
Luc Themelin	2021 plan	11,857

As described in sections 2.1.2 and 2.2.2, the Chairman of the Board of Directors does not receive free shares.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

2.2.5. Pay ratio

In accordance with the provisions of Article L.22-10-9 of the French Commercial Code and the recommendations of the AFEP-MEDEF Code, the Company discloses a pay ratio showing the difference between the compensation of executive corporate officers (Chairman and Chief Executive Officer) and the average and median salary of all employees of the French entities (excluding executive corporate officers) of the Company and its controlled companies within the meaning of Article L.233-16 of the French Commercial Code having their registered office in France. The scope includes 1,066 employees (46 employees for the Group's head office). It corresponds to all the French companies that formed part of the Group at end-2024.

In accordance with the AFEP-MEDEF guidelines on compensation multiples, only employees "continuously present" during a given year are included, i.e., the figures exclude the effects of hires and departures during that year.

The components of compensation taken into account, described below, are the gross components before social security contributions paid during the year:

- basic salary, regular or special bonuses, overtime and any other components of gross salary paid in year Y;
- variable compensation paid in year Y;
- accounting valuation of the LTI allocated in year Y;
- incentives and profit-sharing paid in year Y;
- benefits in kind (contributions paid into the executive unemployment insurance scheme and use of a company car);
- directors' compensation (for the Chairman of the Board) for year Y.

This definition differs from the one presented in section 2.2.3.

PAY RATIO TABLE UNDER L. 6° AND 7° OF ARTICLE L.22-10-9 OF THE FRENCH COMMERCIAL CODE

Company performance		2024	2023	2022	2021	2020
Financial criteria – reported data						
Sales (€m)		1,244	1,211	1,115	923	847
Change (as a %)		+2.7%	+8.6%	+20.8%	+9.0%	-10.8%
Operating margin before non-recurring items (as a % of sales)		10.5%	11.3%	10.9%	10.0%	8.1%
ROCE* (as a %)		10.8%	13.0%	12.5%	10.8%	7.8%
Operating cash flow* (€m)		194	179	106	117	133
Change (as a %)		+8.4%	+69%	-9.4%	-12.0%	+8.1%
CEO's compensation (€m)		1,763,475**	1,534,264	1,449,986	1,025,077	781,763
Chairman's compensation (€m)		161,000	157,602	156,827	114,884	105,664
Change (as a %) in CEO's compensation		+15%	+6%	+41%	+31%	-31%
Change (as a %) in Chairman's compensation		+2%	+0%	+35%	+9%	-1%
Information on the scope of the Group's head office						
		2024	2023	2022	2021	2020
Headquarters – Average		235,493	228,726	212,147	161,220	127,681
Headquarters – Median		130,797	147,738	121,131	95,173	93,847
Change (as a %) in average employee compensation		+3%	+8%	+32%	+26%	-24%
Change (as a %) in median employee compensation		-11%	+22%	+27%	+1%	+17%
Chairman	Pay vs. average employee compensation	0.68	0.69	0.73	0.71	0.83
	Change (as a %) compared to previous year	-1%	-6%	+3%	-14%	+30%
CEO	Pay vs. median employee compensation	1.23	1.07	1.28	1.21	1.13
	Change (as a %) compared to previous year	+15%	-17%	+6%	+7%	-15%
Chairman	Pay vs. average employee compensation	7.49	6.72	6.83	6.36	6.12
	Change (as a %) compared to previous year	+11%	-2%	+7%	+4%	-10%
CEO	Pay vs. median employee compensation	13.48	10.4	11.97	10.77	8.33
	Change (as a %) compared to previous year	+30%	-13%	+11%	+29%	-41%
Information on extended scope (French site employees)						
		2024	2023	2022	2021	2020
France – Average		59,542	51,968	49,610	46,534	45,122
France – Median		40,093	41,598	39,025	35,567	32,769
Change (as a %) in average employee compensation		+15%	+5%	+7%	+3%	-11%
Change (as a %) in median employee compensation		-4%	+7%	+10%	+9%	-5%
Chairman	Pay vs. average employee compensation	2.70	3.03	3.12	2.47	2.34
	Change (as a %) compared to previous year	-11%	-3%	+26%	+6%	+11%
CEO	Pay vs. median employee compensation	4.02	3.79	3.97	3.23	3.22
	Change (as a %) compared to previous year	+6%	-5%	+23%	0%	+4%
Chairman	Pay vs. average employee compensation	29.62	29.52	29.23	22.03	17.33
	Change (as a %) compared to previous year	0%	+1%	+33%	+27%	-23%
CEO	Pay vs. median employee compensation	43.98	36.95	37.15	28.82	23.86
	Change (as a %) compared to previous year	+19%	-1%	+29%	+21%	-28%

* See glossary at the end of this document.

Annual changes are calculated on the basis of samples that change from one year to the next. While only those employees who were present throughout the year in question are used to calculate the ratio, the sample used in a given year is liable to change in subsequent years.

** The significant increase in the Chief Executive Officer's compensation for 2024 compared with 2023 is explained by (i) the significant variable portion paid in 2024 in respect of 2023 to

reflect the Group's particularly strong performance in that year and (ii) the value of the LTIs awarded in 2024 at a higher share price than that used for the valuation in 2023.

Information on trends in median employee compensation: this is lower in 2024 than in 2023 for both scopes due to the arrival of new junior employees during 2023 with lower-than-average salaries.

2.3. Free performance shares (executives programs)

The three free share plans for executives that have not yet reached the end of the vesting period are those awarded by the Board of Directors under the authorizations granted by the Annual General Meeting in 2022, 2023 and 2024. Shares vested for beneficiaries under the 2021 plan in 2024. The characteristics of each plan are detailed below and summarized in the table in section 2.3.5.

Specific rules applicable to free shares granted to the Chief Executive Officer

In accordance with the recommendations of the AFEP-MEDEF Code, free share grants to the Chief Executive Officer are subject to the following rules:

- No hedging: the Chief Executive Officer has formally undertaken not to engage in hedging. To the best of the Company's knowledge, no hedging instruments have been put in place.
- Holding requirements: the Board of Directors has decided that the Chief Executive Officer is required to retain 30% of the shares vested under each plan until he holds an amount of Company shares at least equivalent to one year's fixed salary (gross).

Terms and conditions common to the 2021, 2022, 2023 and 2024 executive free share plans

- The beneficiaries of these plans are the Chief Executive Officer and the other members of the Executive Committee, as well as a limited number of Vice-Presidents of the Group's business lines.
- The objective of these plans is to incentivize the senior executives by giving them a long-term stake in (i) the growth of the share price, (ii) an increase in the Group's profitability and (iii) an improvement in non-financial indicators, in line with the Group's CSR roadmap.
- Term of plans (vesting period): 3 years. Shares vest at the end of this period, subject to continued presence and performance conditions.
- In accordance with the compensation policy for the Chief Executive Officer (see section 2.1.4.3):
 - The number of free shares granted to the Chief Executive Officer under a given plan may not exceed 10% of the total number of free shares granted under all plans approved in the same year.

- The value of the shares granted to the Chief Executive Officer (measured on an IFRS basis as at the date of the Board meeting that decides on the allocation) may not exceed 30% of the Chief Executive Officer's entire compensation for the previous calendar year (fixed, maximum annual variable and long-term share-based compensation measured based on the method used for the consolidated financial statements).
- In certain cases of termination of his term of office, and subject to fulfillment of the performance conditions, Luc Themelin may be entitled to free shares on a pro rata basis.

2.3.1. 2021 executives plan

On May 20, 2021, upon authorization of the Annual General Meeting on that date (twenty-first resolution), the Board of Directors adopted a free share plan for the members of the Executive Committee, including the Chief Executive Officer and the Vice-Presidents of the Group's five business lines, i.e., a total of 14 people.

Number of free shares and portion allocated to the Chief Executive Officer

- Maximum number of shares that may be allocated: 84,000.
- Total number of shares allocated: 84,000.
- Total number of shares allocated to the Chief Executive Officer: 12,600, representing 6.5% of the total number of free shares allocated under the three plans authorized by the Annual General Meeting of May 20, 2021.

Performance conditions

On the recommendation of the Governance and Remuneration Committee, the Board of Directors selected five performance criteria, detailed below. Each criterion is independent.

■ Stock market criterion (33%)

Growth in the Mersen share price ("G") will be compared to that of the STOXX Europe 600 index (Industrial goods and services) or to the SBF 120 index if the STOXX Europe 600 index is no longer available ("the Index"). Growth in the share price will be compared over three years, starting from the first working day of the month of the 2021 Annual General Meeting, i.e., from May 2, 2021 to April 30, 2024.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

The percentage achievement will be calculated as follows:

	Achievement
G < index growth	0%
G = index growth	50%
G ≥ 10 percentage points above index growth	100%

The achievement rate between the lower and upper limits has been calculated on a straight-line basis.

■ Profitability criterion (34%)

Profitability has been measured based on operating income before non-recurring items per share and return on capital employed (ROCE – calculated as the ratio of operating income before non-recurring items to average weighted capital employed, excluding right-of-use assets). These two criteria have been measured over the average of 2021, 2022 and 2023. Each indicator counts independently for 17% (the outperformance or underperformance of one of the indicators will have no effect on the other financial criterion). The lower limit is equal to the Group's 2020 performance. The upper limit was disclosed on an *ex-post* basis (see results below).

Operating income before non-recurring items per share	Achievement
Operating income before non-recurring items per share < €3.30	0%
Operating income before non-recurring items per share = €3.30	30%
Operating income before non-recurring items per share ≥ €4.20	100%

ROCE	Achievement
ROCE < 7.8%	0%
ROCE = 7.8%	30%
ROCE ≥ 9.0%	100%

■ Three CSR criteria (33%), each with the same weighting (11%)

- Human capital development: Percentage of women engineers and managers in the Group in December 2023

The indicator has been measured based on employees on sites included in the Group's HRIS at December 31, 2020 (approximately 99% of Group employees). Acquisitions made after December 2020 have been excluded from the calculation of this criterion.

Percentage of women engineers and managers	Achievement
< 24%	0%
= 27%	70%
≥ 30%	100%

The achievement rate between the lower and upper limits has been calculated on a straight-line basis.

- Environmental footprint of our sites: Percentage of waste recycled in comparison with the total amount of waste generated by the Group's operations

This criterion was measured in 2023 based on the environmental reporting scope.

Percentage of waste recycled or recovered	Achievement
< 60% of waste recycled in comparison with the total amount of waste produced	0%
≥ 60% of waste recycled in comparison with the total amount of waste produced	30%
≥ 70% of waste recycled in comparison with the total amount of waste produced	100%

The achievement rate between the lower and upper limits has been calculated on a straight-line basis.

- Reduction in greenhouse gas emissions intensity of our production sites

This criterion was measured in 2023 based on the environmental reporting scope, which includes all the sites.

Reduction in CO ₂ emissions	Achievement
< 5% reduction in emissions intensity	0%
≥ 5% reduction in emissions intensity	30%
≥ 10% reduction in emissions intensity	100%

The achievement rate between the lower and upper limits has been calculated on a straight-line basis.

Results

Actual performance and achievement rates were as follows:

	Actual performance	Achievement rate
Stock market criterion	+9.9%	99%
Financial criteria		100%
Average operating income before non-recurring items per share	€5.29	100%
Average ROCE	12%	100%
CSR criteria		83%
% women engineers and managers	26.1%	49%
Waste recycling rate	70%	100%
Reduction in emissions intensity	-54%	100%

As a result, the overall achievement rate is 94.1%. A total of 79,041 free shares were allocated to 14 beneficiaries, including 11,857 to the Chief Executive Officer.

2.3.2. 2022 executives plan

On May 19, 2022, upon authorization of the Annual General Meeting on that date (thirty-first resolution), the Board of Directors adopted a free share plan for the members of the Executive Committee, including the Chief Executive Officer and the Vice-Presidents of the Group's five business lines, i.e., a total of 14 people.

Number of free shares and portion allocated to the Chief Executive Officer

- Maximum number of shares that may be allocated: 84,000.
- Total number of shares allocated: 84,000.
- Total number of shares allocated to the Chief Executive Officer: 12,600, representing 6.4% of the total number of shares allocated under the three plans authorized by the Annual General Meeting of May 19, 2022.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

In April 2023, Mersen carried out a capital increase. In order to neutralize the dilutive effect of this increase on the free shares initially granted in May 2022, the Board of Directors used the authorization given by the Company's shareholders in the thirty-first resolution of the Annual General Meeting of May 19, 2022 in order to increase the total number of shares granted by 5% (88,200 shares). The number of shares granted to the Chief Executive Officer therefore now totals 13,230.

Performance conditions

On the recommendation of the Governance and Remuneration Committee, the Board of Directors selected six performance criteria, detailed below. Each criterion is independent:

■ Stock market criterion (33%)

Growth in the Mersen share price ("G") will be compared to that of the STOXX Europe 600 index (Industrial goods and services) or to the SBF 120 index if the STOXX Europe 600 index is no longer available ("the Index"). Growth in the share price will be compared over three years, starting from the first working day of the month of the 2022 Annual General Meeting, i.e., from May 2, 2022 to April 30, 2025.

The percentage achievement will be calculated as follows:

	Achievement
G < index growth	0%
G = index growth	50%
G ≥ 7 percentage points above index growth	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

■ Profitability criterion (34%)

Profitability will be measured based on operating income before non-recurring items per share and return on capital employed (ROCE – calculated as the ratio of operating income before non-recurring items to average weighted capital employed, excluding right-of-use assets). These two criteria will be measured over the average of 2022, 2023 and 2024. Each indicator will count independently for 17% (the outperformance or underperformance of one of the indicators will have no effect on the other financial criterion).

Operating income before non-recurring items per share	Achievement
Operating income before non-recurring items per share < €4.45	0%
Operating income before non-recurring items per share = €4.45	30%
Operating income before non-recurring items per share ≥ €5.20	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

ROCE	Achievement
ROCE < 10.4%	0%
ROCE = 10.4%	30%
ROCE ≥ 11.2%	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

■ Four CSR criteria (33%), each with the same weighting (8.25%)

- Human capital development: Percentage of women engineers and managers in the Group in December 2024

The indicator will be measured based on employees on sites included in the Group's HRIS at December 31, 2021 (approximately 99% of Group employees). Acquisitions made after December 2021 will be excluded from the calculation of this criterion.

Percentage of women engineers and managers	Achievement
< 24.4%	0%
= 26%	80%
≥ 28%	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

- Environmental footprint of our sites: Percentage of waste recycled in comparison with the total amount of waste generated by the Group's operations

This criterion will be measured in 2024 based on the environmental reporting scope.

Percentage of waste recycled or recovered	Achievement
< 63% of waste recycled in comparison with the total amount of waste produced	0%
≥ 63% of waste recycled in comparison with the total amount of waste produced	30%
≥ 72.5% of waste recycled in comparison with the total amount of waste produced	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

- Reduction in greenhouse gas emissions intensity of our production sites

This criterion will be measured in 2024 based on the environmental reporting scope, which includes all the sites.

Reduction in CO ₂ emissions	Achievement
< 13% reduction in emissions intensity	0%
≥ 15% reduction in emissions intensity	80%
≥ 17% reduction in emissions intensity	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

- Reduction in water consumption at our production sites

This criterion will be measured in 2024 based on the 2021 environmental reporting scope, which includes all the sites.

Reduction in water consumption	Achievement
Water consumption > 672,000 cu.m	0%
Water consumption < 672,000 cu.m	30%
Water consumption ≤ 637,000 cu.m	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

Results

The performance achievement rates will not be known until 2025. (calculation of stock market criterion)

2.3.3. 2023 executives plan

On May 16, 2023, upon authorization of the Annual General Meeting on that date (nineteenth resolution), the Board of Directors approved a plan covering the members of the Executive Committee, including the Chief Executive Officer and the Vice-Presidents of the Group's five business lines, i.e., a total of 14 people.

Number of free shares and portion allocated to the Chief Executive Officer

- Maximum number of shares that may be allocated: 86,100.
- Total number of shares allocated: 86,100.
- Maximum number of shares allocated to the Chief Executive Officer: 12,600, representing 6.3% of the total number of shares granted under the three plans authorized by the Annual General Meeting of May 16, 2023.

Performance conditions

On the recommendation of the Governance and Remuneration Committee, the Board of Directors selected six performance criteria, detailed below. Each criterion is independent:

■ Stock market criterion (33%)

Growth in the Mersen share price (G) will be compared to that of the SBF 120 index. Growth in the share price will be compared over three years, starting from the first working day of the month of the 2023 Annual General Meeting, i.e., from May 2, 2023 to April 30, 2026.

The percentage achievement will be calculated as follows:

	Achievement
G < index growth	0%
G = index growth	50%
G ≥ 7 percentage points above index growth	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis and capped at 100%.

■ Profitability criterion (34%)

Profitability will be measured based on operating income before non-recurring items per share and return on capital employed (ROCE – calculated as the ratio of operating income before non-recurring items to average weighted capital employed, excluding right-of-use assets). These two criteria will be measured over the average of 2023, 2024 and 2025. Each indicator will count independently for 17% (the outperformance or underperformance of one of the indicators will have no effect on the other financial criterion).

Operating income before non-recurring items per share

	Achievement
Operating income before non-recurring items per share < €5.02	0%
Operating income before non-recurring items per share = €5.02	30%
Operating income before non-recurring items per share ≥ €xxx	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis. The upper limit will be disclosed ex-post.

The lower limit of operating income before non-recurring items per share (€5.02) was adjusted by the number of shares created during the May 2023 capital increase.

ROCE

	Achievement
ROCE < 10.0%	0%
ROCE = 10.0%	30%
ROCE ≥ xxx	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis. The upper limit will be disclosed ex-post.

■ Three CSR criteria (33%), each with the same weighting (11%)

- Human capital development: Percentage of women engineers and managers in the Group in December 2025

The indicator will be measured based on employees on sites included in the Group's HRIS at December 31, 2022 (100% of Group employees). Acquisitions made after December 2022 will be excluded from the calculation of this criterion.

Percentage of women engineers and managers	Achievement
< 25.3%	0%
= 27%	80%
≥ 28.3%	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

- Environmental footprint of our sites: Percentage of waste recycled in comparison with the total amount of waste generated by the Group's operations

This criterion will be measured in 2025 based on the environmental reporting scope.

Percentage of waste recycled or recovered	Achievement
< 70% of waste recycled in comparison with the total amount of waste produced	0%
= 70% of waste recycled in comparison with the total amount of waste produced	30%
≥ 75% of waste recycled in comparison with the total amount of waste produced	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

- Reduction in Scope 1 and 2 greenhouse gas emissions intensity of our production sites

This criterion will be measured in 2024 based on the environmental reporting scope, calculated on the basis of sales at constant exchange rates.

Scope 1 and 2 GHG emissions intensity	Achievement
> 157 tCO ₂ emitted per million euros of sales	0%
= 157 tCO ₂ emitted per million euros of sales	30%
= 130 tCO ₂ emitted per million euros of sales	50%
= 123 tCO ₂ emitted per million euros of sales	80%
≤ 120 tCO ₂ emitted per million euros of sales	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

Results

The performance achievement rates will not be known until 2026.

2.3.4. 2024 executives plan

On May 16, 2024, upon authorization of the Annual General Meeting on that date (twenty-eighth resolution), the Board of Directors adopted a plan for the members of the Executive Committee, including the Chief Executive Officer and the Vice-Presidents of the Group's four business lines, i.e., a total of 14 people.

Number of free shares and portion allocated to the Chief Executive Officer

- Maximum number of shares that may be allocated: 120,540.
- Total number of shares allocated: 120,221.
- Total number of shares allocated to the Chief Executive Officer: 17,321, representing 6.5% of the total number of shares allocated under the three plans authorized by the Annual General Meeting of May 16, 2024.

Performance conditions

On the recommendation of the Governance and Remuneration Committee, the Board of Directors selected seven performance criteria, detailed below. Each criterion is independent:

■ Stock market criterion (25%)

Growth in the Mersen share price ("G") will be compared to that of the SBF 120 index over three years, starting from the first working day of the month of the 2024 Annual General Meeting, i.e., from May 2, 2024 to April 30, 2027. To limit the impacts of volatility, the average closing price for the 20 trading days preceding May 2, 2024 will be used for the beginning of the period and the average closing price for the 20 trading days prior to April 30, 2027 will be used for the end of the period.

The lower limit (0%) corresponds to share price growth below that for the index. The upper limit (100%) corresponds to share price growth 5 percentage points or more higher than growth for the index. Achievement rates between the lower and upper limits will be calculated on a straight-line basis and capped at 100%.

Actual data will be disclosed ex-post.

■ Sales criterion (15%)

This criterion will be measured on the basis of the compound average growth rate (CAGR) of Group sales over the three years 2023 to 2026, including bolt-on acquisitions and disposals (in line with the Group's roadmap), calculated at constant USD and CNY exchange rates.

The upper limit is higher than the average growth expected between 2023 and 2027 (8.8%) in the Group's medium-term business plan announced in March 2023 (€1.7 billion in 2027). The lower limit (0% achievement) corresponds to an expected growth rate well above world GDP growth.

Actual data will be disclosed ex-post.

■ Criterion based on ROCE (15%)

This criterion will be measured based on the return on capital employed (ROCE). It will take into account average Group ROCE for 2024, 2025 and 2026, calculated using the same methodology used to calculate Group ROCE for 2023. The lower (0%) and upper (100%) limits were determined based on the business plan used to set the Group's 2027 targets, and will be disclosed ex-post.

■ Criterion based on EBITDA (15%)

This criterion will be measured based on EBITDA margin before non-recurring items and will take into account the Group's average EBITDA margin before non-recurring items for 2024, 2025 and 2026. The limits have been determined based on the Group's business plan and will be disclosed ex-post.

■ Three CSR criteria (30%) each with the same weighting (10%)

- Human capital development: Percentage of women engineers and managers in the Group in December 2026

The Group has set itself the objective of increasing the percentage of women engineers and managers in 2027 versus 2022 by 4 points.

In the proposed plan, the lower limit (0%) corresponds to the percentage of women engineers and managers at end-2023, i.e., 26.1%.

The upper limit (100%) is set at 28.5%, in line with the roadmap (4-point increase between 2022 and 2027, i.e., an average 0.75-point increase per year).

The indicator will be measured based on employees on sites included in the Group's HRIS at December 31, 2023. Acquisitions made after this date will be excluded from the calculation of this criterion.

Achievement rates between the lower and upper limits will be calculated on a straight-line basis and capped at 100%. The calculation method may be modified by the Board of Directors in the event of a change in definition, notably in connection with the application of the European Corporate Sustainability Reporting Directive (CSRD).

- Reduction of greenhouse gas emissions (Scopes 1 and 2) from our production sites, calculated in tonnes of CO₂ per million euros of sales (tCO₂/€m).

The Group set a target to reduce CO₂ emissions intensity (Scopes 1 and 2) by 35% by 2027 compared with 2022.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

In 2023, the Group reduced its emissions intensity to 90 tCO₂ per million euros of sales, compared with 121 tCO₂ per million euros of sales in 2022.

In the proposed plan, the lower limit (0%) is set at 100 tCO₂ per million euros of sales, i.e., a 17% improvement on the 2022 performance (121 tCO₂ per million euros of sales). The upper limit (100%) is set at 82 tCO₂ per million euros of sales, a 32% reduction on 2022, in line with the roadmap.

This criterion will be measured in 2026 based on the 2023 environmental reporting scope and on sales at constant exchange rates in order to cancel out the impacts of currency fluctuations on the ratio. The limits may be adjusted by the Board of Directors in the event of a change in the calculation method.

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

- Water consumption intensity

The Group set a target to reduce its water consumption intensity by 15% between 2022 and 2027. In 2022, the Group's water consumption intensity was 686 cu.m per million euros of sales.

In the proposed plan, the lower limit (0%) corresponds to the results obtained at end-2022. The upper limit (100%) is set at 603 cu.m per million euros of sales, i.e., a reduction of 12% compared with 2022, in line with the roadmap.

This criterion will be measured based on consumption in cubic meters per million euros of Group sales (cu.m/€m).

Achievement rates between the lower and upper limits will be calculated on a straight-line basis. This criterion will be measured in 2026 based on the 2023 like-for-like environmental reporting scope and on sales at constant exchange rates (2023-2026). In particular, consumption related to the p-SiC project will not be included as it was still being determined at the date of this document.

Results

The performance achievement rates will not be known until 2027.

2.3.5. Free shares for executives: previous allocations

	2021 plan	2022 plan	2023 plan	2024 plan	Total
Date of Board of Directors' meeting	May 20, 2021	May 19, 2022*	May 16, 2023	May 16, 2024	
Total number of shares allocated	84,000	88,200	86,100	120,540	378,840
Total number of shares allocated	84,000	88,200	86,100	120,221	378,521
<i>o/w corporate officers (Luc Themelin)</i>	12,600	12,600	12,600	17,321	55,121
<i>o/w top ten recipients</i>	67,200	69,195	69,300	96,701	302,396
Share price at allocation date	20.23	20.84	25.26	28.18	
Vesting date (end of vesting period)	May 20, 2024	May 19, 2025	May 16, 2026	May 16, 2027	
Date of availability (end of lock-up period)	May 21, 2024	May 20, 2025	May 17, 2026	May 17, 2027	
Allocation canceled at Dec. 31, 2024	4,959	0	0	0	4,959
<i>o/w canceled in 2024</i>	4,959	0	0	0	4,959
Number of shares fully vested and transferable	79,041	0	0	0	79,041
BALANCE AT DECEMBER 31, 2024	0	88,200	86,100	120,221	294,521

* In April 2023, Mersen carried out a capital increase. In order to neutralize the dilutive effect of this increase on the shares initially granted in May 2022, the Board used the authorization given in the thirty-first resolution of the Annual General Meeting of May 19, 2022 in order to increase the total number of shares granted by 5%.

2.4. Free shares (non-executives programs)

The free share plans for non-executives that have not yet reached the end of the vesting period are those awarded under the authorizations granted by the Annual General Meeting in 2022, 2023 and 2024. Shares allocated under the plans awarded in 2021 vested fully for their beneficiaries in 2024.

Terms and conditions common to the free share plans awarded to non-executives

- Each year, the Annual General Meeting authorizes two free share plans for non-executives, one of which is subject to performance conditions. These plans are reserved for certain employees identified as high-potential managers or managers with expertise in strategic sectors.
- The Board of Directors determines the identity and categories of the beneficiaries of the share allocation, as well as any allocation conditions.
- Neither the Chief Executive Officer nor any member of the Executive Committee was a beneficiary of this plan.
- The plans have a three-year vesting period.

2.4.1. 2021 plans

On May 20, 2021, upon authorization of the Annual General Meeting on that date (twentieth and twenty-second resolutions), the Board of Directors adopted two free share plans for Group managers other than those covered by the executive plan.

2.4.1.1. Performance-based plan

Number of shares and beneficiaries

- Maximum number of shares to be allocated: 100,800 shares, representing around 0.5% of the share capital at the date of the Annual General Meeting.
- Number of shares allocated: 100,800 shares.
- Number of beneficiaries: 194 Mersen Group managers.

Performance conditions

Free shares may only be allocated to the beneficiary at the end of the vesting period (May 20, 2024) if the beneficiary is still an employee of the Group and if the performance conditions defined below are met.

Therefore, the percentage of free shares allocated to each of the beneficiaries will be determined based on the two criteria below; each criterion is independent (any outperformance in relation to a criterion cannot offset the result of another criterion) and counts as part of the overall achievement, expressed as a percentage as set out below:

■ A financial criterion (67%)

- This criterion is made up of two independent sub-criteria with the same weighting:
 - Criterion 1a: average organic growth in sales over 2021/2022/2023
 - Criterion 1b: average of the EBITDA margin before non-recurring items between 2021 and 2023

- or (the most favorable criterion is used)
 - Criterion 2: growth in the EBITDA margin before non-recurring items between 2020 and the 2021-2023 average compared to the average growth in the EBITDA margin of a panel of companies determined when the plan is set up.

These criteria will be disclosed ex-post.

■ CSR objectives (33%) made up of three independent criteria with the same weighting (11% each)

- Human capital development: Percentage of women engineers and managers in the Group in December 2023

The indicator will be measured based on employees on sites included in the Group's HRIS at December 31, 2020 (approximately 99% of Group employees). Acquisitions made after December 2020 will be excluded from the calculation of this criterion.

Percentage of women engineers and managers	Achievement
< 24%	0%
= 27%	70%
≥ 30%	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

- Environmental footprint of our sites: Percentage of waste recycled in comparison with the total amount of waste generated by the Group's operations

This criterion will be measured in 2023 based on the environmental reporting scope.

Percentage of waste recycled or recovered	Achievement
< 60% of waste recycled in comparison with the total amount of waste produced	0%
≥ 60% of waste recycled in comparison with the total amount of waste produced	30%
≥ 70% of waste recycled in comparison with the total amount of waste produced	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

- Reduction in greenhouse gas emissions intensity of our production sites

This criterion will be measured in 2023 based on the environmental reporting scope.

Reduction in CO ₂ emissions	Achievement
< 5% reduction in emissions intensity	0%
≥ 5% reduction in emissions intensity	30%
≥ 10% reduction in emissions intensity	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

Results

The achievement rates for the applicable performance criteria are as follows:

	Actual performance	Achievement rate
Financial criteria		100%
<i>Average organic growth in sales over 2021/2022/2023</i>	12.4%	
<i>Average of the EBITDA margin before non-recurring items between 2021 and 2023</i>	16.5%	
CSR criteria		83%
<i>Women engineers and managers</i>	26.1%	49%
<i>Waste recycling rate</i>	70%	100%
<i>Reduction in emissions intensity</i>	-54%	100%

In view of these results, 94.4% of the shares were allocated on May 20, 2024, representing a total of 89,925 free shares allocated to 182 beneficiaries.

2.4.1.2. Plan without performance conditions**Number of shares and beneficiaries**

- Maximum number of shares to be allocated: 12,000 shares, representing less than 0.1% of the share capital at the date of the Annual General Meeting.
- Number of shares allocated: 11,350 shares.
- Number of beneficiaries: 40 Group employees.

Allocation conditions:

Free shares may only be allocated to the beneficiary at the end of the vesting period (May 20, 2024) if the beneficiary continues to be employed by the Group at that date.

On May 20, 2024, after verification of the continued presence condition, 9,650 vested free shares were allocated to 32 beneficiaries.

2.4.2. 2022 plans

On May 19, 2022, upon authorization of the Annual General Meeting on that date (thirtieth and thirty-second resolutions), the Board of Directors adopted two free share plans for Group managers other than those covered by the executives plan.

2.4.2.1. Performance-based plan**Number of shares and beneficiaries**

- Maximum number of shares to be allocated: 100,800 shares, representing around 0.5% of the share capital at the date of the Annual General Meeting.
- Number of shares allocated: 98,600 shares.
- Number of beneficiaries: 202 Mersen Group managers.

In April 2023, Mersen carried out a capital increase. In order to neutralize the dilutive effect of this increase on the shares initially granted in May 2022, the Board of Directors used the authorization given in the thirty-first resolution of the Annual General Meeting of May 19, 2022 in order to increase the total number of shares granted by 5%, raising the maximum number of shares that may vest to 105,840.

Allocation conditions

Free shares may only be allocated to the beneficiary at the end of the vesting period (May 19, 2025) if the beneficiary is still an employee of the Group and if the performance conditions defined below are met.

Performance conditions:

The percentage of free shares allocated to each of the beneficiaries will be determined based on the two criteria below; each criterion is independent (any outperformance in relation to a criterion cannot offset the result of another criterion) and counts as part of the overall achievement, expressed as a percentage as set out below:

■ **A financial criterion (67%)**

- This criterion is made up of two independent sub-criteria with the same weighting:

- Criterion 1a: average organic growth in sales over 2022/2023/2024
- Criterion 1b: average of the EBITDA margin before non-recurring items between 2022 and 2024

- or (the most favorable criterion is used)

- Criterion 2: growth in the EBITDA margin before non-recurring items between 2021 and the 2022-2024 average compared to the average growth in the EBITDA margin of a panel of companies determined when the plan is set up.

These criteria will be disclosed ex-post.

■ **CSR objectives (33%) made up of four independent criteria with the same weighting (8.25% each)**

- Human capital development: Percentage of women engineers and managers in the Group in December 2024

The indicator will be measured based on employees on sites included in the Group's HRIS at December 31, 2021 (approximately 99% of Group employees). Acquisitions made after December 2021 will be excluded from the calculation of this criterion.

Percentage of women engineers and managers	Achievement
< 24.4%	0%
= 28%	80%
≥ 28%	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

- Environmental footprint of our sites: Percentage of waste recycled in comparison with the total amount of waste generated by the Group's operations

This criterion will be measured in 2024 based on the environmental reporting scope.

Percentage of waste recycled or recovered	Achievement
< 63% of waste recycled in comparison with the total amount of waste produced	0%
≥ 63% of waste recycled in comparison with the total amount of waste produced	30%
≥ 72.5% of waste recycled in comparison with the total amount of waste produced	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

- Reduction in greenhouse gas emissions intensity of our production sites

This criterion will be measured in 2024 based on the environmental reporting scope.

Reduction in CO ₂ emissions intensity	Achievement
< 13% reduction in emissions intensity	0%
≥ 15% reduction in emissions intensity	80%
≥ 17% reduction in emissions intensity	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

- Reduction in water consumption at our production sites

This criterion will be measured in 2024 based on the 2021 environmental reporting scope, which includes all the sites.

Reduction in water consumption	Achievement
> 672,000 cu.m	0%
< 672,000 cu.m	30%
≤ 637,000 cu.m	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

2.4.2.2. Plan without performance conditions

Number of shares and beneficiaries

- Maximum number of shares to be allocated: 12,000 shares, representing less than 0.1% of the share capital at the date of the Annual General Meeting.
- Number of shares allocated: 12,000 shares.
- Number of beneficiaries: 46 Group employees.

In April 2023, Mersen carried out a capital increase. In order to neutralize the dilutive effect of this increase on the shares initially granted in May 2022, the Board used the authorization given in the thirty-first resolution of the Annual General Meeting of May 19, 2022 in order to increase the total number of shares granted by 5%.

This corresponds to 12,600 shares allocated.

Allocation conditions:

Free shares may only be allocated to the beneficiary at the end of the vesting period (May 19, 2025) if the beneficiary continues to be employed by the Group at that date.

2.4.3. 2023 plans

On May 16, 2023, upon authorization of the Annual General Meeting on that date (eighteenth and twentieth resolutions), the Board of Directors adopted two free share plans for Group managers other than those covered by the executives plan.

2.4.3.1. Performance-based plan

Number of shares and beneficiaries

- Maximum number of shares to be allocated: 100,800 shares, representing around 0.4% of the share capital at the date of the Annual General Meeting.
- Number of shares allocated: 99,800 shares.
- Number of beneficiaries: 196 Mersen Group managers.

Allocation conditions

Free shares may only be allocated to the beneficiary at the end of the vesting period (May 19, 2025) if the beneficiary is still an employee of the Group and if the performance conditions defined below are met.

Performance conditions

The percentage of free shares allocated to each of the beneficiaries will be determined based on the two criteria below; each criterion is independent (any outperformance in relation to a criterion cannot offset the result of another criterion) and counts as part of the overall achievement, expressed as a percentage as set out below:

- **A financial criterion (67%)**
- This criterion is made up of two independent sub-criteria with the same weighting:
 - Criterion 1a: average organic growth in sales over 2023/2024/2025
 - Criterion 1b: average of the EBITDA margin before non-recurring items between 2023 and 2025
- or (the most favorable criterion is used)
 - Criterion 2: growth in the EBITDA margin before non-recurring items between 2022 and the 2023-2025 average compared to the average growth in the EBITDA margin of a panel of companies determined when the plan is set up.

These criteria will be disclosed ex-post.

■ CSR objectives (33%) made up of three independent criteria with the same weighting (11% each)

- Human capital development: Percentage of women engineers and managers in the Group

The indicator will exclude acquisitions made after December 2022.

Percentage of women engineers and managers	Achievement
< 25.3%	0%
= 27%	80%
≥ 28.3%	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

- Environmental footprint of our sites: Percentage of waste recycled in comparison with the total amount of waste generated by the Group's operations

This criterion will be measured in 2025 based on the environmental reporting scope.

Percentage of waste recycled or recovered	Achievement
< 70% of waste recycled in comparison with the total amount of waste produced	0%
= 70% of waste recycled in comparison with the total amount of waste produced	30%
≥ 75% of waste recycled in comparison with the total amount of waste produced	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

- Reduction in greenhouse gas emissions intensity of our production sites

This criterion will be measured in 2025 based on the environmental reporting scope, calculated on the basis of sales at constant exchange rates.

Scope 1 and 2 GHG emissions intensity	Achievement
> 157 tCO ₂ emitted per million euros of sales	0%
= 157 tCO ₂ emitted per million euros of sales	30%
= 130 tCO ₂ emitted per million euros of sales	50%
= 123 tCO ₂ emitted per million euros of sales	80%
≤ 120 tCO ₂ emitted per million euros of sales	100%

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

2.4.3.2. Plan without performance conditions

Number of shares and beneficiaries

- Maximum number of shares to be allocated: 12,000 shares, representing less than 0.1% of the share capital at the date of the Annual General Meeting.
- Number of shares allocated: 10,650 shares.
- Number of beneficiaries: 40 Group employees.

Allocation conditions

Free shares may only be allocated to the beneficiary at the end of the vesting period (May 19, 2025) if the beneficiary continues to be employed by the Group at that date.

2.4.4. 2024 plans for non-executives

On May 16, 2024, upon authorization of the Annual General Meeting on that date (twenty-seventh and twenty-ninth resolutions), the Board of Directors adopted two free share plans for Group managers other than those covered by the executives plan.

2.4.4.1. Performance-based plan

Number of shares and beneficiaries

- Maximum number of shares to be allocated: 128,340 shares, representing around 0.5% of the share capital at the date of the Annual General Meeting.
- Number of shares allocated: 122,250 shares.
- Number of beneficiaries: 217 Mersen Group managers.

Allocation conditions

Free shares may only be allocated to the beneficiary at the end of the vesting period (May 16, 2027) if the beneficiary is still an employee of the Group and if the performance conditions defined below are met.

Performance conditions

- **Share price performance (10%)**

Growth in the Mersen share price will be compared to that of the SBF 120 index over three years, starting from the first working day of the month of the 2024 Annual General Meeting, i.e., from May 2, 2024 to April 30, 2027. To limit the impacts of volatility, the average closing price for the 20 trading days preceding May 2, 2024 will be used for the beginning of the period and the average closing price for the 20 trading days prior to April 30, 2027 will be used for the end of the period.

The lower limit (0%) corresponds to share price growth below that for the index. The upper limit (100%) corresponds to share price growth 5 percentage points or more higher than growth for the index. Achievement rates between the lower and upper limits will be calculated on a straight-line basis and capped at 100%.

Actual data will be disclosed ex-post.

- **Average sales growth (22.5%)**

This criterion will be measured on the basis of the compound average growth rate (CAGR) of Group sales over the three years 2023 to 2026, including bolt-on acquisitions and disposals (in line with the Group's roadmap), calculated at constant USD and CNY exchange rates.

The upper limit is higher than the average growth expected between 2023 and 2027 (8.8%) under the Group's medium-term business plan (€1.7 billion in 2027). The lower limit (0% achievement) corresponds to an expected growth rate well above world GDP growth.

Actual data will be disclosed ex-post.

- **ROCE (15%)**

This criterion will be measured based on the return on capital employed (ROCE). It will take into account average Group ROCE for 2024, 2025 and 2026, calculated using the same methodology used to calculate Group ROCE for 2023. The lower (0%) and upper (100%) limits were determined based on the business plan used to set the Group's 2027 targets, and will be disclosed ex-post.

- **EBITDA (22.5%)**

This criterion will be measured based on EBITDA margin before non-recurring items and will take into account the Group's average EBITDA margin before non-recurring items for 2024, 2025 and 2026. The limits have been determined based on the Group's business plan, and will be disclosed ex-post.

- **Three independent CSR criteria (30%)**

A. Human capital development: Percentage of women engineers and managers in the Group in December 2026

The Group set itself the objective of increasing the percentage of women engineers and managers in 2027 versus 2022 by 4 points.

In the proposed plan, the lower limit (0%) corresponds to the percentage of women engineers and managers at end-2023, i.e., 26.1%.

The upper limit (100%) is set at 28.5%, in line with the roadmap (4-point increase between 2022 and 2027, i.e., an average 0.75-point increase per year).

The indicator will be measured based on employees on sites included in the Group's HRIS at December 31, 2023. Acquisitions made after this date will be excluded from the calculation of this criterion.

Achievement rates between the lower and upper limits will be calculated on a straight-line basis and capped at 100%. The calculation method may be modified by the Board of Directors in the event of a change in definition, notably in connection with the application of the European Corporate Sustainability Reporting Directive (CSRD).

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

B. Reduction of greenhouse gas emissions (Scopes 1 and 2) from our production sites, calculated in tonnes of CO₂ per million euros of sales (tCO₂/€m)

The Group set a target to reduce CO₂ emissions intensity (Scopes 1 and 2) by 35% by 2027 compared with 2022.

In 2023, the Group reduced its emissions intensity to 90 tCO₂ per million euros of sales, compared with 121 tCO₂ per million euros of sales in 2022.

In the proposed plan, the lower limit (0%) is set at 100 tCO₂ per million euros of sales, i.e., a 17% improvement on the 2022 performance (121 tCO₂ per million euros of sales). The upper limit (100%) is set at 82 tCO₂ per million euros of sales, a 32% reduction on 2022, in line with the roadmap.

This criterion will be measured in 2026 based on the 2023 environmental reporting scope and on sales at constant exchange rates in order to cancel out the impacts of currency fluctuations on the ratio. The limits may be adjusted by the Board of Directors in the event of a change in the calculation method.

Achievement rates between the lower and upper limits will be calculated on a straight-line basis.

C. Water consumption intensity

The Group set a target to reduce its water consumption intensity by 15% between 2022 and 2027. In 2022, the Group's water consumption intensity was 686 cu.m per million euros of sales.

In the proposed plan, the lower limit (0%) corresponds to the results obtained at end-2022. The upper limit (100%) is set at 603 cu.m per million euros of sales, representing a reduction of 12% compared with 2022, in line with the roadmap.

Measurement will be based on consumption in cubic meters per million euros of Group sales (cu.m/€m).

Achievement rates between the lower and upper limits will be calculated on a straight-line basis. This criterion will be measured in 2026 based on the 2023 like-for-like environmental reporting scope and on sales at constant exchange rates (2023-2026). In particular, consumption related to the p-SiC project will not be included as it was still being determined at the date of this document.

2.4.4.2. Plan without performance conditions**Number of shares and beneficiaries**

- Maximum number of shares to be allocated: 16,800 shares, representing less than 0.1% of the share capital at the date of the Annual General Meeting.
- Number of shares allocated: 14,220 shares.
- Number of beneficiaries: 47 Group employees.

Allocation conditions

Free shares may only be allocated to the beneficiary at the end of the vesting period (May 16, 2027) if the beneficiary continues to be employed by the Group at that date.

2.4.5. Free shares for non-executives: previous allocations

Performance conditions	2021 plan	2021 plan	2022 plan	2022 plan	2023 plan	2023 plan	2024 plan	2024 plan	Total
	Managers	High potentials	Managers	High potentials	Managers	High potentials	Managers	High potentials	
	Yes	No	Yes	No	Yes	No	Yes	No	
Date of Board of Directors' meeting	May 20, 2021	May 20, 2021	May 19, 2022	May 19, 2022	May 16, 2023	May 16, 2023	May 16, 2024	May 16, 2024	
Total number of shares allocated	100,800	12,000	105,840	12,600	100,800	12,000	128,340	16,800	489,180
Total number of shares allocated	100,800	11,350	104,101	12,597	99,800	10,650	122,250	14,220	475,768
<i>o/w corporate officers (Luc Themelin)</i>			0	0	0	0	0	0	0
<i>o/w top ten recipients</i>	13,250	4,600	11,760	4,040	15,800	3,950	17,500	3,720	74,620
Share price at allocation date	23.43	23.43	23.98	23.98	29.42	29.42	29.77	30.83	
Vesting date (end of vesting period)	May 20, 2024	May 20, 2024	May 19, 2025	May 19, 2025	May 16, 2026	May 16, 2026	May 16, 2027	May 16, 2027	
Date of availability (end of lock-up period)	May 21, 2024	May 21, 2024	May 20, 2025	May 20, 2025	May 17, 2026	May 17, 2026	May 17, 2027	May 17, 2027	
Allocation canceled at Dec. 31, 2024	10,875	1,700	0	0	0	0	0	0	12,575
<i>o/w canceled in 2024</i>	10,875	1,700	0	0	0	0	0	0	12,575
Number of shares fully vested and transferable	89,925	9,650	0	0	0	0	0	0	99,575
BALANCE AT DECEMBER 31, 2024	0	0	104,101	12,597	99,800	10,650	122,250	14,220	363,618

2.5. Free share authorization to be put to the shareholders' vote at the next Annual General Meeting on May 16, 2025

As has been the case in previous years, the shareholders will be invited to approve three authorizations for the allocation of free shares (for executives, managers, and experts and talent). The plans will have a similar structure to those set up before, i.e.:

- A three-year presence condition.
- For the executives and managers plans, ambitious and quantified performance conditions, both financial and non-financial, set in line with the Group's roadmap. These performance conditions will be described in detail in the notice of meeting for the Annual General Meeting.
- A maximum number of free shares in line with the 2024 plan.

2.6. Components of compensation paid or granted to Luc Themelin (Chief Executive Officer) in respect of the fiscal year ended December 31, 2024 submitted to a vote by the Combined General Meeting of May 16, 2025

	Amount paid in 2024	Amount granted in 2024 (or fair value of shares)	Observations
Fixed compensation	€500,000	€500,000	No increase in 2024.
Annual variable compensation	€715,451	€359,050 (to be paid subject to the condition precedent of the AGM vote)	<p>The variable portion is between 0% and 100% of the fixed compensation and may be increased in the event of outperformance to up to 150% of the fixed compensation. The individual and financial objectives are reviewed every year by the Governance, Appointments and Remuneration Committee, based on the Group's strategic priorities.</p> <p>The variable portion is composed of financial objectives for 70% (30% based on the Group's operating margin before non-recurring items, 20% based on the Group's operating cash flow and 20% based on EBITDA before nonrecurring items). In the event of outperformance, these three financial objectives may be increased to a maximum of 60%, 30% and 30% respectively, i.e., a total of 120%.</p> <p>The 2024 financial objectives were based on the Group's annual budget.</p> <ul style="list-style-type: none"> • Operating margin before non-recurring items: the target is 10.8% of sales (100% achievement). The actual amount was 10.5% of sales, representing an achievement rate of 54%. • Operating cash flow: the target was set at €148.6 million in 2024. The actual amount was well above the target limit (€194 million), resulting in an achievement rate of 150%. • EBITDA before non-recurring items: the target is €216 million. The Group posted EBITDA before non-recurring items of €206 million, representing an achievement rate of 38.5%. <p>The non-financial objectives for 2024 accounted for 30% and were as follows:</p> <ul style="list-style-type: none"> • Safety (25%): based on three equally weighted indicators: (i) A lost time injury rate (LTIR) of less than or equal to 1.4 for 100% achievement (0% achievement if greater than or equal to 1.6). For 2024, the rate was 2.1, i.e., 0% achievement. (ii) A severity injury rate (SIR), which had to be less than 60 in order to reach 100% achievement (0% if greater than or equal to 70). In 2024, the SIR was 70, i.e., 0% achievement. (iii) The number of management safety visits (MSV), which had to be greater than 1.2 per employee. For 2024, the ratio was 0.95, i.e., 0% achievement. Taking these factors into account, the achievement rate was 0%.

COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

Amount paid in 2024	Amount granted in 2024 (or fair value of shares)	Observations	
		<ul style="list-style-type: none"> • Environment (25%): based on four indicators with equal weighting: <ol style="list-style-type: none"> A waste recycling rate of at least 75% for 100% achievement (0% if less than or equal to 70%). For 2024, this rate was 71.3%, i.e., 26% achievement. For Scope 3 greenhouse gas emissions, the target was to have the methodology validated and published. The methodology was validated and tested but not published. The objective has therefore been 80% achieved. The target for greenhouse gas emissions intensity (Scopes 1 and 2) was for intensity to be less than or equal to 87 tCO₂ per million euros of sales for 100% achievement (0% if greater than or equal to 92 tCO₂ per million euros of sales). The actual amount was 77 tCO₂ per million euros of sales, i.e., 100% achievement. For water consumption, the target was to have a water consumption intensity of less than 645 cu.m per million euros of sales for 100% achievement (0% if more than 653 cu.m per million euros of sales). In 2024, the actual figure was 692 cu.m per million euros of sales, representing a 0% achievement rate. <p>Taking these factors into account, the overall achievement rate stood at 52%, i.e., a 3.9% contribution to the objectives out of a maximum 7.5%.</p> • Succession plan (15%): this plan is necessary to ensure an effective transition for certain roles over the medium term. The Board considered that the objective was 100% achieved. • p-SiC project and Capex monitoring (20%): the objective was to monitor and manage the Group's capital expenditure plan, and specifically the pSiC project. The Board of Directors deemed that this objective was 85% achieved. • Organic growth (15%): the objective was to complete the external acquisitions planned in the budget. The objective was 100% achieved. <p>The variable compensation for 2024 represents 71.8% of the fixed compensation (due) and breaks down as follows: the portion linked to financial objectives amounted to 16.1% of the Group's operating margin before non-recurring items, 30% of operating cash flow and 7.7% of EBITDA before non-recurring items. The proportion linked to non-financial objectives, taking into account the weightings applied to each criterion, amounted to 60%.</p>	
Incentives	€22,240	€23,184	The amount of incentives is capped.
Performance shares	€318,254	€488,105	Luc Themelin was granted 17,321 performance shares in 2024. Under the performance share plan launched in 2021, 94.1% of the performance criteria were met. A total of 11,857 shares were allocated to Luc Themelin in 2024.
Directors' compensation in respect of office	N/A	N/A	Luc Themelin does not receive any compensation as a director.
Benefits in kind	€37,679	€37,679	Benefits in kind primarily comprise contributions paid to an external organization for executive unemployment insurance. They also include the use of a company car and the payment of an annual medical examination.
Severance payment	€0	€0	No severance payment was due for or paid in 2024.
Non-compete indemnity	€0	€0	No non-compete indemnity was due for or paid in 2024.
Supplementary pension plan	€0	€0	No amounts were due for or paid in 2024 in relation to supplementary pension plans. The theoretical calculation of the annuity paid to Luc Themelin would amount to €175,000, before tax and social charges.

2.7. Components of compensation paid or granted to Olivier Legrain (Chairman of the Board) in respect of the fiscal year ended December 31, 2024 submitted to a vote by the Combined General Meeting of May 16, 2025

<i>(in euros – gross amount)</i>	Amount paid in 2024	Amount granted in 2024	Observations on the amounts allocated
Fixed compensation	€120,000	€120,000	No increase in 2024. The compensation granted for a given year is paid monthly in the year.
Directors' compensation	€37,603	€41,000	The compensation granted for a given year is paid at the beginning of the subsequent year.
Benefits in kind	N/A	N/A	

3. OTHER DISCLOSURES

3.1. Items likely to have an impact in the event of a public offer

Pursuant to Article L.22-10-11 of the French Commercial Code, we hereby inform you of the following points which are likely to have an impact in the event of a public offer:

- the capital structure as well as any direct or indirect shareholdings of which the company is aware and all related information are described in chapter 5 of this Universal Registration Document;
- the Articles of Association do not provide for any restrictions to the exercise of voting rights, except for the request to strip shares of voting rights that may be made by one or more shareholders holding at least 1% of the share capital or voting rights if a shareholder fails to declare having crossed the threshold of 1% (Article 11 *ter* of the Articles of Association) (see chapter 5, section 1.8);
- no agreement provisions have been brought to the Company's attention pursuant to Article L.233-11 of the French Commercial Code;
- in regard to special control rights that may be attached to shares, it is specified that double voting rights are attached to fully paid-up shares that have been held in registered form for at least two years (see chapter 5, section 2.6);
- there are no restrictions on the transfer of shares;
- as far as the company is aware, no agreements or other commitments have been signed between shareholders;
- voting rights attached to Mersen shares held by employees via the Mersen FCPE (corporate mutual fund) shall be exercised by a representative appointed by the FCPE's supervisory board to represent the employees at the Annual General Meeting;
- the rules for appointing and removing members of the Board of Directors shall be those provided for by the law and by the Articles of Association. The director representing employees shall be appointed by the Group Committee (Article 17 of the Articles of Association);
- as regards the powers of the Board of Directors, current delegations and authorizations are described in chapter 5 of the Universal Registration Document (share buyback program and table summarizing delegations and authorizations regarding increases to share capital), it being understood that the authorization to buy back shares and the various financial authorizations and delegations are suspended during a public offer for the Company's shares;
- amendments to the company's Articles of Association shall be made in accordance with legal and regulatory provisions;
- financial contracts entered into by the company may be amended or terminated in the event of a change of control of the company. Certain business contracts may also be affected;
- certain Group activities are subject to export controls governing dual-use items and technologies as well as to the US International Traffic in Arms Regulations (ITAR);
- certain Group activities are subject to controls governing sensitive technologies in France (Security and Defense);
- the agreements providing for compensation in the event of termination of the Chief Executive Officer's duties are described in section 2.1.4.3 of this chapter. There are no special agreements in place that provide for compensation for members of the Board or employees in the event of their resignation or dismissal without fair cause or if their term of employment is ended due to a public tender or exchange offer.

3.2. Agreements within the meaning of Articles L.225-38 and L.225-39 of the French Commercial Code and agreements entered into between (i) a corporate officer or a shareholder with more than 10% of the voting rights and (ii) a controlled company within the meaning of Article L.233-3 of the French Commercial Code

“Related-party agreements” are the agreements entered into directly or through an intermediary between the Company and a corporate officer, a shareholder holding over 10% of the voting rights, or another company if one of the Company’s corporate officers is the sole proprietor, unlimited partner, legal manager, director or, generally, an executive officer of such company.

They are subject to the prior authorization of the Board of Directors and the approval of the Annual General Meeting, with the exception of agreements between Mersen and Group companies that are directly or indirectly wholly owned by Mersen, and routine agreements entered into on arm’s length terms. Pursuant to Article L.225-39 of the French Commercial Code, these two categories of agreements are expressly exempt from the specific related-party agreements procedure (prior authorization of the Board of Directors, statement in the Statutory Auditors’ special report and approval by the Annual General Meeting).

3.2.1. Procedure for identifying related-party agreements and reviewing routine agreements entered into on arm’s length terms

Pursuant to Article L.22-10-12 of the French Commercial Code, the Board of Directors approved an internal procedure for identifying relatedparty agreements and reviewing routine agreements entered into on arm’s length terms. This procedure is applied before any agreement that could qualify as a related-party agreement is signed, as well as prior to any amendments, renewals or terminations of such agreements. It is used to assess whether an agreement relates to routine operations and has been entered into on arm’s length terms, in which case it is not a related-party agreement under French law. This procedure also makes it possible to regularly review whether agreements relating to routine operations entered into on arm’s length terms meet those conditions.

This procedure was defined by the Board of Directors on December 19, 2019. It is available on the Company’s website.

3.2.2. Implementation of the procedure in 2024

In accordance with the procedure described in the previous section, the Company’s Finance and Legal Departments conduct a review of draft agreements to determine whether they are subject to the abovementioned authorization procedure, and then, every year, they review routine agreement entered into on arm’s length terms to ensure that they meet these conditions.

In 2024, based on this review, no new related-party agreements or routine agreements entered into on arm’s length terms came to light that no longer met these conditions.

An assessment of routine agreements entered into on arm’s length terms by the Company with its non-wholly owned subsidiaries was provided to the Audit and Accounts Committee. At its meeting of March 11, 2025, the Audit and Accounts Committee confirmed the relevance of the criteria used to assess these agreements.

At its meeting on March 11, 2025, the Board of Directors noted these findings and the fact that there were no routine agreements entered into on arm’s length terms that no longer met these conditions.

The Board of Directors also noted that a regulated related-party agreement entered into in 2023 and approved by the Annual General Meeting of May 16, 2024 continued into 2024. The details of this agreement are set out below:

- Purpose: waiver of receivables between Mersen SA and Italthai Mersen Co Ltd, Thailand, a company in the process of liquidation, in the amount of 3.7 million baht (96,000 euros).
- Person concerned: Luc Themelin is a director of both Mersen and Italthai Mersen Co Ltd.
- Context: Italthai Mersen Co Ltd is a company owned 49% by Mersen and 49% by a local company. The two partners decided to mothball and then liquidate the company, and in order to facilitate the liquidation process each agreed to waive part of their claims for the same amount. As the receivable had already been 100% written down, this waiver had no impact on the financial statements for the year ended December 31, 2023.

This partial waiver of receivables had been granted in return for repayment of the balance of the receivable by the Company (1.3M Bhts, i.e. 34k€). This repayment was made in September 2024. The agreement has now been fully executed.

3.2.3. Agreements entered into between (i) a corporate officer or a shareholder with more than 10% of the voting rights and (ii) a controlled company within the meaning of Article L.233-3 of the French Commercial Code

In 2024, Mersen France Angers, a wholly owned subsidiary of Mersen, received a grant from Bpifrance.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS ANNUAL GENERAL MEETING CALLED TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

This is a free translation into English of the Statutory Auditors' special report on related-party agreements 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 of Mersen,

In our capacity as Statutory Auditors of Mersen, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information we received is consistent with the underlying documents.

Agreements to be submitted for the approval of the annual general meeting

We were not informed of any agreement authorized and entered into during the year to be submitted for the approval of the Annual General Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

Agreements already approved by the annual general meeting

In accordance with Article R.225-30 of the French Commercial Code, we were informed of the following agreements, approved by the Annual General Meeting in previous years, which were implemented during the year.

Debt waiver to Italthai Mersen Co., Ltd.

- Agreement authorized by the Board of Directors on January 24, 2024, it being specified that, due to the liquidation process ongoing in 2023, the authorization procedure was not followed.
- Person concerned: Luc Themelin, director of both Mersen and Italthai Mersen Co., Ltd.
- Nature and purpose: on May 15, 2023, Mersen entered into a partial debt waiver agreement with Italthai Mersen Co., Ltd, a 49%-owned company in liquidation.
- Terms and conditions: the amount of the partial waiver was 3.7 million Thai baht (€96,000) granted by Mersen and subject to repayment of the balance of the receivable for 1.3 million Thai baht. In September 2024, the company repaid Mersen, definitively terminating the agreement entered into in 2023. The receivable had been fully provisioned in Mersen's financial statements. For 2024, the financial impact was income linked to the reversal of the provision in an amount of €34 thousand.

Paris-La Défense, March 28, 2025

The Statutory Auditors

KPMG SA

Alexandra SAASTAMOINEN
Partner

ERNST & YOUNG Audit

Pierre BOURGEOIS
Partner

3 MANAGEMENT REPORT

1. INTRODUCTION	76
2. CONSOLIDATED SALES	77
3. RESULTS	78
4. CASH FLOW	80
5. STATEMENT OF FINANCIAL POSITION	82
6. SUBSEQUENT EVENTS	83
7. 2025 GUIDANCE	84
8. DIVIDEND	84
9. INTERNAL CONTROL	85
10. RISK FACTORS	89
11. INSURANCE	100
12. RELATIONS BETWEEN THE PARENT COMPANY AND ITS SUBSIDIARIES	101
13. PARENT COMPANY RESULTS	101

For the definitions, please refer to the glossaries at the end of the document.

Unless otherwise stated, amounts are expressed in millions of euros and rounded to the nearest decimal place. Rounding may lead to non-material differences between the reported totals and the sum of the rounded amounts.

INTRODUCTION

1. INTRODUCTION

In recent years, Mersen has taken on a new dimension and acquired a more comprehensive, dynamic, profitable and resilient profile thanks to its unique expertise in its two segments – electrical power and advanced materials – its international presence and its position as world leader. It also plays a key role in the value chain with a diversified base of major customers in markets and applications linked to the energy transition, such as renewable energies, electricity transmission and power conversion, green transportation and energy efficiency.

Following on from the presentation of an ambitious medium-term growth plan and the completion of a capital increase in 2023, the Group saw record sales in 2024 of €1,244 million.

This year, Mersen successfully completed a number of external growth transactions in the United States, which now accounts for over 36% of Group sales. These acquisitions in a highly dynamic region have expanded the Group's customer base and consolidated its industrial resources (GMI and Bar-Lo) and expertise (KTK).

However, the Group's organic sales growth of 2.6% in 2024 is below initial expectations, due to a sharp downturn in deliveries to the solar cell market in China in the second half of the year and slower growth in SiC semiconductors due to turbulence in the electric vehicle market. These factors have also led the Group to push back its medium-term objectives by two years, from 2027 to 2029.

The Group achieved an EBITDA margin of 16.5%, virtually unchanged from last year. The increase in development costs for electric vehicles and the p-SiC substrate development project was offset by the ramping up of measures to improve the profitability of certain sites and product lines, with effects already visible at the end of 2024.

The operating margin before non-recurring items, at 10.5% of sales, was 80 basis points lower than in 2023, due to the increase in depreciation and amortization linked to the significant investments made in 2023 and 2024.

This year, the Group generated a higher level of net cash before capital expenditure than last year, thanks to an increase in prepayments on contracts in the SiC semiconductor market and the initial effects of a plan to reduce inventories announced in October.

Net debt (€370 million) rose significantly year on year due to record capital expenditure (€204 million) and the financing of acquisitions (€66 million outlay in 2024). However, the Group's financial structure remains very solid, with a leverage ratio (net debt/EBITDA) of 1.8x, in line with Group policy. The Group has also strengthened its cash position with the issue of a €100 million German private placement "Schuldschein" in March 2024, together with a US private placement of almost USD 195 million signed in February 2025.

Lastly, the Group has complied with the European Corporate Sustainability Reporting Directive (CSRD) and published its first sustainability report this year. In the future, the CSR double materiality assessment will help align the Group's strategy even more closely with its sustainability objectives.

On the stock market, the Group saw its market capitalization decrease by 41% over the year. Over the summer, news of possible delays in electric vehicle launches had an adverse impact on securities in the electric vehicle and SiC semiconductor segments, leading to a fall in Mersen's share price. More generally, a lack of confidence in French mid-caps weighed on share prices.

2. CONSOLIDATED SALES

Mersen's consolidated sales for full-year 2024 totaled €1,244 million, up by 2.6% on an organic basis versus 2023. Over 2% of this growth was attributable to price increases.

The unfavorable currency effect was mainly due to the depreciation of the Chinese renminbi, the Japanese yen and the South Korean

won. The scope effect corresponds partly to the disposal of a chemicals business in Germany in August 2023 and of a rail brush business in China in April 2024. It also reflects the consolidation of GMI from July 1, 2024, of KTK from October 1, 2024, and of Bar-Lo from November 1, 2024.

<i>In millions of euros</i>	FY 2024	FY 2023	Organic growth	Scope effect	Currency effect	Reported growth
Advanced Materials	689.8	669.4	2.6%	+1.4%	-0.9%	3.0%
Electrical Power	553.8	541.5	2.6%	+0.3%	-0.6%	2.3%
Europe	400.2	397.2	1.8%	-0.9%	-0.1%	0.8%
Asia-Pacific	297.7	310.9	-1.2%	-1.1%	-2.0%	-4.3%
North America	508.9	463.1	6.3%	+3.9%	-0.3%	9.9%
Rest of the world	36.8	39.7	-4.0%	-0.6%	-2.8%	-7.3%
GROUP	1,243.6	1,210.9	2.6%	+0.9%	-0.7%	2.7%

2.1. By segment

Advanced Materials sales totaled €690 million, up 2.6% on an organic basis over the year. As expected, sales in the solar and silicon semiconductor markets were dampened due to customers' high inventory levels. Growth was particularly robust in the transportation market (aeronautics and rail). Sales for the SiC semiconductors market increased by around 10%. Lastly, growth in the chemicals and process industries markets was higher than the Group average.

Electrical Power sales came to €554 million for the year, representing organic year-on-year growth of 2.6%. Sales to the electrical distribution market in the United States remained strong, albeit slightly down on last year. Sales for electric vehicles remained buoyant, as did other transportation markets (rail and aeronautics). However, sales were stable in power electronics.

2.2. By geographic area

Europe reported moderate growth, driven by an improvement in the transportation (rail, aeronautics and electric vehicles) and SiC semiconductor markets, offset by a decline in renewable energies and electrical distribution. Business remained firm in both France and Italy, while Germany saw a decline, due to the local economic climate.

In **Asia**, Group sales dipped 1.2% compared with last year, mainly as a result of a sharp slowdown in the production of solar cells in China toward the end of the year. India and South Korea, on the

other hand, enjoyed strong growth, driven respectively by the rail and energy storage markets.

North America posted growth in both segments, with particularly good performances in the aeronautics and chemicals markets. As expected, electrical distribution contracted from the very high level of activity in 2023, while the other process industries remained buoyant. SiC semiconductors saw slight growth in sales, but this did not offset the decline in Si semiconductors.

RESULTS

3. RESULTS

3.1. EBITDA and operating income before non-recurring items

<i>(In millions of euros)</i>	2024	2023
EBITDA before non-recurring items	205.5	202.7
<i>As a % of sales</i>	16.5%	16.7%
Depreciation and amortization	(74.5)	(65.4)
Operating income before non-recurring items	131.1	137.3
<i>As a % of sales</i>	10.5%	11.3%

Group EBITDA before non-recurring items was 1.4% higher year on year, at €205.5 million. The EBITDA margin before non-recurring items was close to that for 2023, at 16.5% versus 16.7%.

The EBITDA margin before non-recurring items for the Advanced Materials segment was 21.4%, down compared to 2023 (22.4%). While price increases and productivity gains offset inflation in raw material, energy and labor costs, the mix effect was negative. Net income also included higher development costs for the p-SiC project than in 2023.

The EBITDA margin before non-recurring items for the Electrical Power segment grew by 60 basis points to 14.0% (13.4% in 2023). Volume/mix effect was positive and offset the costs linked to the

electric vehicle team. In addition, price increases and productivity gains largely offset the impact of higher raw material and labor costs.

Operating income before non-recurring items stood at €131.1 million, down slightly compared to 2023 (€137.3 million). The operating margin before non-recurring items was 10.5%, compared with 11.3% in 2023, mainly due to higher depreciation and amortization linked to investments under the growth plan, and development costs associated with the p-SiC and electric vehicle projects. The volume/mix effect was slightly negative. Price increases and productivity gains, linked in part to the acceleration of the adaptation plan, more than offset the inflation in raw material, energy and labor costs.

<i>In millions of euros</i>	2024	2023	Change
Consolidated sales	1,243.6	1,210.9	+2.7%
Gross income	385.8	385.4	
<i>as a % of sales</i>	31.0%	31.8%	
Selling, marketing and other operating expenses	(90.2)	(88.5)	+2.0%
Administrative and research expenses	(163.1)	(158.5)	+2.9%
Amortization of revalued intangible assets	(1.4)	(1.2)	
Operating income before non-recurring items	131.1	137.3	-4.6%
<i>as a % of sales</i>	10.5%	11.3%	

Gross margin was 31.0%, down from 31.8% in 2023, due to higher depreciation and amortization and a negative volume/mix effect.

Selling, marketing and other operating expenses were up 2.0%, but down slightly on a like-for-like basis. The decline was seen in the second half, as the Group decided towards the end of the year to ramp up cost adaptation measures due to the delay in the electric vehicle and SiC semiconductor markets.

Administrative and research expenses were up by 2.9%, or 2.5% on a like-for-like basis.

Overall, payroll expenses amounted to €419 million, a year-on-year increase of 8% on a like-for-like basis. This includes an increase of more than 5% in average wages to take account of inflation in many countries.

3.2. Net income

Net income attributable to owners of the parent amounted to €59.0 million for 2024, compared with €81.6 million in 2023.

<i>In millions of euros</i>	2024	2023
Operating income before non-recurring items	131.1	137.3
Non-recurring income and expenses	(23.5)	(5.9)
Operating income	107.5	131.4
Net financial expense	(24.0)	(19.3)
Current and deferred income tax	(22.0)	(26.2)
Net income	61.5	85.9
Attributable to owners of the parent	59.0	81.6
Attributable to non-controlling interests	2.5	4.3

Non-recurring items represented a net expense of €23.5 million in 2024, including nearly €17 million in expenses and provisions related to the adaptation plan and €3 million in expenses related to disposals and acquisitions. The remaining costs of the adaptation plan, estimated at €6 million, should be recognized in 2025. In 2023, the €5.9 million net expense mainly comprised provisions for disputes and other expenses relating to acquisition projects, and impairment losses on underused assets.

The net financial expense of €24 million, an increase on 2023, was due to higher average gross debt (€392 million in 2024 vs. €314 million in 2023) and higher interest rates on the variable portion of debt.

Income tax expense was €22.0 million, representing an effective tax rate of 26.4%, an increase compared to the 2023 rate (23.4%), due to restructuring costs which did not give rise to tax savings. Excluding this factor, the effective tax rate would be around 24%.

Income from non-controlling interests essentially included Mersen Yantai (China) and Mersen Galaxy (China), in which Mersen holds a 60% stake. This was down due to the decline in the solar cell manufacturing market in China, one of the main markets for these companies.

CASH FLOW

3
4. CASH FLOW

4.1. Condensed statement of cash flows

<i>(In millions of euros)</i>	2024	2023
Cash generated by operating activities before change in WCR	197.8	201.0
Change in working capital requirement (WCR)	9.1	3.2
Income tax paid	(12.9)	(25.0)
Net cash generated by operating activities	194.0	179.3
Capital expenditure	(204.3)	(176.3)
Disposals of assets and other	3.1	1.6
Net cash generated by/(used in) operating activities after capital expenditure, net of disposals	(7.2)	4.5
Investments in intangible and financial assets	(12.3)	(11.0)
Changes in scope of consolidation	(66.4)	2.1
Net cash used in operating and investing activities	(85.9)	(4.4)

The Group generated very strong cash flow from operating activities of €194 million, up more than 8% compared to last year.

At the end of October, the Group decided to launch a specific inventory reduction plan, which reaped rewards in the fourth quarter of 2024. Inventory was reduced by 5% compared with the end of 2023 (down €14 million), excluding the effect of exchange rates and changes in the scope of consolidation linked to the consolidation of assets and liabilities from acquisitions made in the year. In addition, prepayments on contracts in the SiC semiconductor market increased by more than €10 million. These favorable effects were partially offset by substantial bonus payments in respect of 2023.

There was accordingly a positive change in working capital requirement of €5.9 million. The WCR ratio remained below 20%, at 19.7%, versus 19.1% in 2023.

Taxes paid amounted to €12.9 million, down sharply on the previous year, mainly due to a decrease in earnings linked to non-recurring expenses and the use of tax receivables.

In 2024, the Group finalized three acquisitions in the United States for cash consideration of €66 million, plus earn-out payments estimated at €8 million, depending in part on the results of the companies acquired.

4.2. Investments

In 2024, capital expenditure reached a high point for the Group at €204.3 million. It includes €110 million for the Group's growth plan, over €40 million for other growth projects, €40 million for the maintenance, upkeep and modernization of plants and equipment, and €10 million for safety and environment.

Regarding the Group's growth plan, more than 88% of this expenditure is related to the capacity required for the semiconductor market, including a proportion that can also be used for other markets. The remainder relates to the electric vehicle market.

Investments in France (33% of the total) mainly concern the development of p-SiC in partnership with Soitec (Gennevilliers) and the setting up of a dedicated workshop to manufacture laminated bus bars for ACC (St Bonnet de Mure).

Investments in intangible assets (€12.3 million) related to the plan to digitize and modernize information systems which began in 2020 and to the capitalization of certain R&D expenses on the p-SiC project.

The Mersen group's capital expenditure amounted to €176.3 million in 2023, 81% of which was linked to investments outside France. Almost 54% of this amount (€95 million) related to the growth plan presented by the Group in March 2023, corresponding to investments to increase graphite and insulation felt production capacity, the expansion of graphite finishing plants and the extension of plants serving the electric vehicle market.

According to the Group's internal procedure, authorization from the Board of Directors is required for any organic growth investment exceeding the annual budget or the Group's business plan by an aggregate amount of over €20 million and for any acquisition of more than €5 million.

<i>(In millions of euros)</i>	2024	2023
Capital expenditure	(204.3)	(176.3)
Disposals of assets and other	3.1	1.6
Capital expenditure, net of disposals	(201.2)	(174.7)
Investments in intangible assets	(12.3)	(11.0)
Changes in scope of consolidation	(66.4)	2.1
TOTAL	(279.9)	(183.7)

5. STATEMENT OF FINANCIAL POSITION

5.1. Financing policy

The Mersen group has defined a financing policy, which is coordinated by the Finance and Administration Department. The Group has committed credit lines, which have not been drawn down in their entirety.

Most committed financing facilities are arranged by Mersen SA, which lends via intra-Group loans to its subsidiaries, except in the special case of subsidiaries with substantial cash surpluses, which lend them to Mersen SA. At the end of 2024, Mersen China Holding had lent €102.1 million to Mersen SA. Cash pooling systems in Europe, the United States and China also help to optimize use of all the credit lines.

In 2016, the Group set up an NEU CP program, whose maximum amount was increased to €300 million in 2023, in order to diversify its sources of financing.

In 2019, the Group finalized a German private placement ("Schuldschein") for €130 million, reduced to €115 million in 2022 following an early partial redemption. The notes have a final maturity of 2026. The Group also refinanced its syndicated loan in China, which matured in 2021, with bilateral credit facilities including RMB 50 million maturing in 2026 after activation of an extension option in 2023.

In 2020, the Group set up an NEU MTN program, whose maximum amount was increased to €300 million in 2023, in order to diversify its sources of financing.

In 2021, the Group set up a US private placement of USD 60 million maturing in 2031 and €30 million maturing in 2028, payable on maturity, in order to extend the maturity of its debt and diversify its funding sources.

In 2022, the Group refinanced in advance its €200 million syndicated loan maturing in July 2024 with a new €320 million multicurrency facility repayable in full in October 2029, following the exercise of a second one-year extension option in 2024. It includes a margin indexed to ESG indicators.

In October 2022 and January 2024, the Group also set up two bilateral loans with Bpifrance for a total original amount of €30 million, originally maturing in five years and repayable on a straight-line basis.

In March 2024, the Group entered into a second German private placement ("Schuldschein") of €100 million. This private placement with European and Asian investors is repayable at maturity and has a maturity of almost six years.

The Group also issued a US private placement of around €190 million in February 2025 (see the section entitled Subsequent events).

All the details concerning financing as of December 31, 2024 are presented in Notes 4 and 15 to the consolidated financial statements.

5.2. Net debt

Net debt at the end of 2024 stood at €370.3 million, an increase compared to December 31, 2023 (€212.5 million), primarily reflecting the financing of investments and acquisitions as part of the Group's growth plan.

The Group's financial structure remained solid in 2024, with a leverage ratio of 1.82x and a 0.42 gearing ratio.

	Dec. 31, 2024	Dec. 31, 2023
Gearing ratio	0.42	0.25
Leverage ratio	1.82	1.09

The Group is in compliance with all its financial covenants.

5.3. ROCE

The Group recorded return on capital employed (ROCE) of 10.8% in 2024 (13.0% in 2023). This increase reflects the Group's major investment cycle, which is expected to pay off in 2028/2029.

<i>In millions of euros</i>	Average of the last three half-year periods	Dec. 31, 2024	June 30, 2024	Dec. 31, 2023
Goodwill	272.5	298.1	261.9	257.7
Other intangible assets	56.9	66.2	53.8	50.7
Land	33.0	40.0	30.4	28.6
Buildings	124.6	152.8	117.5	103.6
Machinery, equipment and other tangible assets	290.9	327.8	264.3	280.5
Property, plant and equipment in progress	199.3	228.7	220.1	149.2
Equity interests	2.6	2.7	2.5	2.6
Other financial assets	3.6	3.5	3.5	3.7
Long-term portion of current tax assets	6.5	6.7	6.8	5.9
Inventories	310.6	307.8	324.7	299.2
Trade receivables	180.2	176.7	195.0	168.8
Contract assets	3.3	1.9	4.8	3.2
Other operating receivables	27.8	27.0	28.9	27.5
Short-term portion of current tax assets	8.1	4.5	7.7	12.0
Current derivatives	2.8	1.4	3.0	4.1
CAPITAL EMPLOYED – ASSETS (A)	1,522.7	1,645.7	1,524.8	1,397.5
Trade payables	85.4	80.9	91.6	83.8
Contract liabilities	67.9	68.8	70.7	64.2
Other operating payables	119.8	118.9	119.9	120.6
Short-term portion of current tax liabilities	4.8	4.6	5.6	4.3
Miscellaneous liabilities	27.2	21.2	48.8	11.7
Current derivatives	4.3	9.9	1.6	1.4
CAPITAL EMPLOYED – LIABILITIES (B)	309.5	304.3	338.3	286.0
CAPITAL EMPLOYED ((C) = (A) – (B))	1,213.1	1,341.4	1,186.5	1,111.5
Operating income before non-recurring items (D)	131.1			
ROCE = (D) / (C)	10.8%			

6. SUBSEQUENT EVENTS

As part of its growth plan and in order to refinance its 2025-2026 loan maturities, on February 4, 2025 Mersen took out a second US private placement for USD 100 million, maturing in 2035, and €90 million, maturing in 2032, redeemable at maturity, with a pool of North American investors. The funds will become available in April 2025.

Significant events occurring between the end of the 2024 financial year and the date on which this Universal Registration Document was filed are described in Note 28 to the consolidated financial

statements for the year ended December 31, 2024 and concern events occurring before March 12, 2025, the date on which the financial statements will be adopted by the Board of Directors.

As of the date of this Universal Registration Document, the Company is not aware of any other significant change in the Group's financial performance or financial position that occurred between December 31, 2024 and the date of this Universal Registration Document.

7. 2025 GUIDANCE

Mersen believes that 2025 will be a year of transition due to a temporary slowdown in the electric vehicle and SiC semiconductor markets, which has led it to push back its medium-term targets communicated in March 2023 by two years, from 2027 to 2029.

For 2025, the Group has the following expectations of its medium-term growth markets:

- a temporary slowdown in the solar market at the beginning of the year, following on from the trend at the end of 2024;
- a significant drop in the silicon carbide (SiC) semiconductors market, impacted by a three-year lag in demand. Mersen is renegotiating contracts with its customers with the aim of adjusting its production rate over the next three years;
- dynamic growth in the silicon semiconductor market after a sluggish 2024;
- moderate growth in the electric vehicle market.

In its other markets, the Group expects to see:

- growth in the rail market;
- continued brisk business growth in aeronautics;

- lower sales in chemicals after a record year in 2024;
- growth depending on macro-economic trends for process industries.

To adapt to this year of transition, the Group will continue to implement its cost and inventory adaptation plan.

Consequently, in 2025, the Group is aiming for:

- 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.

8. DIVIDEND

At the Annual General Meeting to be held on May 16, 2025, the Board of Directors will recommend the payment of a €0.90 cash dividend per share. This would represent a total payout

of around €22 million. The dividend would correspond to 37% of net income attributable to owners of the parent, or 30% of net result restated for restructuring costs, in line with Group policy.

9. INTERNAL CONTROL

9.1. Definition of internal control

At Mersen, internal control is a process implemented by all employees, under the leadership of the Executive Committee, to run the Group rigorously and effectively.

Mersen's internal control aims to achieve the following objectives:

- compliance with the policies defined by the Group, and with the legislation and regulations in force;
- smooth operation of internal processes and notably those helping to protect its assets;
- prevention of fraud and errors;
- accurate and complete financial information.

Mersen's definition of internal control is similar to that used in the international framework laid down by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), whose conclusions were published in 1992 in the United States and are available at www.coso.org. The COSO framework, which was revised in 2013, advocates the extension of internal controls to non-financial functions, as well as careful monitoring of the work by the Audit and Accounts Committee. Mersen evaluated its current organization with regard to this framework. The review showed that all Mersen group internal control practices comply with the framework. However, the current control system cannot provide absolute assurance that all risks are completely eliminated. The Group also takes into account the reference framework published by the French Financial Markets Authority (Autorité des marchés financiers – AMF) governing the general principles of internal control.

In addition, in 2025 Mersen will identify potential areas in which to adapt its internal control as a result of applying the European Corporate Sustainability Reporting Directive (CSRD).

9.2. Internal control participants

With a manufacturing base spanning more than 30 countries on five continents, the Mersen group monitors the effectiveness of its internal control framework by means of the following:

9.2.1. Board of Directors and Audit and Accounts Committee

From a corporate governance perspective, Mersen has opted for an organization guaranteeing separation and balance between powers. The executive and management powers exercised by the Chief Executive Officer, supported by the Executive Committee, are kept clearly separate from the control duties exercised by the Board of Directors.

As part of its control duties, Mersen's Board of Directors has set up an Audit and Accounts Committee, the composition, number of meetings and main duties of which are described in the "Corporate governance" section of this document. It supervises internal control and is notably responsible for:

- monitoring the process used to prepare financial and non-financial information by assessing the financial and non-financial documents (Sustainability Report) published by the Company and ensuring that a sufficiently well organized process is in place for the preparation of this information;

- reviewing the financial statements and ensuring the appropriateness and ongoing consistency of the accounting methods used to prepare the financial statements;
- ensuring the efficiency of the internal control and financial and non-financial risk management systems by:
 - validating the annual internal audit program and ensuring that the efficiency of internal control systems is monitored and that the recommendations made by the Statutory Auditors and internal audit teams are implemented,
 - monitoring progress on work in the management of financial, legal, operational, social and environmental risk and the related measures taken;
- overseeing the audit of the annual and consolidated financial statements by the Statutory Auditors;
- ensuring that the Statutory Auditors and the Sustainability Auditor are independent.

Internal audit work is presented to the Audit and Accounts Committee once a year.

9.2.2. Executive Committee

Mersen's Executive Committee oversees the Group's internal control. The composition, operation, powers and responsibilities of the Executive Committee are described in chapter 2 of this document.

INTERNAL CONTROL

9.2.3. Internal Control and Audit Department

Responsibilities

The Group's Internal Control and Audit Department is responsible for leading the Group's internal control program and overseeing the proper implementation of the internal control handbook. It also coordinates the networks and organization of corporate and cross audits across the Group.

Its main responsibilities are:

- analyzing the effectiveness of internal control and verifying the proper application of the action plans implemented following the audits conducted at certain sites in previous years;
- ensuring the effective implementation of action plans at the sites that were audited in the previous year and at which internal control was not deemed to be satisfactory;
- disseminating a culture of internal control across the Group's various sites through awareness-raising and training initiatives.

Governance

The Internal Control and Audit Department always uses a specialized external firm to ensure the quality and independence of the audit program and to facilitate continuous improvement. In some cases, a consulting firm may also be appointed to perform audits requiring specific expertise.

The Internal Control and Audit Department reports to the Risk, Audit and Compliance Department and presents its work to the Audit and Accounts Committee and the Statutory Auditors. The Executive Committee also receives regular updates on the Group's internal control activities.

Prior to an audit by the Internal Control and Audit Department, sites perform a self-assessment of their internal control system. These assessments are reviewed by the internal audit team to help correct certain differences in judgment and to enhance the culture of internal control within the units.

Internal control handbook

Mersen has circulated an internal control handbook to all of its subsidiaries. The document, which was updated in 2023, is available online on Mersen's intranet site. It encompasses all the internal control procedures applicable to every Group unit and covers the following points:

- a description of the background, objectives and resources used in internal control; a description of the internal control organization and reference to the internal control framework adopted by the Group;
- a list of all the fundamental internal controls to be implemented to ensure the efficient operation of the main business processes, including:
 - sales/customers,
 - purchases/suppliers,
 - inventories,
 - human resources management,
 - investments/fixed assets,
 - quality,

- information systems,
- customs and other indirect taxes,
- direct taxes,
- legal affairs;
- the fundamental internal controls to be implemented to ensure the reliability of the accounting and reporting systems and financial statements with regard to the following objectives:
 - safeguarding assets,
 - compiling an exhaustive record of accounting transactions,
 - making sure transactions are accurately reflected,
 - complying with the dates on which transactions are recorded,
 - correctly valuing assets and liabilities,
 - confidentiality;
- controls to ensure that the ethics and compliance policy is effectively implemented and respected, with particular emphasis on the following points:
 - compliance with embargoes,
 - export controls and compliance with OFAC regulations,
 - gifts, invitations and donations,
 - ethics and anti-corruption training,
 - conflicts of interest.
- An update of the internal control handbook is scheduled in 2025 to include controls regarding compliance with the CSR policy and the proper application of the non-financial indicators required by the CSRD.

Cross audits

Aside from the corporate audits conducted by the Internal Control and Audit Department, the Group has conducted cross audits for many years in order to strengthen the internal control systems and culture. After adequate training, these audits are performed by the Group's operational and functional staff, or guest auditors, from each major geographical area (Asia, Europe and the Americas).

The cross audit program is determined by the Group's Internal Control and Audit Department. These audits help to check on internal control fundamentals every year, as well as to ensure that action plans drawn up during previous audits have actually been implemented. They also make it possible to more easily integrate some of the acquired companies and gradually bring them to the required level of internal control.

This program provides for an exchange of best practices and helps to instill the internal control culture as widely as possible.

Aside from the action plans and tools described in this report, each year the Group requires that all plant managers and financial officers provide a formal written statement affirming that the main points of internal control are applied properly at their plant.

Within the Group's subsidiaries, each site manager is responsible for implementing the internal control policy defined by the Group.

9.2.4. Support functions

9.2.4.1. Information Systems Department

The Information Systems Department is responsible for overseeing information systems security, specifically:

- ensuring the security of the IT systems and protecting data confidentiality;
- ensuring the security of IT infrastructure and applications to ensure business continuity.

In addition, the Group is currently deploying the BuZIT project, which aims to centralize most infrastructure and use a Group Core Model in the subsidiaries. This new Core Model uses unified tools, data, directories and processes to enable better monitoring of information systems and rapid software updates.

An Information Systems Security Manager reports on a dotted-line basis to the Risk, Audit and Compliance Department. Their role is to:

- verify that the information systems security policy is implemented properly;
- lead the information systems' network of correspondents on all aspects of security;
- propose analysis and improvement tools for optimum control of the existing systems;
- develop an information systems security culture.

The Information Systems Security Department audited 22 sites in 2024.

The Information Systems Security Manager regularly meets with the Head of the Risk and Compliance Department, the Chief Financial Officer and the Group Chief Information Officer to review the security of the Group's information systems. In addition, an update on cybersecurity is presented once a year to the Audit and Accounts Committee.

9.2.4.2. Management control and strategic planning

A Strategic Plan determining the priorities for coming years, a quantified business plan and the challenges, particularly industrial and human are prepared every year and presented to the Board of Directors.

The budgeting process is carried out once a year. The budget is submitted to the Executive Committee for approval and then ratified by the Board of Directors.

Forecasts for the Group's activity and its main financial aggregates for the current year are defined every quarter. This process allows adjustments to be made for trend reversals and helps to speed up the decision-making process for any remedial measures required.

9.2.4.3. Human Resources Department

Internal control of human resources management is structured around the following aspects:

- management reviews providing a regular update on all the Group's managers to enhance their career opportunities and identify the Group's key men and women;
- annual individual reviews that enable unit managers to assess the performance of their employees and set targets for the following year together with them;
- forward planning of human resources, notably succession planning for senior managers;
- monthly updates presented by the Human Resources Department to the Executive Committee.

Lastly, individual and/or collective performance-related bonuses are calculated using clearly defined rules.

9.2.4.4. Operational Excellence Department

The Operational Excellence Department is tasked with improving the Group's operational performance by introducing tools for analysis and continuous improvement at the Group's sites. It also seeks to develop a "lean" culture within all of the Group's units.

It relies on certain operational indicators, such as service level, non-quality level, safety and inventory turnover, which are monitored at all Group sites. It implements and verifies the implementation of the plan in place at all sites for improving competitiveness. These projects, which are included in the budget, are reviewed at regular intervals and their financial contribution is assessed monthly.

9.2.4.5. Risk and Compliance Department

The Risk and Compliance Department is tasked with (i) identifying and assessing any risks of non-compliance with laws or regulations that would damage the image, culture or financial stability of the Group; (ii) implementing appropriate procedures and processes to minimize such risks; (iii) informing and raising the awareness of Group employees of the main risks.

It reports on a dotted-line basis to the Chief Executive Officer and the Ethics and Compliance Committee.

In addition, compliance controls have been formally set out in the Group's internal control handbook to strengthen them and ensure that they are systematically applied during internal audits.

Other specific committees have also been set up, covering, for example, insider information (the MAR Committee) and health, safety and the environment (the HSE Committee).

INTERNAL CONTROL

9.3. Accounting and financial internal control

9.3.1. General organization

The Group's Finance and Administration Department is responsible for accounting and financial internal control. Its role is to produce and ensure the quality of the financial statements and management accounts, with the support of each business' Finance Department, which in turn liaise with the Finance Department of each site. This organization allows targets to be set and accounting and financial information to be collected and analyzed at different levels of the organization.

9.3.2. Preparation of accounting and financial information

The Finance and Administration Department has prepared and distributed a handbook of accounting and consolidation principles to all subsidiaries. This handbook contains the accounting principles applicable to every Group unit, as well as a description of the process for closing the accounts. It also contains the timetable for the various accounting closes, as well as a list of the information to be reported as part of the consolidation procedure. It lays down the rules that need to be followed by the consolidated sub-groups. This document is available on Mersen's intranet site.

The handbook is updated in line with external changes in accounting standards in collaboration with the Statutory Auditors, who validate the changes made with the Group's Finance and Administration Department.

Each Group entity produces monthly accounts and a standardized consolidation package by the deadline set by the Group. When this data is reported using Group-wide consolidation software, consistency checks are applied at each stage of the data gathering and processing process. The purpose of these checks is to:

- ensure the Group's standards are correctly applied;
- ensure that intra-group transactions are correctly validated and eliminated;
- ensure that consolidation adjustments are made.

9.3.3. Treasury and financing

The Treasury and Financing Department manages the Group's treasury on a centralized basis. To control risks, the Group has procedures in place specifically to manage exchange rate, commodity and customer risks, the issuance of guarantees, and the management of cash pooling and netting processes.

The Group has pursued a major drive to develop its cash management culture, mainly at manager level.

During years in which the department is not audited by an external firm, it must use a Group tool to carry out a self-assessment of its various procedures. This self-assessment is controlled by the Group's Internal Audit Department.

9.4. Approach adopted in 2024 and 2025 action plan for internal control

The Internal Control and Audit Department carried out 22 audits worldwide in 2024.

The results of the audits were good overall and the level of internal control was stable, with satisfactory or very satisfactory levels at the audited units, with the exception of one site in Europe, which will undergo a control audit in 2025.

In addition, at the request of the Executive Committee, the Internal Control and Audit Department carried out three cross-functional audits to assess whether Group policies had been complied with and rolled out in accordance with the procedures set by the Group's support functions. These cross-functional audits covered:

- contractual agreements and payments to business intermediaries (agents, distributors);
- the maturity of the GDPR procedures at French sites;

- the implementation of back-up solutions in Finance to ensure business continuity for periodic financial reporting in the event of force majeure.

Lastly, an audit was carried out on the implementation of internal controls on the new IT Core Model.

For 2025, the Internal Control and Audit Department has set itself the following objectives (beyond corporate and cross-functional audits):

- Update the internal control handbook to include controls relating to the CSRD;
- Improve Internal Audit's non-financial auditing skills. For this purpose, several auditors will take part in CSRD audits conducted by the Sustainability Auditor.

10. RISK FACTORS

10.1. Governance and risk reporting

Since 2001, Mersen has mapped the Group’s risks, summarizing them in relation to their materiality, the probability of their occurrence and the related risk management measures. The risk mapping is updated each year, approved by the Group’s Executive Committee and presented to the Audit and Accounts Committee, which draws up a summary for the Board of Directors. Every three years, the Group reviews this mapping in greater depth based on interviews with Group managers and directors, and with assistance from an outside firm. Each risk is monitored by a member of the Executive Committee. This organization illustrates the Group’s close involvement in risk management. The Risk and Compliance Department presents an interim review of all action plans to the Executive Committee.

The three-yearly update to the risk map was carried out in 2024. A review was carried out to ensure the map was consistent with the Corporate Sustainability Reporting Directive (CSRD) double materiality matrix.

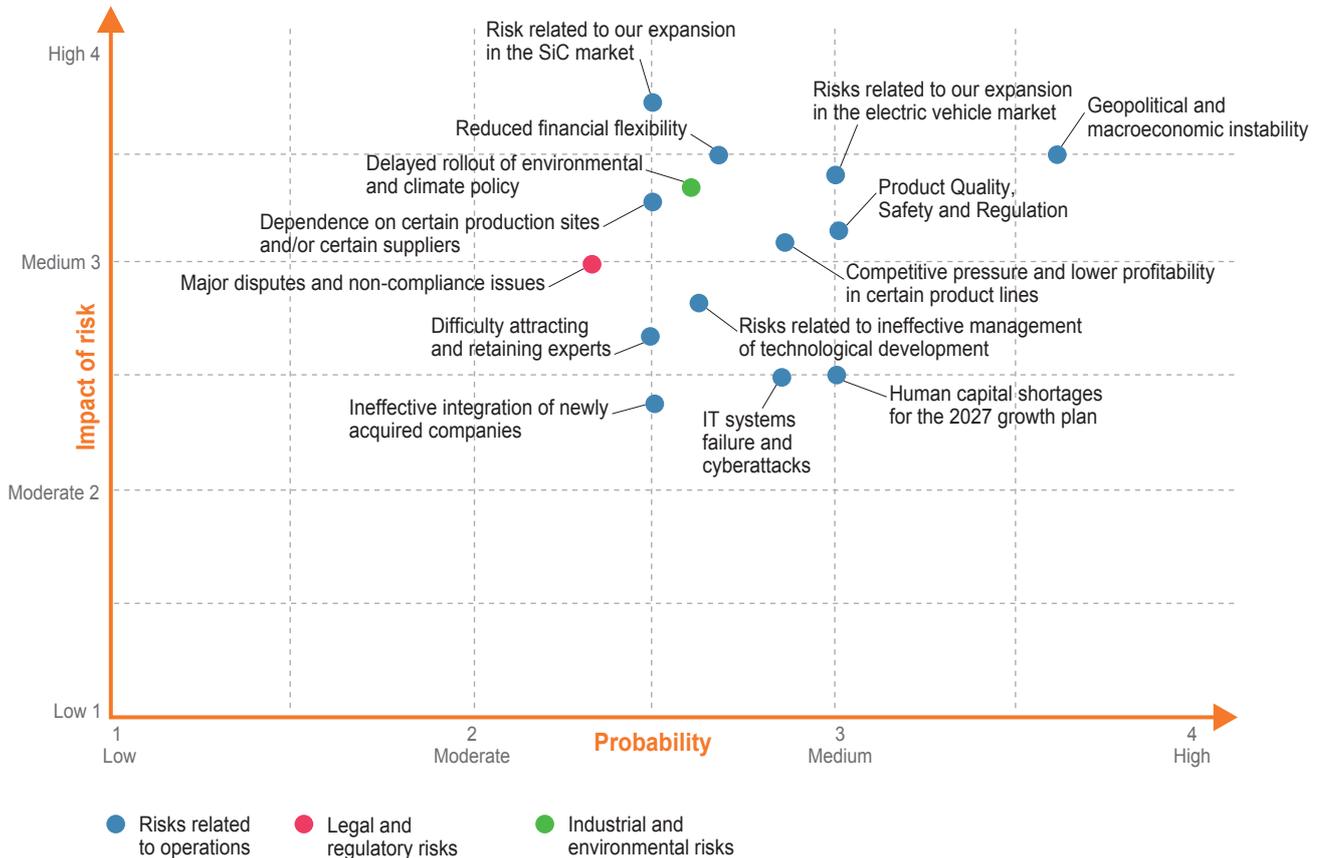
In accordance with Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of June 14, 2017, known as “Prospectus 3”, and the ESMA Guidelines published in October 2019, the risks within each category are managed in order of

priority. They are ranked in descending order of importance, as of the date of this document, according to their negative impact and the probability of their occurrence, after taking into account the risk management measures implemented by the Company. The risk factors that the Company deems to be most material at the reporting date are indicated by an asterisk (*). Some themes have been grouped together to be able to clearly visualize the issues involved. For each risk, the description below includes the measures implemented to limit the probability of its occurrence and/or to mitigate its impact.

The risks presented below are, as of the date of this Universal Registration Document, those which the Group believes could have a material adverse effect on its business, results, prospects or reputation. The list of these risks is not exhaustive, however, and other risks, unknown or deemed to have a minor impact as at the date of this document, could arise and have an adverse effect on the Group’s business.

The Mersen group deploys preventive measures adapted to each type of risk and has taken out a number of insurance policies to limit its risk exposure (see the section on insurance below).

10.2. Risk map



RISK FACTORS

PRIORITIZATION OF RISKS AND CHANGES VERSUS 2023

		Trend vs. 2023	
		Probability	Impact
Risks related to operations	Geopolitical and macroeconomic instability*	++	+
	Risks related to our strategy to penetrate the electric vehicle market*	+	=
	Product Quality, Safety and Regulation*	=	+
	Risks related to our expansion in the SiC market**	+	=
	Risk related to reduced financial flexibility*		
	Dependence on certain production sites and/or certain suppliers*	-	=
	Competitive pressure and lower profitability in certain product lines*	++	++
	Risks related to ineffective management of technological development	-	=
	Difficulty attracting and retaining experts	-	=
	IT systems failure and cyberattacks	=	=
	Ineffective integration of newly acquired companies	=	=
	Human capital shortages for the growth plan	=	=
Industrial and environmental risks	Delayed rollout of environmental and climate policy	=	++
Legal and regulatory risks	Major disputes and non-compliance issues	=	=

* Risks considered to be the most significant

+: increase in risk

-: decrease in risk

MAIN CHANGES IN THE RISK MAP VERSUS 2023

Increasing risks (in terms of impact and/or probability)

- **Geopolitical and macroeconomic instability:** the probability of occurrence and impact have increased due to the rise in geopolitical tensions between the United States and China and regional tensions in Europe and the Middle East which could have an impact on the Group's business and/or that of its customers and suppliers.
- **Risks related to our strategy to penetrate the electric vehicle market:** the probability of this risk is higher than in 2023, due to (i) the slowdown of the global electric vehicle market, (ii) the significant market share won by Chinese carmakers that is not accessible to Mersen, and (iii) the lasting viability of battery manufacturers in Europe still not having been proven, primarily ACC, which represents a significant contract for Mersen. The Group pushed its sales targets in this market back by three years in December 2024, but recovery may take longer than this.
- **Product Quality, Safety and Regulation:** this risk has been revised upwards, as safety, quality and regulatory constraints impacting the Group's products (REACH, RoHS, WEEE) are becoming increasingly complex. They could have a negative impact on the Group's business if they are not taken into account in the technical advancement of its products, both in traditional and new markets.
- **Risks related to our expansion in the SiC market:** the slowdown of the electric vehicle market is having an unfavorable impact on the SiC semiconductor market, with slower growth and a build-up of inventories in the value chain. The Group pushed its sales targets in this market back by three years in December 2024, but recovery may take longer than this.

- **Competitive pressure and lower profitability in certain product lines:** a number of markets slowed down in 2024, including the North American electrical distribution market and the solar market in China, despite the Group's high margins in these markets. A prolonged slowdown could weigh on the Group's profitability.
- **Delayed rollout of environmental and climate policy:** the impact of this risk has been revised upwards. The Group is not yet in a position to calculate all of its greenhouse gas emissions, in particular those linked to product use and end-of-life.

Decreasing risks (in terms of impact and/or probability)

- **Dependence on certain production sites and/or certain suppliers:** this risk has been reassessed downwards, mainly because of ongoing qualification plans to identify alternative sources of strategic materials.
- **Risks related to ineffective management of technological development:** the impact of this risk has been revised downwards, due to technical advances in various different fields, in particular improved yields for the p-SiC project.
- **Difficulty attracting and retaining experts:** the Group has improved its recruitment practices by increasing the number of recruiters, launching a new training module for recruiters and rolling out its employer brand. In addition, tension on the job market is lower than in the last two years.

The 2024 risk map includes a new risk, "Reduction in the Group's financial flexibility". This new risk is linked to slower growth in the electric vehicle and SiC markets, despite the Group's major investments and the three acquisitions completed in 2024.

10.3. Risks related to operations

The risk factors that the Company deems to be most material at the reporting date are indicated by an asterisk (*).

10.3.1. Geopolitical and macroeconomic instability*

Description of risk

Mersen is present in more than 30 countries worldwide and serves many different end-markets. The international scope of the Group's business exposes it to the direct and indirect consequences of geopolitical or macroeconomic developments or crises such as trade conflicts, embargoes, changing customs regulations, armed conflicts, health crises and epidemics or pandemics.

The Group is exposed to the geopolitical situation of certain countries and regions, in Mexico and Tunisia, for instance, where it has large plants for the Electrical Power segment, and in Asia, where it has nine manufacturing sites in China and generates around 24% of its total sales.

The Group is also exposed to industrial GDP growth rates, particularly for process industries (which account for roughly 33% of its total sales) and/or in some countries, including the United States, China, Germany and France, which together account for 64% of its total sales.

The Group is also sensitive to inflation, especially wage inflation (salaries represent approximately 30% of Group sales) and inflation on some raw materials and components. Although energy costs represent only about 5% of Group sales, they may impact the profitability and competitiveness of certain businesses in the Advanced Materials segment in Europe if an increase such as that observed in 2022-2023 were to reoccur.

In addition, if tensions between China and the United States continue to deteriorate, this could have a negative impact on our operations in China, particularly solar cell manufacturing.

Most of the Group's borrowings are borne by the parent company. In addition, the Group borrows some of its financial resources (cash) from its Chinese subsidiaries. Restrictions on borrowing and/or lending (including tax) between the parent company and its subsidiaries could reduce available cash in certain regions.

Lastly, although most sites have a local production model, some produce semi-products or components used by plants located in other countries. These intra-group transactions are sensitive to trade barriers in view of today's increasingly protectionist geopolitical context. The Group's fuses produced in Mexico for the North American market could therefore be subject to customs duties. However, its main competitors in this market, who also have production sites in Mexico, would be in the same situation.

The potential negative impacts for the Group are:

- a sales decline stemming from a global recession, or at least a stoppage of certain capital expenditure projects, which could significantly impact profitability as several Group activities are sensitive to volume effects;
- in the event of a threat of international sanctions against a country, it may become difficult to continue operating some businesses with high technological content in countries such as China. This would have an unfavorable effect on Group sales, profitability and share price;
- a sharp drop in Mersen's share price, as the Group is still perceived as cyclical and dependent on the economic environment;
- in the event of persistent inflation, margins may be eroded if the Group is unable to pass on this inflation in its selling prices. Wage inflation may also lead to labor unrest that could impact business if the Group is unable to grant the wage increases expected by employees;
- major restructuring costs or impairment losses in the event of a prolonged economic downturn;
- lower profitability due to higher customs duties if the economic environment prevents increases in these duties from being passed on at least partially in selling prices;
- possible restriction of available cash, particularly from China.

Risk management

The Group operates in forward-looking growth markets, particularly in sustainable development markets, which account for around 55% of consolidated sales (see the sustainability chapter of this document). This is helping it to reduce its dependence on process industries, which are more sensitive to changes in the economic environment.

The Group has put procedures in place to regularly assess the need for price increases and their impact on the profitability of its various businesses. Mersen's high market share, the technological component of its products and its close customer relationships are factors that make it easier to pass on inflation in selling prices. The average price increase in 2024 was over 2%.

The gradual rollout of benefit policies throughout the Group (e.g., profit sharing, minimum vacation entitlement, top-up pensions and supplementary healthcare programs, or guaranteed minimum death benefits) may help mitigate inflation-related labor unrest.

The diversity of the Group's markets as well as its geographical presence have enabled it in the past to show good resilience to both the health crisis and the international crisis related to the Russia-Ukraine conflict thanks to its diverse markets and geographic footprint.

RISK FACTORS

Since 2021, the Group has been trading carefully in sensitive geographies such as China, limiting both its capital investment and new acquisitions in this country. However, although the Group factors geopolitical tensions into its investment decisions, it does not rule out capital investments or acquisitions in risky geographies on a case-by-case basis if the investments were particularly relevant to its strategy.

10.3.2. Risks related to our strategy to penetrate the electric vehicle market*

Description of risk

For Mersen, the electric vehicle market represents an important growth driver in an automotive sector that is complex and demanding in terms of both risks and opportunities. This is a new and highly demanding market for the Group, both in terms of product quality and reliability and supply chain responsiveness.

The Group has been pursuing technical and commercial developments in this field for several years. A large number of people with extensive experience in the automotive sector have reinforced the Group's skillset. Mersen is now entering a key production phase and entered into a contract with ACC in 2023 that required capital expenditure and additional recruitment.

In 2024, the Group achieved sales of €30 million in this market. Between 2023 and 2029, the Group forecasts average annual growth of around 30% thanks to its two product lines, fuses and bus bars. It has invested in an automated workshop for the manufacture of bus bars in France.

The Group cannot guarantee that it will be able to meet the demands of this market, particularly in terms of price or quality and/or expected product technical specifications. Its technical positioning (e.g., in fuses or bus bars), production facilities or supply chain may not meet the expectations of sector-based players (especially in terms of flexibility and responsiveness).

As part of the CSRD double materiality assessment, a material risk was identified for the end-users of our products: the risk related to safety or security defects in our products. This risk specifically concerns our fuses for the electric vehicle market.

In addition, the update of Mersen's roadmap in December 2024 showed that penetrating this market may require more of the Group's resources and time than initially anticipated.

In addition to the slowdown in growth prospects, the electric vehicle market is experiencing major upheavals whose evolution and impact are difficult to measure, such as overcapacity and strong competition from Chinese carmakers on the European market (leading to reduced accessibility for Mersen's products) and political figures (Europe, the United States) and certain players in the automotive sector advocating for a loosening of pollution regulations for non-electric vehicles.

Finally, the lasting viability of battery manufacturers in Europe (such as ACC) has still not yet been demonstrated, as these new plants are still in the start-up phase with complex manufacturing processes that need to be fine-tuned.

The potential negative impacts for the Group are:

- restriction of the Group's development potential in this market compared to its forecasts, with a highly unfavorable impact on Group sales and profit margins;
- a significant reduction in ACC's bus bar orders, reducing the profitability of investments made or earmarked for this customer;
- more intense price pressure in this market, which could squeeze the Group's profit margins over the long term;
- heightened risks of customer disputes (non-compliance, delivery delays, product recalls, etc.);
- damage to the Group's image in the event of a major product defect.

Risk management

The Group has set up a dedicated internal "Electric Vehicles Committee" chaired by the Group CEO and tasked with (i) tracking developments in this market and Mersen's technical and commercial positioning, (ii) identifying the risks associated with this market and drawing up appropriate action plans, and (iii) drawing up and monitoring the implementation of a formal strategy for the market. A product line with a dedicated organization has been set up to better structure the activity, improve reactivity and boost the Group's visibility in this area.

The Group has continued to strengthen its teams dedicated to the electric vehicle market in order to enhance automotive culture throughout the Group. It has also obtained IATF certification for a second site located in Angers, France. The Group has decided to consolidate its fuse production at the Songjiang site in China in order to benefit from economies of scale.

With the exception of the first automatic prototype lines, the Group can make investments in some of the equipment as and when required by customers.

The establishment of partnerships with specialists in the automotive sector helps to reduce risk and enables the Group to make faster progress in acquiring an automotive culture. The agreement with ACC is an opportunity for the Group to showcase a quality benchmark in the bus bars for battery market.

The Group's positioning in the electric vehicle market is regularly presented to the Board of Directors.

10.3.3. Product quality, safety and regulation*

Description of risk

Mersen is a recognized expert and leader in two main areas: advanced materials and electrical specialties. It mainly develops innovative customized solutions of a quality that its customers have come to expect. Certain products may fail to meet customer specifications or deadlines.

One of the technical challenges is to keep pace with constantly changing regulatory constraints, in an increasingly complex international context. This is particularly true of the WEEE, RoHS and REACH regulations to which some of the Group's product lines are subject.

Failure to comply with regulatory requirements could result in customer claims, penalties, fines and an impact on the Group's liability.

The potential negative impacts on the Group are:

- dissatisfied customers and loss of markets;
- possibility of major legal disputes (product recall, delayed deliveries that could result in stoppages at our customers' sites, late penalty fees);
- damage to the Group's image;
- potentially significant financial consequences;
- convicted legal entities, legal representatives and delegated persons.

The material risk related to safety or security defects in our products for electric vehicles has been assessed in accordance with the CSRD (see section 10.3.2).

Risk management

Several years ago, the Group put in place an Operational Excellence Department that has in turn devised a continuous improvement program based around five objectives: safety, quality, logistics, cost and team commitment. This is rounded out by quality management and dispute prevention tools. In addition, the management of safety, quality and regulatory requirements impacting our products (REACH, RoHS, WEEE) in both traditional and new markets (electric vehicles and SiC) is being strengthened to comply with these sector-specific standards and requirements.

The Group has also strengthened its teams with specialists in the automotive field, particularly in terms of quality expertise.

10.3.4. Risks related to our expansion in the SiC market*

Description of risk

A new type of "SiC semiconductor" is being adopted in certain markets such as the electric vehicle market. Growth in this market is therefore mainly linked to developments in electric vehicles over the next few years.

Manufacturing technology for these semiconductors is complex, constantly changing and requires high quality materials, notably insulating felt and graphite produced by Mersen, with technical features that can also change very quickly.

In 2024, the Group generated around €100 million in sales in this market and continued to invest in order to meet the demand expressed by its customers in early 2023. In March 2023, it announced that it had signed a major contract with Wolfspeed that will lead to capital expenditure of USD 120 million.

It has also entered into a partnership with Soitec to develop an alternative technology (known as p-SiC) which requires significant investments. It could take longer than Mersen initially expected to develop this new technology and the process could generate significant development costs.

In particular, the Group is likely to encounter administrative and operational difficulties in implementing this technology, which could result in additional costs.

All of these investments (some of which have been made or earmarked), whether for the expansion of existing plants or the acquisition of new equipment, could exceed €200 million by 2026.

The expected average annual growth in sales in 2023-2029 would be more than 15%. However, the Group may fail to position its products (in terms of technical features or costs) to meet customer expectations and/or its contractual obligations within a sufficiently short timeframe, thereby limiting its ability to benefit from market growth or resulting in slack capacity.

In this nascent market, balancing supply and demand may prove complex. On the demand side, forecast customer activity, which is already delayed compared to initial expectations, may turn out to be behind schedule or lower than expected as it is contingent on the take-up rate of SiC semiconductors in electric vehicles and on the growth in electric vehicle sales. Consequently, the Group may not achieve its objectives or expected success in this market.

Lastly, the rapid development of cost-competitive Chinese players in the SiC market could have a negative impact on our customers' activities.

The potential negative impacts for the Group are:

- unfavorable impact on Group sales, return on investment and profitability in the event of poor product positioning, failure to produce within the required timeframe, or contract renegotiation;
- too much capital investment in relation to current and/or future demand, dragging down margins and return on Group investments for a number of years;
- operational losses due to insufficient yields and/or the cost of developing p-SiC to meet expected technical specifications and prices;
- partial impairment of assets on the p-SiC project due to dedicated investments in this technology;
- no Group presence with a major – or emerging – player in the SiC market, limiting the Group's development in this market;
- significant penalties for failure to comply with contractual agreements or deterioration of commercial relations (see legal and regulatory risks);
- unfavorable impact on share price if the Group does not achieve its objectives in this market.

Risk management

The Group has strong technical expertise in the materials used in the SiC semiconductor market and maintains this edge through its sustained technology watch.

The Group has also negotiated contracts with binding clauses with a number of players in the semiconductor market. This allows Mersen to potentially renegotiate these contracts under good conditions, should market conditions make this necessary.

RISK FACTORS

The SiC semiconductor market together with related commercial and technical developments are tracked on a month-by-month basis by the Chief Executive Officer and monitored regularly by the Board of Directors.

10.3.5. Reduction in the Group's financial flexibility*

Description of risk

The Group's debt increased in 2024 due to major investments and the acquisition of three companies in North America. Its debt could rise further over the next few years as a result of the investment plan undertaken against a backdrop of deteriorating growth, particularly in the electric vehicle and SiC markets, compared with the estimates initially made when these investments were planned.

The Group's financial structure was in line with its leverage policy (net debt to EBITDA before non-recurring items) at the end of December 2024, with a ratio of 1.8. This ratio could deteriorate and remain at a high level if the Group were faced with an economic slowdown, potentially for a period of several years, which would limit the Group's financial flexibility.

At December 31, 2024, the Group's net debt stood at €369 million. As part of its financing agreements, however, the Group is required to meet certain deadlines in order to maintain sufficiently large available lines of credit to finance its 2029 growth plan and maintain its financial flexibility. At December 31, 2024, undrawn committed credit lines amounted to €265 million and the cash position was positive, at €50 million.

The Group's ability to raise additional funding in the longer term will depend on financial, economic and business conditions, as well as other factors over which it has no or only limited control as they are dependent on external factors.

The potential impacts of a lack of timely financing or of financing on less favorable terms for the Group are:

- non-completion of projects (acquisitions, investments, etc.) that are important for the Group's development;
- increased cost of debt for several years;
- negative stakeholder perceptions of the Group's financial structure (investors, lenders, customers, etc.);
- a decline in available cash.

Risk management

At the end of the year, the Group accelerated its cost adjustment measures, which involved closing down certain unprofitable production lines and closing and transferring certain activities. The measures were accompanied by a plan to reduce inventories and thereby improve its working capital requirement.

In February 2025, the Group paid back in advance a Schuldschein private placement arranged in 2019 for €115 million maturing in April 2026 by taking out a US private placement with leading North American investors, comprising a USD 100 million tranche with a ten-year term, and a €90 million tranche with a seven-year term. The funds will become available in April 2025 and will be repayable in full at maturity.

In addition, the Group aims to achieve the following financial objectives by 2029, which should allow it to maintain its financial flexibility and deal with its debt:

- sales of around €1.7 billion;
- operating margin before non-recurring items of 12% of sales, which may vary by +/-50 basis points;
- EBITDA margin before non-recurring items of 19% of sales, which may vary by +/-50 basis points;
- ROCE of 13%, which may vary by +/-50 basis points.

Lastly, the Group has decided to keep its investments in 2024 and 2025 lower than the amount initially planned in 2023.

10.3.6. Dependence on certain production sites and/or certain suppliers*

Description of risk

When the Advanced Materials segment manufactures graphite products, it first prepares the raw material and then makes graphite blocks, which are subsequently processed and machined. The manufacture of these blocks, and some of the processing operations involved, require heavy and/or complex machines that cannot be easily installed in more than a certain number of sites. The production sites for these blocks are based in China and the United States. Complex transformation sites are also located in those countries, as well as in South Korea, Germany and France. In addition, there are unique production sites in France and the United Kingdom.

Some products manufactured by the Electrical Power segment require a large amount of labor to produce high volumes at a reasonable cost. The segment's facilities for making those products are therefore concentrated in a small number of plants in China, Hungary and Mexico. This means that the Group is highly dependent on those plants for the manufacture of certain products. There may also be unique production sites and skills centers in the United States, France or Germany.

Any event that impacts a key production site or distribution center, resulting in a one-off or longer shutdown of one of these sites, could have a significant adverse effect on Group business.

On a general note, intra-group transactions account for approximately 27% of total billing.

There are some suppliers on which the Group may be dependent. In such a case, any significant delays in deliveries of components or raw materials could cause temporary stoppages or delays in production, which could lead to customer dissatisfaction and/or late delivery penalties. Although no single supplier represents more than 2% of the Group's total purchases (excluding capital expenditure), one supplier may be significantly important for a major Group plant.

For almost all strategic suppliers of raw materials and components there is at least a second source. However, if the main supplier has a significant shortage, the second source may not always be able to make up the difference quickly and at a similar cost.

The Group further diversified its sources of supply in 2024 and was able to pass on raw material inflation in selling prices.

The global economic and political environment may jeopardize this supply dependence even further. The increased scarcity of materials and energy could also potentially impact certain product lines.

The potential negative impacts for the Group are:

- direct and indirect losses of volume (production stoppages at other Group sites) with consequent losses in sales and profitability in the event of a major plant shutdown over a long period;
- several days of stoppages at certain plants or distribution centers in the Electrical Power segment could lead to a loss of customers;
- for some sites, manufacturing delays could lead to substantial late delivery penalties;
- high costs if certain facilities and/or equipment have to be rebuilt or restarted following an accident or other incident at a production site;
- unfavorable impact on Group margins due to a significant increase in the cost of certain components or raw materials for which the Group is unable to find alternative suppliers.

Risk management

Business continuity plans have been drawn up for some sites. Alternative production solutions were also tested during the Covid-19 crisis. In addition, the Risk and Compliance Department will be stepping up its rollout of Business Continuity Plans.

Action plans are being deployed that limit the Group’s dependence on certain component suppliers (for the Electrical Power segment) or materials suppliers (for the Advanced Materials segment) by growing the number of suppliers, securing long-term contracts and strategic partnerships, and bringing certain production processes in-house. For example, the decision to buy the Columbia plant in July 2019 was partly motivated by a desire to take extruded graphite production back in-house.

Other external solutions may also be used in some cases, such as outsourcing certain processes or purchasing parts from other companies.

10.3.7. Competitive pressure and lower profitability in certain product lines

Description of risk

The Group’s profitability is dependent on certain product ranges. For example, in the Electrical Power segment, profitability for the fuses range is much higher in North America than in other regions. And in the Advanced Materials segment, Graphite Specialties has a much higher profitability level than the Group’s other activities, but at the same time is dependent on the use of graphite production capacity, particularly due to its capital intensive nature. Generally speaking, Group profitability is higher in North America and Asia (including China).

Competitive pressure – especially from Chinese firms – in certain developing markets could also eventually erode Mersen’s position in these markets. Moreover, a mismatch between supply and demand in graphite applications and/or a significant decline in sales in the Electrical Power segment in North America could have an unfavorable impact on the Group’s business and profitability.

The potential negative impacts on the Group are:

- loss of market share and adverse effect on Group sales;
- erosion of the Group’s overall profitability;
- a drop in share price;
- having to adapt the cost structure to lower profitability levels, which could lead to significant restructuring costs;
- having to recognize impairment losses on certain under-used assets, especially if there is a persistent imbalance between supply and demand.

Risk management

In the past, the Group has put in place measures that would enable it to swiftly and effectively adapt its cost structure to market changes. At the end of October 2024, following weaker-than-expected growth in sales, Mersen decided to ramp up profit optimization measures.

The Group has developed an in-house Sales Excellence program to enhance its commercial efficiency and gain market share in the most profitable segments. This is primarily based on a selective policy of increasing sales prices to offset inflationary increases in wages, materials and components impacting direct costs. For example, price increases amounted to approximately 2% of sales in 2024.

Mersen is positioned in a large number of markets which are not all equally cyclical, which makes it possible to offset certain cyclical effects. Moreover, certain types of equipment are used for several markets (process industries, aeronautics, etc.).

10.3.8. Risks related to ineffective management of technological development

Description of risk

Mersen designs bespoke products tailored to its customers’ specific technical requirements, in terms of both use and performance. In a number of its strategic markets, such as electronics, solar power and electric vehicles, customer requirements change quickly and often. The Group therefore has to constantly monitor changes in technology so it can anticipate new market trends and more effectively meet its customers’ future needs.

It cannot be ruled out that alternative technologies will emerge, for instance in relation to manufacturing procedures for solar panels or silicon carbide semiconductors, whose production requires a large quantity of graphite. The partnership with Soitec on p-SiC is a good illustration of this.

RISK FACTORS

The Group may be unable to develop or improve products in line with the latest technological developments within a timeframe and on terms that are satisfactory to its customers.

Technological developments in more traditional products and markets may be more or less favorable for Mersen. For example, the use of brushless motors could increase to the detriment of brushed motors, or a change in electrical standards could impact the market for the Electrical Power segment.

Lastly, Mersen operates in markets where product offerings are becoming increasingly comprehensive and integrated and distribution methods are becoming more varied (particularly thanks to e-commerce). Mersen has to factor in these trends and adapt its offerings accordingly, mainly in its Electrical Power segment.

The potential negative impacts for the Group are:

- a possible prolonged decrease in sales if the Group is unable to respond to technological developments in a market or standard, or if a new technology emerges in which Mersen does not have the required expertise;
- loss of market share in strategic sectors, which could impact the Group's future growth rate;
- significant capital expenditure to adapt to market requirements and/or specific customer needs.

Risk management

A technology watch has been set up to help the Group anticipate new market trends. Synergies between R&D and sales teams have been optimized by the corporate R&D Department. Capital expenditure and/or R&D budgets have been increased for markets and/or applications with high technological content and/or fast-paced change.

The Group's R&D Department has strengthened its simulation tools, developed partnerships with universities and worked with the businesses to significantly improve the digitization of the customer offer.

Specialized committees have been set up for the SiC and electric vehicle markets to track technological developments, the players involved and market dynamics. The strategy adopted for certain product ranges has been reviewed in order to propose a broader and more comprehensive offering, notably by developing connected products.

Furthermore, the Group may pursue its acquisition policy with a focus on gaining key expertise, to further help prevent this risk. It is closely monitoring competitors' reorganization projects in order to study potential opportunities for consolidation.

10.3.9. Difficulty attracting and retaining experts

Description of risk

Mersen operates in highly technical and complex markets. Managing the expertise required for these markets, which can be very specific and specialized, is crucial if Mersen is to remain a global leader in its field. The Group's business model therefore draws on this expertise as well as Mersen's century-long experience. Mersen also needs to be able to manage and develop the new expertise brought into the Group through acquisitions.

To remain competitive, continue to grow over the long term and rise to future challenges, Mersen has to attract a wide range of talent, including experts. Its ability to attract these experts is key to its success. Its expertise could wane over time if it does not have a proper talent management strategy.

The Group is complex in terms of its size, and the diversity of its products, markets and geographic footprint. To effectively manage this complexity, it needs talented people with a varied range of expert skills and in-depth knowledge of the Group, its customers and its manufacturing facilities. Knowledge transfer and the replacement of experts about to reach the end of their careers are vital for Mersen's future. In particular, the Group must ensure it replaces certain managers and members of the Executive Committee and business management committees whose retirement is scheduled in the short to medium term. It must also ensure the succession of the Chief Executive Officer, whose term of office expires in 2026. As of December 31, 2024, Group employees over 55 years of age represented 18.7% of total Group headcount.

Retaining and attracting talent and experts could become more challenging, although the tension on the labor market experienced since early 2022 has gone down.

The potential negative impacts on the Group of the loss of experts are as follows:

- loss of key expertise that could affect the Group's ability to meet customers' requirements, which would limit its growth potential and/or existing sales;
- less control over manufacturing processes, which could lead to (i) additional costs, which would reduce the Group's competitiveness for some products, (ii) product quality problems that could affect relations with major customers, and (iii) safety or environmental problems arising from complex processes;
- poor strategic decisions due to insufficient knowledge of the Group's expertise and processes, its culture or its markets.

Risk management

The Group has created a dedicated organizational structure to manage this risk, including:

- setting up an expert community, with a specific policy for succession planning, retaining and sharing expertise, and enhancing talent retention measures;
- creating an expert committee to pool knowledge and motivate the Group's experts;
- systematically putting in place succession plans for major sites and management committees (including the Group Executive Committee);
- reviewing Executive Committee succession plans by the Governance, Appointments and Remuneration Committee;
- putting in place a career management policy, particularly for experts and young talent;
- rolling out specific communication and "employer brand" measures to develop and promote the Group's reputation among job candidates and therefore attract new talent;
- broadening long-term incentive plans to include experts and high-potential employees.

10.3.10. IT systems failure and cyberattacks

Description of risk

All of the Group's management, planning and invoicing systems are dependent on IT. The reliability and availability of the Group's IT systems are determining factors for meeting customer deadlines, and are indispensable for certain activities such as electricity distribution and electric vehicles.

In addition, some equipment that is essential for the Group's business and/or is potentially risky is controlled via software.

Lastly, certain confidential data, notably relating to plans (both the Group's and its customers'), product offers and personal data are stored on servers.

The potential impacts for the Group in the event of failure are:

- a stoppage of important equipment, which could temporarily affect production and therefore make it impossible for the Group to deliver one or possibly many order(s), which in turn could impact its profitability and potentially its future relations with some customers;
- theft and/or sharing of confidential data, which could lead to penalties and/or legal disputes and could harm the Group's image;
- an accident due to the loss of control of dangerous equipment.

Risk management

The Group has an IT security policy, which is regularly presented to the Audit and Accounts Committee. This policy is updated regularly to ensure the IT system remains resilient and synchronized Group-wide, with redundancy systems in place: the most business-critical systems are redundant, and the DRP (Disaster Recovery Plan) is regularly tested.

A specific cybersecurity risk map has been in place for several years and internal audits are performed to verify that the relevant rules and procedures are respected. Mandatory training and awareness-raising sessions are also organized to enhance the Group's cyber-risk culture. Moreover, Mersen uses external service providers to assess the robustness of its IT system. IT governance projects have been redefined and the IT teams have been strengthened in order to manage IT risks more effectively, especially cybersecurity risks.

The deployment of centralized tools provides more effective control over updates and compliance with security guidelines.

10.3.11. Ineffective integration of newly acquired companies

Description of risk

The Group has carried out numerous acquisitions in the past. In 2024, Mersen made three acquisitions in the United States in order to consolidate existing Group products/technologies.

Most acquired companies are small, family-owned businesses with strong local expertise. The success of these acquisitions hinges largely on effective integration, from a technical, commercial and, above all, human resources perspective. The Group may pursue this acquisition policy to consolidate its position in certain businesses or geographies.

However, the Group may encounter the following difficulties that impact forecast synergies and performance:

- issues not identified during due diligence may result in substantial unexpected costs, delays or other financial and operational difficulties, as well as unforeseen legal problems such as larger-than-expected liabilities;
- difficulties integrating acquired entities or businesses (particularly HR problems) or poorly managed transfers of activities or plants;
- difficulties recruiting or retaining the expertise required for the transition;
- breach of non-compete clauses or disputes with the acquired companies;
- the technologies acquired may prove to be less effective than initially expected or process engineering conducted by the Group may prove to be more complex and/or longer and costlier than anticipated.

The potential negative impacts on the Group if one or several major projects were to fail are:

- a reduction in sales volume and/or expected profitability;
- the need for additional financial investments or costs in order to bring acquired companies or assets up to the required standards;
- the expected benefits of future acquisitions may not be achieved within the expected timeframe or at the expected levels.

Risk management

Due diligence procedures (covering operational, IT, legal, environmental, financial and compliance issues) are performed for all acquisitions and a tailored integration plan is drawn up and regularly monitored by the members of the Executive Committee. The procedures must be approved by or communicated to by the Board of Directors, depending on their scope.

A process of monitoring key people during the acquisition process is fully operational.

Post-acquisition reviews are regularly conducted to measure any variances and the integration plan is adjusted if necessary, with the reviews presented to the Board of Directors.

10.3.12. Human capital shortages for the growth plan

Description of risk

The Group's international scope as well as the diversity of its products, markets and applications require significant resources and means that the Group cannot always provide as it is smaller than other major multinational corporations.

RISK FACTORS

The Group has made and will continue to make many capital expenditure outlays, industrial reorganizations and acquisitions. This high level of activity can lead to temporary shortfalls in human capital or additional human capital requirements that cannot always be satisfied at competitive rates, particularly in the context of the 2029 growth plan.

The Group and its subsidiaries also need to deal with the increasing complexity of labor, environmental and tax regulations. The increasingly demanding requirements for documentation and formal processes for compliance purposes have created large volumes of additional work, especially for support functions such as finance, HR and IT. Some smaller sites may find it difficult to have effective regulatory watch processes in their particular country.

The potential negative impacts for the Group are:

- loss of competitive position and market share if the Group is unable to adapt quickly enough to specific changes in its markets or customers;

- sanctions and liability in the event of (involuntary) non-compliance with regulations could be prejudicial for the Group;
- slowdown of ongoing projects.

Risk management

In order to ensure the success of its growth plan, the Group has maintained or undertaken the following actions:

- Expansion and consolidation of its existing network of regional liaison officers (for HR, finance and audits) who provide support to local sites.
- Development of the employer brand to enhance the Group's attractiveness.
- Process of provisional management of jobs and resources.
- Certain support functions (compliance, legal affairs, environmental affairs, etc.) have been strengthened over the past few years to deal with the growth in regulations.
- Regular follow-up with the Board of Directors.

10.4. Industrial and environmental risks**10.4.1. Delayed rollout of environmental and climate policy****Description of risk**

The manufacturing processes of the Advanced Materials segment use energy, which leads to indirect CO₂ emissions (see chapter 4 in this document). Given the Group's expected strong growth between now and 2029, it is likely to generate an increase in greenhouse gas emissions in absolute terms across its entire value chain. The Group has set itself ambitious short-term targets for reducing CO₂ emissions intensity. These objectives are partly linked to the use of electricity from renewable sources.

In addition, Mersen is facing increasingly demanding requests from its external and internal stakeholders (customers, shareholders, employees, etc.) regarding its climate pathway. The Group may not be able to respond within the required timeframe.

As part of its non-financial double materiality analysis, the Group identified "Reducing the carbon footprint" and "Climate change adaptation" as material issues (see chapter 4).

The potential negative impacts on the Group are:

- failure to reduce the Group's GHG emissions or respect its carbon trajectory, which could have a negative environmental impact;
- reputational and financial risks, leading to a fall in the share price;

- a reduction in sales and financial results;
- additional costs incurred for researching less energy-hungry production processes, especially if certain regulations change;
- additional costs linked to the use of renewable electricity;
- non-renewal or suspension of an operating license, which could lead to a partial or total production stoppage at a major plant while awaiting an alternative solution;
- costs related to cleaning up land at a former site and/or to third-party claims or disputes, or to compliance measures for facilities.

Risk management

The Group is well positioned in energy transition markets, and its medium-term strategy is based on the development of these markets. In addition, most of Mersen's products enable customers to consume less energy. This helps to reduce reputational risk.

In addition, the Group has implemented an ambitious environmental policy with numerous measures to mitigate the risks described above. In particular, it:

- regularly monitors the Group's actions and policies on climate issues;
- adopts and disseminates formal Group environmental objectives and integrates them into the annual bonuses for some members of the Executive Committee and into bonus share plans for the Executive Committee and managers;

- carries out emission calculations, particularly with regard to product use and end-of-life;
- has put in place the centralized monitoring of operating permits;
- has put in place a procedure whereby the Executive Committee regularly monitors changes in the main standards that apply to the Group in order to effectively anticipate any required capital expenditure;
- strengthens environmental and climate resources;

- has set up a system for regularly monitoring waste, with measures implemented to ensure better recycling at all of its manufacturing sites;
- systematically carries out environmental due diligence reviews for acquisitions of manufacturing sites.

In addition, the Group has implemented a solid governance structure for these issues, through the CSR Committee and the HSE Committee, which bring together the departments involved as well as several members of the Executive Committee. A member of the Board of Directors is responsible for overseeing CSR issues.

10.5. Legal and regulatory risks

10.5.1. Major disputes and non-compliance issues

Description of risk

Mersen operates in complex and technically demanding markets. The products that the Group delivers are key components for the operation and/or safety of our customers' products and services. Claims may potentially be made against the Group for alleged quality problems and/or for failing to meet delivery deadlines (such claims are frequent in the chemicals and automotive industries). These risks are generally on the rise due to the growing number of significant long-term contracts, the more litigious nature of relations with certain key customers and the Group's expansion in new businesses and international markets with differing legal systems. This international positioning, combined with the fact that Mersen sells products that can be used for both civil and military purposes, exposes it to sanctions by or disputes with government agencies, especially tax and customs authorities.

The potential impacts for the Group are:

- administrative sanctions imposed by a government, which could potentially restrict or prohibit the Group's access to certain markets and harm its reputation;
- potentially significant costs, especially in the event of product recalls, serial defects on products or major delivery delays under certain contracts;
- a deterioration in commercial relations with certain customers, with an ensuing loss of sales (although the Group's largest customer only represents approximately 3.2% of its total sales).

Risk management

- Prevention of customer disputes

Since the end of the 1990s, the Group has had a quality program in place to ensure the quality of its products meets its customers' requirements. It also has an Operational Excellence Department, set up in 2015, to improve the monitoring and quality of its products.

The Group's Legal Department draws up contractual policy and assists the sales and technical teams in negotiating contracts and managing claims, thus ensuring better prevention of disputes with customers. The Group has also taken out a civil liability insurance policy to limit the financial consequences of such disputes (see paragraph on Insurance below).

- Prevention of regulatory breaches

The Group is committed to raising awareness and training its employees in regulatory compliance to prevent the risk of breaches. Mandatory training is provided to all employees on the Group's Code of Ethics, which includes a section on regulatory compliance. Employees who are particularly exposed must also undergo specific training on anti-corruption rules and competition law. In terms of export controls and embargoes, procedures have been implemented within the Group and awareness-raising sessions are regularly provided to the staff concerned.

Disputes are periodically assessed and the Group makes provisions in accordance with applicable accounting principles to cover risks that it is able to reliably assess (see Note 13 to the consolidated financial statements).

11. INSURANCE

The Mersen group has negotiated international insurance policies applicable in certain countries via local policies to cover its main risks. These insurance policies are underwritten by leading insurance companies.

To safeguard the Group's future, the levels of coverage are regularly reassessed to take into account the risks incurred by the Group. Coverage, limits and deductibles are adapted to the needs of the Group and all of its subsidiaries. They are reviewed each year, taking into account the Group's activities and projects. They are also subject to change depending on the terms available in the insurance market.

The Mersen group does not have any captive policies.

Its main policies are as follows:

11.1. Civil liability insurance

The professional third party liability insurance program (operations, pre- and post-delivery) covers in particular – subject to the usual deductibles, exclusions and limits on coverage – bodily harm, physical and economic loss, disassembly/reassembly costs, collection costs, damage to goods in third party storage and decontamination costs. The international program comprises a main policy in France and local policies in certain countries.

11.2. Environmental liability insurance

The purpose of the environmental liability insurance policy is to cover, subject to the usual deductibles, exclusions and limits on coverage, the financial consequences for the Group resulting from bodily injury, property damage and consequential loss suffered by third parties in the event of pollution or environmental damage caused by the activities of the Group and its subsidiaries.

11.3. Property/Business interruption insurance

The Group's property/business interruption insurance program notably covers – subject to the usual deductibles, exclusions and limits on coverage – bodily injury and physical damage, as well as losses caused by the interruption of business at the Group's main plants as a result of any sudden and accidental events (such as fire, storm, explosion, electrical damage, theft, etc.). The program comprises a master policy and local policies in certain countries. It provides an overall contractual restriction per event (property/business interruption combined) with sub-restrictions for certain events, such as storms, natural disasters or certain specific guarantees, such as machine failures and IT and electrical risks.

11.4. Transportation insurance

Under the Group's transportation insurance program, Mersen and its subsidiaries are protected by a worldwide policy that covers all of the Group's goods shipments, irrespective of the means of transportation used.

12. RELATIONS BETWEEN THE PARENT COMPANY AND ITS SUBSIDIARIES

Mersen is a holding company that manages its investments in subsidiaries and affiliates and the Group's financing activities, and charges subsidiaries for services related to the intangible assets and property, plant and equipment that it owns.

Mersen SA belongs to the Mersen group, which encompasses 93 consolidated and unconsolidated companies in approximately 32 countries. The Group's largest manufacturing sites are located in France, the United States, China and Mexico.

The Group's Executive Committee runs its operational affairs. The members of the Executive Committee sometimes act as corporate officers or directors at the companies linked to their activity.

13. PARENT COMPANY RESULTS

13.1. Parent company's financial position in the preceding financial year

The parent company, Mersen SA, generated sales and other income of €40.5 million in 2024. These revenues are derived from Mersen SA's activities as a holding company, namely the management of investments in subsidiaries and affiliates, Group financing and invoicing for various services, plus fees for the use of the trademark and other associated intangibles.

The parent company recorded a net operating loss of €4.6 million, compared with net income of €4.9 million in 2023. This reduction is mainly due to increased expenditure by Mersen SA for the development of its "Mersen" brand. All else being equal, this increase in expenditure should lead to an improvement in the brand's profitability over the next few years.

Net financial income came to €19.6 million, compared with net income of €26.1 million in 2023, mainly comprising €38.6 million in dividends from subsidiaries, compared with €32.9 million in 2023, and impairment of equity interests in the amount of €24.0 million, compared with €13.0 million in 2023.

Net income before tax and non-recurring items came to €14.9 million.

Non-recurring items amounted to a net loss of €0.4 million, compared with net income of €3.8 million in 2023 which mainly reflected the reversal of a provision for disputes for €1.1 million and net income from the capital reduction of a subsidiary for €2.3 million. In 2024, the increase in non-recurring expenses was mainly due to the cost of acquiring free shares for Mersen group employees, largely offset by income from rebillings corresponding to the share of employees benefiting from the plan in other Group companies.

The €2.3 million income tax benefit chiefly reflects the benefit from the consolidation of Mersen and its French subsidiaries for tax purposes of €2.9 million and a tax expense at the global minimum tax rate (GloBE/Pillar Two) of €0.6 million.

After taking these items into account, net income came to €16.8 million versus €36.4 million in 2023.

13.2. Information about payment terms for the parent company's suppliers

Invoices received and issued at fiscal year-end (table from part I of Article D. 441-4 of the French Commercial Code)

(In € thousands)	Trade payables: invoices received not settled and overdue at the balance sheet date					Trade receivables: invoices issued not settled and overdue at the balance sheet date					
	At due date	1 – 30 days	31 – 60 days	61 – 90 days	91 days+ or more	At due date	1 – 30 days	31 – 60 days	61 – 90 days	91 days+ or more	
(A) Late payment tranches											
Number of invoices	15				1	1	103	7		49	56
Total amount of invoices concerned incl. VAT	150				(1)	(1)	1,606	95		518	614
% of total amount of purchases for the year, incl. VAT	2.70%				-0.02%	-0.02%					
% of sales for the year, incl. VAT							3.90%	0.23%		1.26%	1.49%
(B) Invoices excluded from (A) in respect of disputed or unrecognized debts and/or receivables											
Number of invoices excluded											
Total amount of invoices excluding VAT											
(C) Reference payment terms used (contractual or legal – Article L.441-6 or Article L.443-1 of the French Commercial Code)											
Terms of payment used to calculate late payment	Legal terms: 45 days end of month, unless contractual terms are shorter					Contractual terms: 30 days end of month for French and other European customers, 60 days end of month for the rest of the world					

4 SUSTAINABILITY REPORT

1. GENERAL DISCLOSURES (ESRS 2)	104
2. ENVIRONMENTAL INFORMATION	132
2.1. Climate change (ESRS E1)	132
2.2. Resource use and circular economy (ESRS E5)	142
2.3. European Taxonomy	147
3. SOCIAL INFORMATION	160
3.1. Own workforce (ESRS S1)	160
3.2. Workers in the value chain (ESRS S2)	175
3.3. Consumers and end-users (ESRS S4)	178
4. BUSINESS CONDUCT (ESRS G1)	181
REPORT BY THE STATUTORY AUDITOR ON THE SUSTAINABILITY REPORT	190

1. GENERAL DISCLOSURES (ESRS 2)

1.1. Basis for preparation (BP)

1.1.1. General basis for preparation of sustainability statements (BP-1)

1.1.1.1. Reporting organizational scope

The sustainability report covers all companies in the Group, whether consolidated or not, based on the following principles:

- **Financial reporting:** all companies included in the financial consolidation scope;
- **Workforce reporting:** all companies included in the financial consolidation scope and in the HR information system (HRIS). If a company is not included in the HRIS, the only datapoint reported is the number of employees at the end of the year;
- **Health and safety reporting:** all Group sites, unless otherwise indicated;
- **Environmental reporting:** all Group sites, unless otherwise indicated;

The sustainability report covers part of the upstream and downstream value chain:

- Health and Safety reporting covers on-site service providers.
- Environmental reporting, specifically with regard to carbon disclosures, covers impacts arising from the upstream value chain (categories 3.1 Purchased goods and services, 3.2 Capital goods, 3.3 Fuel and energy-related Activities, 3.4 Transportation and distribution); operational emissions (3.6 Business travel, 3.7 Employee commuting); and the downstream value chain (3.5 Waste generated in operations and 3.9 Downstream transportation, excluding categories 3.10 Processing of sold products, 3.11 Use of sold products and 3.12 End-of-life treatment of sold products).

1.1.1.2. Reporting timetable

Quantitative indicators are calculated using the following method:

- **workforce data:** for the period from January 1 to December 31, 2024, with figures reported as at December 31, 2024;
- **safety data:** for the period from January 1 to December 31, 2024, with figures reported as at December 31, 2024;
- **environmental data:** for the period from January 1 to December 31, 2024, with figures reported as at December 31, 2024.

1.1.1.3. Operational reporting scope

Exclusions

- Acquisitions made by the Group in 2024 are excluded from reporting, except for year-end headcount figures. They concern GMI Group (USA), KTK Thermal Technologies (USA) and Bar-Lo Carbon Products (USA), which have been included in the consolidated financial statements since July 1, October 1 and November 1, 2024, respectively. These entities have not yet been able to implement all the Group's reporting processes.

Information on certain non-material matters is provided in the sustainability report, along with required disclosures for material matters.

Certain exclusions from the scope of reporting have been defined for some indicators, particularly when local legislation does not permit the reporting of relevant data or the extrapolations are not satisfactory.

1.1.1.4. Reporting methodology

Mersen prepared its sustainability report with the help of the HRIS human resources dedicated reporting tool, the CALAME operational reporting tools and various financial reporting systems.

Quantitative information is collected using the indicators described in the dedicated frameworks. These frameworks specify the indicator's objectives, its scope of application, the definitions needed to understand the indicator and its scope, the calculation methodology, and the consistency checks.

Workforce information – ESRS S1

Workforce information is collected through the HRIS information system used in all of the Group's consolidated companies.

Once collected and prior to final consolidation, the data submitted by the subsidiaries is verified for consistency using various criteria. Any value or change in value considered suspect is verified with the relevant site, which will be asked to correct or explain the data. If the value cannot be corrected or if the explanation provided is deemed inconclusive, the scope concerned by that value will then be removed from the scope of consolidation.

Safety information – ESRS S1

Health and safety indicators are collected monthly through the Calame reporting system implemented at all Group companies. Indicators on accidents cover Mersen employees as well as temporary workers and employees from outside companies working at Mersen sites.

Once collected and prior to final consolidation, the data submitted by the subsidiaries is verified for consistency using various criteria. Any value or change in value considered suspect is verified with the relevant site, which will be asked to correct or explain the data.

Environmental information – ESRS E1, ESRS E5

Environmental indicators are collected quarterly and annually through the Calame reporting system. Data is entered by EHS managers at each entity. It is validated by the BU's industrial director before being sent to the head office for consolidation.

Once collected and prior to final consolidation, the data submitted by the sites is verified for consistency using various criteria. Any value or change in value considered suspect is verified with the relevant site.

Governance information – ESRS G1

This reporting includes the monitoring of ethical alerts.

1.1.1.5. Reporting process participants and their responsibilities – Validation process

A certain number of employees are involved in implementing the reporting process within the Group and all of its subsidiaries.

The levels of responsibility are as follows:

Corporate level

Each department in charge of a topic (Human Resources – workforce data; Operational Excellence – health, safety and environmental data; the segment Purchasing departments – upstream value chain data) organizes the reporting process in conjunction with the managers whose sites are included in the scope. Their role is to:

- define framework indicators;
- relay the internal frameworks (HRIS, Health & Safety, Environment and the procedure for calculating greenhouse gas emissions) to Group site managers and ensure that they are clearly understood by providing adequate information and training;
- coordinate data collection;
- ensure that the reporting schedule is adhered to;
- check the completeness and consistency of the data collected;
- consolidate the data;
- use and analyze the data;
- disclose the data.

Site level

Data reporting is the responsibility of the site managers included in the reporting scope. Their role is to:

- organize data collection at their site by defining responsibilities and ensuring compliance with datapoint definitions;
- ensure data traceability;
- ensure that the reporting schedule is adhered to; and
- check the completeness and consistency of the data provided and implement requisite controls and checks by persons not involved in the collection process.

1.1.2. Disclosures in relation to specific circumstances (BP-2)**1.1.2.1. Time horizons used in the sustainability report**

The time horizons applied by the Group are consistent with those defined in ESRS 1, i.e.:

- short-term time horizon: the period adopted by the undertaking as the reporting period in its financial statements;
- medium-term time horizon: from the end of the reporting period up to five years;
- long-term time horizon: more than five years.

1.1.2.2. Limitations due to first-time application

The first year of applying the directive gave rise to some inherent uncertainties. In particular, these uncertainties meant that not all the value chain could be taken into account in the double materiality analysis, which instead focused on Tier 1 business relationships and partially covered ESRS sub-topics (see section IRO1 1.4.1.3 on the double materiality analysis methodology).

Mersen is committed to a continuous improvement approach and will take into account information disclosed by other companies in addition to regulatory developments in future years.

Lastly, Mersen is unable to provide full information on its material matters due, in particular, to the considerable volume of data required by the ESRS for this year. These omissions are presented in the table in appendix 4.

1.1.2.3. Methodological limitations and sources of uncertainty

Certain data is subject to methodological limitations, indicated alongside the information presented in the sections by topic, including in particular:

- Limitations in scope and accounting of Scope 3 greenhouse gas emissions (see section E1 §1.8.1)
- The calculation method for raw materials considered to be main input resources (see section E5 §2.2.2)

1.1.2.4. Explanations concerning value chain data

Metrics that include value chain data mainly concern the calculation of Scope 3 emissions in our carbon footprint, particularly emissions associated with raw material sourcing, transportation and product use. This data is mainly provided by our partners and suppliers.

Data sources include specific supplier reports.

For now, the accuracy of the data assessed depends on the quality of the information provided by our partners. We believe there are margins of error associated with certain data, particularly in the absence of direct measurements.

The Group has put in place various initiatives to improve future accuracy, including the implementation of advanced tracking systems. Regular audits are also performed to check and improve the reliability of the data collected.

1.1.2.5. Incorporation by reference

See cross-reference table at the end of the report for references to chapters outside the sustainability report (see appendix 3).

GENERAL DISCLOSURES

1.2. Governance (GOV)

1.2.1. The role of the administrative, management and supervisory bodies (GOV-1)

1.2.1.1. Composition of the governance and diversity bodies

Mersen's governance structure is described in detail in chapter 2, section 1, of this document:

- The Board of Directors is composed of eight members, including the Chief Executive Officer and an employee representative (section 1.1.8.3).
- Their skills and expertise are described in section 1.1.8.3.
- The Board's diversity is described in detail in section 1.1.4. There are 3 women and 5 men.
- The percentage of independent directors is 57% (section 1.1.8.6).

1.2.1.2. Roles and responsibilities of the administrative and supervisory bodies

The Board of Directors

The sustainability strategy and the monitoring of its impacts, risks and opportunities are an integral part of the Group's strategy.

The Board of Directors is responsible for reviewing them annually, in particular by defining progress goals and assessing their level of achievement.

The Board has delegated to Emmanuel Blot the responsibility of leading and monitoring sustainability topics and, more specifically, implementing the CSR roadmap defined by the Group's Executive Management and ensuring the proper application of the European Corporate Sustainability Reporting Directive (CSRD) (see chapter 2).

Audit and Accounts Committee

The Board delegates to the Audit and Accounts Committee the responsibility for monitoring nonfinancial risks and impacts, particularly those relating to the CSRD. The Audit and Accounts Committee ensures the proper implementation of the double materiality assessment and oversees the internal control system associated with sustainability reporting and the management of risks related to the information disclosed. It is responsible for implementing the CSRD.

Governance, Appointments and Remuneration Committee

The Committee gives an advisory opinion on short- and medium-term compensation objectives related to sustainability and linked to the Group's impacts, risks and opportunities.



1.2.1.3. Description of management's role in monitoring, managing and overseeing IROs

The Group's Executive Committee oversees the sustainability strategy and the implementation of IRO policies. It is supported by dedicated committees

The Corporate Social Responsibility (CSR) Committee comprises the Chief Executive Officer, the Chief Financial Officer, the Vice President, Human Resources, the Vice President, Operational Excellence, the Head of Financial Communication and the Vice President, Risks, Audit & Compliance. It meets quarterly to steer action on managing IROs, track progress towards meeting ongoing objectives, coordinate CSRD work and prepare communications.

The Health, Safety and Environment (HSE) Committee meets monthly to oversee all policies, initiatives and indicators relating to the environment and the health and safety of employees. It comprises Executive Management, the Finance and Administration Department, the Human Resources Department, the Operational Excellence Department and the heads of both of the Group's segments.

The Ethics and Compliance Committee, comprising the Group's Chief Executive Officer, the Chief Financial Officer, the Vice President, Human Resources, the General Counsel and the Vice President, Risks, Audit & Compliance, meets at least quarterly. It is responsible for tracking objectives, monitoring actions and targets linked to IROs for business conduct and compliance with human rights.

The Diversity Committee, comprising the Human Resources Department, the Internal Communications Department and three members of the Executive Committee, meets four times a year. Its role is to set targets and monitor the achievement of the Group's objectives in terms of diversity, inclusion and equal opportunity. It is responsible for formulating proposals, defining priority actions, overseeing their implementation, promoting the exchange of best practices and coordinating local diversity networks.

In addition, the Group's Human Resources Department defines human capital development objectives as part of its strategic roadmap. It works together with the segments' human resources departments and the regional and site teams to roll out training programs.

The Group’s purchasing organization seeks to improve the performance of the upstream value chain. It is responsible for encouraging suppliers to commit to continuous improvement of CSR. The segment Heads of Purchasing sit on the segment management committees, which meet monthly.

The Electrical Power segment has put in place a dedicated committee to monitor the electric vehicle market. The committee, which meets monthly, comprises the Chief Executive Officer, the Executive Vice President of Electrical Power, the Vice President of the Electric Vehicles business and the Vice President, Risks, Audit & Compliance. It is in charge of reviewing current customer projects and EV-related risks, notably the quality of sold products, particularly fuses, which are key safety components.

1.2.1.4. Board of Directors’ skills and knowledge for overseeing sustainability matters

The Board’s sustainability expertise is described in chapter 2, section 1.1.8.3, of this document.

1.2.2. Information provided to and sustainability matters addressed by the undertaking’s administrative bodies (GOV-2)

The director in charge of CSR issues provides the Board of Directors with a progress report on sustainability matters at least twice a year.

The Audit and Accounts Committee reviews the risks associated with sustainability matters once a year. In 2024, the committee focused its attention on compliance and environmental issues.

In 2024, the Board of Directors:

- Reported on the results for 2023 and its revised CSR roadmap
- Received progress updates on CSRD implementation
- Validated the double materiality matrix and the associated challenges.

It examined the following topics (see ESRS 2 SBM):

Impacts

- Positive impacts related to carbon footprint reduction; climate change adaptation; diversity, inclusion and equal opportunity; and employee safety and well-being
- Negative impacts related to carbon footprint reduction

Risks and opportunities

- Risks and opportunities related, respectively, to carbon footprint reduction and climate change adaptation

1.2.5. Statement on due diligence (GOV-4)

Core elements of due diligence	Sections of the sustainability report
a) Embedding due diligence in governance, strategy and business model	ESRS 2 SBM-1 and 3 GOV 1-2-3-5
b) Collaborating with the relevant stakeholders in all steps of due diligence	ESRS 2 SBM-2
c) Identifying and assessing negative impacts	ESRS 2 IRO 1-2, SBM-3
d) Taking measures to remedy these negative impacts	ESRS S2 3.2.4; ESRS S4 3.3.4
e) Tracking the effectiveness of these efforts and communicating	ESRS E1 2.1.6; ESRS E5 2.2.3; ESRS S1 3.1.8; ESRS S2 3.2.6; ESRS S4 3.3.6

- Risks and opportunities related, respectively, to employee safety and well-being, and to diversity, inclusion and equal opportunity
- Risks related to the failure to respect human rights and fundamental freedoms

1.2.3. Integration of sustainability-related performance in incentive schemes (GOV-3)

Members of the Board of Directors receive fixed and variable compensation linked to attendance, without regard to sustainability-related allocation criteria. Only the Chief Executive Officer, who is also a member of the Board of Directors, receives variable compensation that is partially linked to sustainability topics.

In 2024, his variable compensation package was structured as follows (see chapter 2):

- **Yearly bonus:** 30% of the Chief Executive Officer’s annual variable compensation is related to non-financial criteria, 50% of which is linked to CSR performance. Of this, personal safety criteria represent 25%, divided between three equally weighted subcriteria: lost-time injury rate, severity injury rate and number of safety visits per employee. Environmental criteria represent the other 25%, divided into four equally weighted sub-criteria: waste recycling rate, calculation of Scope 3 greenhouse gas emissions, sales intensity of greenhouse gas emissions (CO₂eq/sales) and water consumption intensity. Criteria related to the reduction of greenhouse gas emissions therefore account for 2% of the annual variable component. Targets and thresholds are described in chapter 2.
- **Long-term compensation plans:** 30% of the criteria of the long-term free share plans are dependent on quantifiable CSR performance (three criteria in 2024: percentage of women engineers and managers, reduction in water consumption, reduction in CO₂ emissions intensity). The portion related to the reduction of greenhouse gas emissions accounts for 9% of the share allocation criteria. Targets and thresholds are detailed in chapter 2.

The Governance, Appointments and Remuneration Committee makes a recommendation to the Board of Directors, for its approval, concerning the Chief Executive Officer’s compensation package. The criteria are related to the goals set out in the Group’s CSR roadmap.

1.2.4. Risk management and internal controls on sustainability information (GOV-5)

Please refer to chapter 3.9 of this universal registration document (Management Report, Internal Control).

GENERAL DISCLOSURES

1.3. Strategy (SBM)

1.3.1. Strategy, business model and value chain (SBM-1)

For more information, see the following:

- Mersen's business model (chapter 1, pages 12,13);
- CSR roadmap (section 1.4.3 of this chapter);
- Risks related to sustainable development (section 1.3.3.3 IRO);
- Stakeholder engagement (section 1.3.2) Interests and views of stakeholders;
- The double materiality matrix is presented section 1.3.3 (Description of the processes to identify and assess significant impacts, risks and opportunities);
- Mersen's workforce (section 3.1.9); and
- Breakdown of Mersen's total revenue (chapter 3, section 2).

1.3.1.1. Description of activities

The Group develops innovative solutions tailored to its customers' needs, thanks to two areas of expertise.

In the Advanced Materials segment, the Group operates across the entire value chain, from the formulation and manufacture of materials (graphite, silicon carbide, carbon fiber insulation and carbon-carbon composites) to the design of final products in line with customer needs. It offers an array of solutions and products designed to perform the following principal functions: resistance to very high temperatures, protection against corrosion and electric power transmission.

The Electrical Power segment offers a range of solutions and products designed to perform two functions across the entire electrical chain – protection of equipment and individuals, and power conversion.

Leveraging its expertise in these two areas, the Group provides solutions for all sectors in manufacturing, as well as companies seeking efficiency and reliability.

- In the energy market, Mersen develops solutions and products that meet the needs of the principal energy sources, and renewable energies in particular (solar, wind, hydro).

- In the electronics market, Mersen develops materials for manufacturing more efficient semiconductors. It also provides passive components for power conversion.
- The transportation market spans rail, aeronautics and electric vehicles. In these markets, Mersen offers safety products (fuses and surge protection devices), passive components to improve power conversion efficiency and material solutions for various manufacturing processes.
- Corrosive chemicals: The Group offers equipment designed to meet the most stringent production requirements, in particular for phosphoric acid, chlor-alkali, active pharmaceutical ingredients, isocyanates, acid and specialty chemicals.
- Process industries comprise metalworking, high-temperature furnaces, sintering processes, glass and plastics and other sectors. Mersen offers a wide range of tailor-made products and solutions to meet the challenges of energy efficiency and electrical protection.

1.3.1.2. Total workforce by geographical area

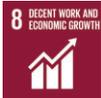
Workforce information is provided in ESRS S1, section 3.1.9.

1.3.1.3. Mersen's contribution to the United Nations Sustainable Development Goals (SDGs)

Mersen's commitment is built on four pillars:

- Being responsible partners
- Limiting our environmental footprint
- Developing human capital
- Cultivating an ethics and regulatory compliance culture

The Group focuses specifically on making a genuine contribution to the 13 SDGs listed below:

Theme	SDG
Responsible partner 	 
Limiting our environmental impact 	    
Developing human capital 	    
Ethics and compliance culture 	

The Group's commitments in relation to the SDGs are as follows:

Responsible partner

- Responsible management of the sourcing of metals with potentially negative social and/or environmental impacts, particularly conflict minerals.
- Integration of environmental and social criteria in the purchase of products and services.

Limiting our environmental impact

- Reduction of energy consumption, decarbonization, implementation of measures to mitigate its impact on climate change and adapt to that change.
- Reduction of waste production, adoption of sorting and recovery through recycling or reuse measures.
- A stepped-up focus on pollution and discharges to air, water and soil that affect the environment.
- Continued compliance with international regulations.
- Reduction of the ecological impacts of products over the entire life cycle: reduction in the use of resources during production, eco-design, energy-saving products, etc.
- Business continuity in the event of exceptional climatic or health events requiring a reorganization of activities, and which may constrain international trade.

Developing human capital

- Gender parity throughout the organization, local recruitment, policies in favor of disabled people and juniors/seniors, and combating all forms of discrimination.
- Training and promotion policy to ensure the development of internal skills and the appropriation of the company's values by employees.
- Ability of the company to attract the talent essential to its operations.
- Working conditions guaranteeing the safety of employees and service providers.
- Prevention of accident risks, including psychosocial risks, both at Group level and by entity depending on their activities.

Ethics and compliance culture

- Group ethical rules and their appropriation by internal and external stakeholders, including corruption, fraud and competition rules.
- Data protection, including compliance with personal data regulations, and computer system security.

1.3.1.4. Linking strategy and sustainability

Mersen's strategy is built on four pillars:

- Continue to develop products and solutions adapted to our customers' needs that, by and large, reduce the environmental impact of their products or processes (see ESRS E1, section 2.1.2.5).
- Contribute to the development of sustainable development markets, in particular solar energy, electronics, energy storage and electric vehicles (see ESRS E1, section 2.1.2.5).
- Continue to implement the competitiveness and performance program, while ensuring the safety of plants and employees. This approach encompasses manufacturing excellence, risk prevention, the improvement of working conditions and the reduction of the sites' environmental footprint.
- Ensure human capital development, while safeguarding human rights and providing a comprehensive social protection policy (see ESRS S1 and S2).

Mersen supports economic development and the global energy transition by developing tailor-made solutions and delivering key products that help customers address these new technological challenges.

This involves:

- the contribution to the boom in renewable energies: solar, wind and hydroelectric;
- Supply of key passive components for power management and power conversion systems;
- The contribution to the development of silicon carbide (SiC) power semiconductors that limit energy consumption, while enhancing performance.
- Supply of high-performance components to the EV market to ensure vehicle safety and performance.

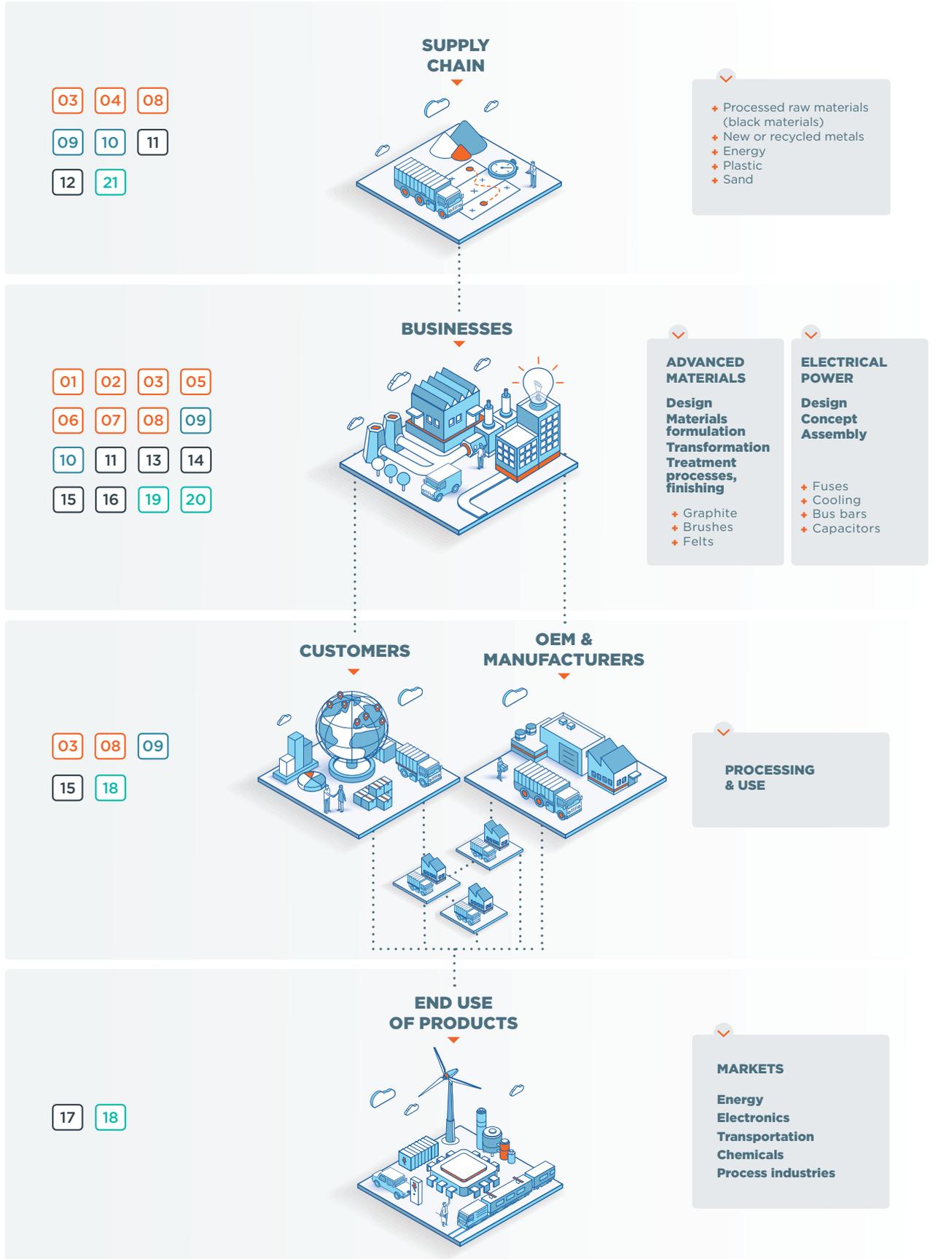
Mersen's strategy is described in chapter 1, page 20, 21.

1.3.1.5. Description of the business model and value chain

Mersen's value chain extends from processed raw materials to end users, including product end-of-life processes.

Impacts, risks and opportunities were identified in the upstream value chain (Tier 1 suppliers), in own operations and in the downstream value chain (direct Group customers).

Measures to control risks and develop opportunities are undertaken jointly with the impacted stakeholders.



IROs



POSITIVE IMPACT



NEGATIVE IMPACT



RISK



OPPORTUNITY

Value creation by IRO

IRO No.	Type	Issue or impact
1	+	Reduction of carbon footprint: Positive impact of Mersen's activities in favor of sustainable mobility
2	+	Measures to adapt to climate change: Positive impact of the development of sustainable development markets enabling employees to acquire new skills and knowledge
3	+	Business ethics: Positive impact on employees qualifying for whistleblower protection status
4	+	Responsible supply chain Positive impact on Mersen's supply chain in terms of whistleblower protection
5	+	Diversity, inclusion and equal opportunity Policies and actions already in place to prevent discrimination and promote diversity and inclusion, leading to a positive impact on employees
6	+	Training and skills management: Implementation of a job and career path management system to better anticipate career development goals
7	+	Employee safety and well-being: Continuous improvement of the health and safety management system
8	+	Working conditions of value chain workers: Positive impact on Mersen's value chain through initiatives to help suppliers and service providers adopt sustainable practices
9	-	Respect for human rights and fundamental freedoms: Potential negative impact of Mersen's activities if inadequate due diligence in certain countries weakens protection of freedoms
10	-	Reduction of carbon footprint: Potential negative impact on the environment if the Group fails to reduce GHG emissions or meet decarbonization goals
11	R	Absence of or non-compliance with commitments to reduce the Group's GHG emissions and adopt a decarbonization pathway
12	R	Significantly increased cost of raw materials
13	R	Employee failure to comply with internal ethical rules
14	R	Failure or lack of due diligence in the face of increased environmental and social regulations, potentially leading to local non-compliance
15	R	International regulations, sanctions, embargoes, export control laws
16	R	Occupational accidents and illnesses
17	R	Safety and security defects in products sold
18	O	Revenues in sustainable development markets
19	O	Integration of eco-design into product design
20	O	Increased employee engagement
21	O	More reliable supply

GENERAL DISCLOSURES

1.3.2. Interests and views of stakeholders (SBM-2)

1.3.2.1. Stakeholder map

The identified stakeholders are categorized into two groups as “*directly concerned*” or “*affected by*” CSR matters.

- a. **Upstream stakeholders: Tier 1 and Tier 2 strategic suppliers, service providers and value chain workers** (raw materials extraction, components, machines and processes), **universities, engineering firms, research centers, business partners, associations and NGOs.**
- b. Stakeholders linked to **internal operations: Mersen employees (own workforce)**, local site **communities, trade associations, banks, investors and insurance companies, rating agencies, administrative and regulatory authorities, associations, NGOs and governmental authorities.**
- c. **Downstream stakeholders: customers, distributors and original equipment manufacturers, transportation and waste management service providers, industry customers, end consumers** (impacted by product use); *NGOs, banks and insurance companies*

One silent stakeholder which does not have a direct voice – the environment – has been identified as being potentially affected by Mersen’s activities.

1.3.2.2. Stakeholder engagement process

Stakeholder engagement takes a variety of forms, including interviews, satisfaction surveys, meetings and roadshows. The different types of engagement are described below by stakeholder category.

■ Suppliers, service providers and value chain workers

For suppliers, service providers and value chain workers, engagement involves a CSR selfassessment, interviews to discuss ratings and audits. It enables them to better understand the Group’s CSR expectations and clarify the tender process. On this basis, Mersen can suggest improvement plans to better integrate sustainability into their business practices (see ESRSR S2 and G1).

■ Own workforce

Engagement with own workforce takes the form of information-exchange meetings between site managers and teams, and meetings with employee representative bodies (notably the Group Committee and the European Works Council). The Group also conducts an annual employee values survey among the entire staff. The main concerns identified from these exchanges were the focus on health and well-being as a strategic priority, and equal pay. Mersen responded by setting up the Mersen Care Program and integrating CSR criteria into the variable compensation component of managers (see ESRS S1, section 3.1.4).

■ Trade associations

Mersen is actively involved in the European Carbon and Graphite Association (ECGA) and the Groupement des entreprises de la filière électronique française (Gimelec), which enables it to stay informed, share knowledge on sustainability issues and to actively monitor environmental standards and the practices of industry peers. The Group is thus committed to the continuous improvement of its industrial processes, while ensuring compliance with applicable environmental regulations.

■ Customers

Engaging with customers at supplier days and trade shows allows Mersen to harness feedback and drive progress on CSR issues. To address their concerns and reassure its customers of its commitment to sustainability, the Group’s performance is assessed every year through the EcoVadis platform. It also includes in its general terms and conditions of sale a clause requiring compliance with ethical standards that are at least equivalent to Mersen’s.

■ Banks, investors

The Group regularly meets with bank representatives and investors at roadshows. These events provide an opportunity to discuss their CSR expectations. To showcase its commitment to sustainability, every year the Group completes questionnaires from financial rating agencies like MSCI.

■ Local site communities

With facilities around the world, the Group engages with local communities around its sites through interviews, meetings and consultations, taking note of their various CSR concerns and adapting its practices when necessary.

Stakeholder engagement results are reported regularly at monthly Executive Committee meetings. The Executive Committee reviews the state of supplier relationships to ensure proper implementation of the responsible procurement strategy. Dedicated presentations provide information on the rollout of human resources policies, ensuring follow-up on initiatives for employees. Finally, external ESG ratings, like those of EcoVadis and MSCI, are communicated to the Executive Committee after each assessment; they are used by the Group’s customers, banks and investors.

1.3.3. Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

The double materiality assessment process is described in ESRS 2 IRO-1.

1.3.3.1. Summary of material issues

The process identified 84 potential IROs for the Group, categorized for assessment according to 20 matters. As a result of the assessment, 21 IROs were identified as being material and were classified by topic into the following 12 material matters:

Environment:

- Reduction of carbon footprint
- Measures to adapt to climate change
- Waste management and circular economy

Business conduct

- Business ethics (including anti-corruption)
- Responsible supply chain
- Over-regulation (not covered by ESRS but considered relevant for the Group)

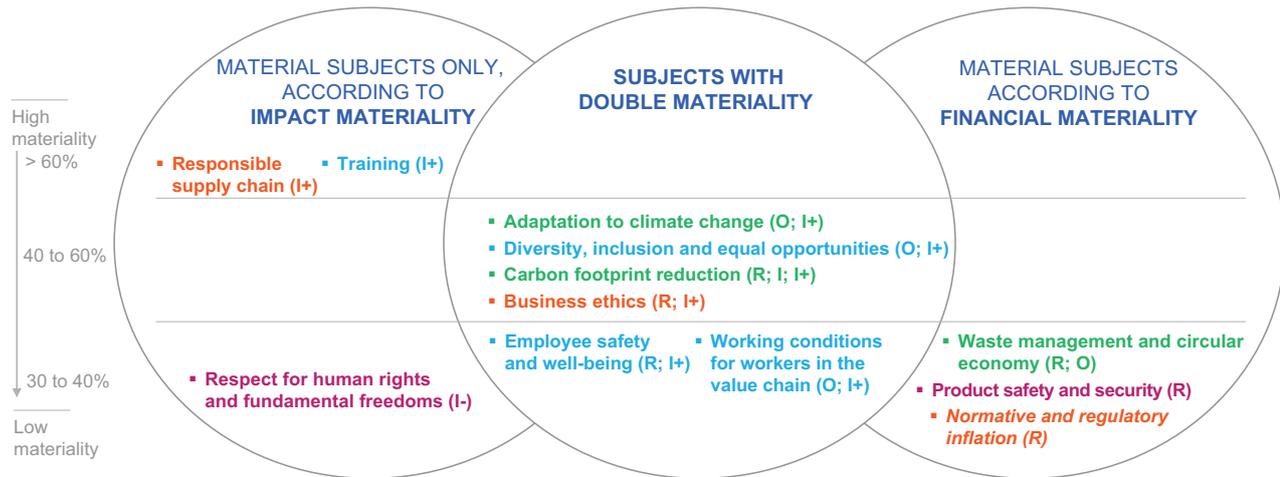
Labor

- Diversity, inclusion and equal opportunities
- Training and skills development
- Employee safety and well-being
- Working conditions of workers in the value chain

Societal

- Product safety and security
- Respect for human rights and fundamental freedoms

1.3.3.2. Double materiality matrix



Material issues covered by ESRS
 Material issues specific to Mersen

Environment Social Business conduct Societal

Matters are positioned according to the average of percentages of all IROs present within the same issue.

GENERAL DISCLOSURES

1.3.3.3. Presentation of the IROs

ENVIRONMENT

REDUCTION OF CARBON FOOTPRINT

Actual impact (-,+)	Risks	Opportunities
<ul style="list-style-type: none"> The negative impact concerns the failure to reduce the Group's GHG emissions, mainly in the Advanced Materials segment, or to remain in line with its decarbonization pathway, which could have an impact on the environment as a stakeholder. <p><i>Across the whole value chain</i></p> <ul style="list-style-type: none"> The positive impact of Mersen's rapidly expanding sustainable activities, offering materials and components that enable customers to save energy. <p><i>Across the whole value chain</i></p>	<ul style="list-style-type: none"> Reputational or financial risks due to a lack of commitments or non-compliance with commitments to lower the Group's GHG emissions and adopt a decarbonization pathway <p><i>Value chain own operations</i> <u>Time horizon: medium-term</u></p>	Not material

MEASURES TO ADAPT TO CLIMATE CHANGE

Actual impact (+)	Risks	Opportunities
<ul style="list-style-type: none"> The growth of sustainable development markets will have a positive impact on employees by providing them with new skills and knowledge. <p><i>Value chain own operations</i></p>	Not material	<ul style="list-style-type: none"> Generate revenues for sustainable development markets <p><i>Downstream value chain</i> <u>Time horizon: medium-term</u></p>

WASTE MANAGEMENT AND CIRCULAR ECONOMY

Impact	Risks	Opportunities
Not material	<ul style="list-style-type: none"> Significantly increased cost of raw materials <p><i>Upstream value chain</i> <u>Time horizon: short-term</u></p>	<ul style="list-style-type: none"> Integration of eco-design into product design <p><i>Value chain own operations</i> <u>Time horizon: long-term</u></p>

LABOR

DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES

Actual impact (+)	Risks	Opportunities
<ul style="list-style-type: none"> Policies and action plans to prevent discrimination and promote diversity and inclusion are already in place and having a positive impact on employees. <p><i>Value chain own operations</i></p>	Not material	<ul style="list-style-type: none"> Increased employee engagement <p><i>Value chain own operations</i> <u>Time horizon: medium-term</u></p>

TRAINING AND SKILLS MANAGEMENT

Actual impact (+)	Risks	Opportunities
<ul style="list-style-type: none"> Positive impact thanks to the implementation of a job and career path management system to better anticipate career development goals in relation to business needs. Employees have a better idea which training courses are best suited to their personal projects. <p><i>Value chain own operations</i></p>	Not material	Not material

EMPLOYEE SAFETY AND WELL-BEING

Potential impact (+)	Risks	Opportunities
<ul style="list-style-type: none"> Working conditions are constantly being improved through the health and safety management system. It helps to ensure a better level of workstation safety, prevent work-related accidents and illnesses and improve employee performance. <p><i>Value chain own operations</i> <u>Time horizon: short-term</u></p>	<ul style="list-style-type: none"> Exposure of employees to hazards that could cause work-related accidents and illnesses <p><i>Value chain own operations</i> <u>Time horizon: short-term</u></p>	Not material

VALUE CHAIN WORKING CONDITIONS

Potential impact (+)	Risks	Opportunity
<ul style="list-style-type: none"> Mersen has a positive impact on its value chain through initiatives to help suppliers and service providers enhance their sustainability efforts. <i>Value chain Upstream (Tier 1 suppliers)</i> <u>Time horizon:</u> medium-term	Not material	<ul style="list-style-type: none"> Create a responsible supply chain <i>Value chain upstream (Tier 1 suppliers)</i> <u>Time horizon:</u> medium-term

BUSINESS CONDUCT**BUSINESS ETHICS**

Actual impact (+)	Risks	Opportunity
<ul style="list-style-type: none"> Positive impact on employees qualifying for whistleblower protection status. They are covered by provisions protecting them against retaliation and will be encouraged to report situations that are potentially dangerous for the company and themselves. <i>Value chain own operations</i>	<ul style="list-style-type: none"> Employee failure to comply with internal ethical rules <i>Value chain own operations</i> <u>Time horizon:</u> short-term	Not material

OVER-REGULATION

Impact	Risk	Opportunity
Not material	<ul style="list-style-type: none"> Failure or lack of due diligence in the face of increased environmental and labor regulations potentially leading to local non-compliance <i>Value chain own operations</i> <u>Time horizon:</u> short-term <ul style="list-style-type: none"> Non-compliance with international regulations, sanctions, embargoes, export controls <i>Value chain own operations</i> <u>Time horizon:</u> short-term	Not material

RESPONSIBLE SUPPLY CHAIN

Actual impact (+)	Risk	Opportunity
<ul style="list-style-type: none"> Mersen has a positive impact on its supply chain in terms of whistleblower protection. The supply chain is governed by provisions that protect whistleblowers from retaliation. They are accordingly encouraged to report situations that are potentially dangerous for the company and themselves. <i>Value chain Upstream (Tier 1 suppliers)</i>	Not material	Not material

SOCIETAL**PRODUCT SAFETY AND SECURITY**

Impact	Risk	Opportunity
Not material	<ul style="list-style-type: none"> Safety and security defects in products sold, particularly fuses for the electric vehicle market <i>Value chain downstream (EV market customers)</i> <u>Time horizon:</u> medium-term	Not material

RESPECT FOR HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

Potential impact (-)	Risk	Opportunity
<ul style="list-style-type: none"> Potential negative impact of Mersen's business due to a lack of due diligence in certain countries, where the protection of freedoms can be more easily undermined. <i>Value chain Upstream (Tier 1 suppliers) and own operations</i> <u>Time horizon:</u> medium-term	Not material	Not material

GENERAL DISCLOSURES

Details on adjustments to Mersen's strategy and business model with respect to the IROs are provided in section 1.3.1.

In 2024, there were no significant financial adjustments to cash flow due to risks or opportunities.

1.3.3.4. Resilience of strategy and business model

The Group monitors and assesses its performance against these impacts and risks and seizes opportunities that align with its strategic objectives. Mersen's strategy and business model are resilient and sustainable overall.

- In the upstream value chain (see ESRS S2):

The resilience of Mersen's upstream chain is supported by a diversified and secure supply base. No supplier accounts for more than 2% of its purchases (excluding CapEx), thus reducing the risk of dependency on a single source. The Group also favors dual sourcing for its raw materials and uses local suppliers whenever possible to limit vulnerability to logistical disruptions.

As part of its responsible supply chain process, Mersen gives priority to recycled raw materials whenever possible. The graphite manufacturing process produces production residues, some of which are reused without additional processing in various production processes within the Group or in external channels. This contributes to better resource management and waste reduction.

Innovation and eco-design also play a key role in Mersen's strategy. The Group develops solutions to replace or reduce the weight of certain components or raw materials with more environmentally-friendly materials, while at the same time ensuring performance. This approach helps to enhance the sustainability of Mersen's business model.

In addition, through its procurement charter for a sustainable supply chain, Mersen makes sure that sustainability criteria are built into the process of selecting and monitoring suppliers. The Group carries out regular assessments to ensure compliance with ethical, environmental and labor standards within its supply chain.

- In the downstream value chain (see ESRS S4):

The Group has a highly diversified customer base spanning a wide range of markets and geographies. Consequently, its short-term dependence on developments in the environmental and societal transitions within its business sectors and markets is diluted. As a result, the Group has limited vulnerability to these risks and a certain degree of flexibility in capitalizing on opportunities. Longer term, the Group is developing offers to support the environmental transition, with a focus on the green mobility, renewable energy and energy efficiency markets.

Sustainability criteria such as decarbonization, resource conservation, safe use/operating conditions, human rights and business ethics will increasingly be incorporated into innovation programs. In the coming years, the Group will closely assess the short-, medium- and long-term resilience of its systems across the entire value chain for all its material IROs. Process sensitivity to environmental and social disruptions will be analyzed, as well as the Group's ability to adapt.

- The Group's ability to limit its negative impacts and maximize its positive impacts

With regard to environmental impact, the Group is introducing policies that enable it, internally, to limit its direct impact on GHG emissions and resource depletion (see decarbonization levers in ESRS E1-1) and, externally, to offer resource-efficient services designed to support transitions (renewable energies, industrial efficiency, etc.) (see ESRS E1, E5).

With regard to labor impact, the Group has implemented various mechanisms for managing changing employee expectations in terms of inclusion and skills development, while ensuring good health and safety conditions (see ESRS S1).

■ The Group's ability to limit risk

Every year, Mersen prepares a risk map that ranks risks according to their level of criticality for the Group, if the risk has occurred, and their likelihood of occurrence (see chapter 3, section 10). The list of identified risks is as follows:

- Geopolitical and macroeconomic instability
- Risks related to our strategy to penetrate the electric vehicle market
- Product quality, safety and regulation
- Risks related to our expansion in the SiC market
- Reduction in the Group's financial flexibility
- Dependence on certain production sites and/or certain suppliers
- Competitive pressure and lower profitability in certain product lines
- Risks related to ineffective management of technological development
- Difficulty attracting and retaining experts
- IT systems failure and cyberattacks
- Ineffective integration of newly acquired companies
- Human capital shortages for the growth plan
- Delayed rollout of environmental and climate policy
- Major disputes and non-compliance issues

The risk map includes scenarios whereby certain opportunities or positive impacts may not occur in the relatively long term due to internal or external factors.

For example, the "Revenues for sustainable development markets" opportunity (see IRO table above) is contingent on the Group's ability to develop in such markets as renewable energy, green transport and semiconductors. In these markets, the Group has identified two risks: "Risks related to our strategy of penetrating the electric vehicle market" and "Risks related to our expansion into the SiC market". Both markets are emerging markets whose growth could, for example, be hindered by the slow adoption of electric vehicles worldwide.

The double materiality assessment also highlighted the existence of two opportunities: "Increased employee engagement" and "Training and skills development" (see IRO table). These opportunities could limit the identified risk of "human capital shortage for the growth plan", should this risk materialize.

The analysis of the risk map highlights the Group's ability to manage these risks and thus contributes to its resilience. The Group employs rigorous risk prevention and remediation measures backed by: operational excellence, GHG emission reduction targets and optimized natural resources management, environmental management, employment and career path management, a health and safety plan, ethics program and training, etc. (see ESRS S1, E2).

■ The Group's ability to capitalize on opportunities

The Group is a leader in its core product lines, which benefit from significant market share. It primarily develops made-to-measure products according to customer specifications,

The Group therefore supports their demands by proposing especially energy-saving offers with low environmental impact. To meet current and future environmental challenges, Mersen is gradually introducing eco-design principles into new product development.

In terms of labor relations, the Group conducts business in over 30 countries and prefers to hire local managers in order to strengthen ties with customers. It seeks to ensure and improve employee engagement – a key factor in the long-term sustainability of its operations – notably through skills development and inclusion policies.

In terms of labor relations, the Group primarily seeks to ensure and improve employee engagement – a key factor in the long-term sustainability of its operations – notably through skills development and inclusion policies.

1.3.3.5. Company-specific matters

Under its double materiality assessment, the Group identified over-regulation as a material matter related to the "Business conduct" issue.

As this matter is not covered by the disclosure requirements defined in ESRS G1, it has been considered specific to the Group's activities. The material risks associated with this specific material matter are as follows:

- Failure or lack of due diligence in the face of increased environmental and social regulations, leading to local non-compliance
- Non-compliance with international regulations, sanctions, embargoes, export control laws

All other identified impacts, risks and opportunities are covered by the ESRS disclosure requirements.

1.4. Impact, risk and opportunity management (IRO)

1.4.1. Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)

Materiality is a key corporate governance concept that consists in prioritizing matters deemed relevant and significant due to their potential impact on stakeholders, the environment or business performance. The notion of double materiality introduced by the CSRD broadens the concept by viewing a matter's materiality from two perspectives: (i) how it impacts a company's financial performance and (ii) how it impacts society and the environment. This exercise in prioritizing labor, societal, environmental and governance matters not only informs the Group's CSR strategy but also ensures its compliance with regulatory requirements, which in turn strengthens the Group's accountability to its stakeholders and ecosystem.

Materiality is determined by assessing two distinct sets of criteria:

Financial materiality: the matter can present risks and/or opportunities affecting the company's financial development – access to resources, relations with stakeholders, impacts on cash flow, product prices, etc. – or its reputation.

Impact materiality: the company can have a positive or negative impact on people, society and the environment (e.g., excessive groundwater extraction in a water-stressed area).

A **matter can have double materiality**, meaning that it can be material from both a financial and an impact perspective.

For matters assessed as being material, the Group must explain:

- Its dependencies and resilience in the face of these sustainability matters
- Governance measures for managing the matters
- Current and future policies and actions to address each IRO
- Objectives (targets) and their state of progress
- Indicators common to all entities, specific to a sector or specific to the company that measure its performance.

In 2024, the Mersen group carried out its double materiality assessment with the help of an external consulting firm in order to ensure that its methodology was robust and objective. The work was notably based on the single materiality assessment performed in 2021 and on the Group risk map prepared in 2023 that includes sustainability risks.

1.4.1.1. Double materiality methodology

Mersen's double materiality assessment comprised four main steps:

Step 1: Value chain mapping and stakeholder identification:

A value chain common to the two segments (Advanced Materials and Electrical Power) was established to map out areas where sustainability issues could occur. Each step was defined taking into account the stakeholders, the geographical location of the activities and the stakeholders and the potentially relevant sustainability matters.

The stakeholders are described in ESRS 2 SBM-2.

Main stages in the value chain: Mersen group



Step 2: Identification of impacts, risks and opportunities

Identifying sustainability matters

The ESRS-related "sustainability issues" (topics, sub-topics, sub-sub-topics) were selected following a preliminary assessment which eliminated some matters deemed not relevant to the Group's activities. This work was supplemented by a review of relevant documentation.

The documents analyzed were:

- general frameworks: ISO 26000, Sustainable Development Goals,
- industry frameworks: WWF Biodiversity Risk Filter, MSCI⁽¹⁾, SASB⁽²⁾, GRI⁽³⁾, TNFD, IFRS⁽⁴⁾, LRI⁽⁵⁾,
- regulatory items: EFRAG work, AR 16 list, CSRD Appendix A,
- peer/competitor benchmarks,
- the Group's 2021 materiality assessment.

The nature of each sustainability issue was classified according to whether the topic affects society or the environment (**impacts**) or Mersen (**risks and opportunities**).

(1) ESG Industry Materiality Map.
 (2) Find Industry Topics.
 (3) GRI Sector Program.
 (4) Sustainability collection.
 (5) Labor Rights Index.

The impacts, risks and opportunities were reviewed with the various Group departments in relation to Mersen’s situation and its current risk map.

Due to their large number, the sustainability issues were **divided into categories**, each of which potentially represents several impacts, risks and/or opportunities.

If a matter is not listed in the ESRS but is potentially relevant to Mersen, it has been added.

Identifying dependencies

An initial identification of the Group’s dependencies on resources (tangible and intangible) that affect its operations was carried out and organized the dependencies around five pillars (environment; labor; business conduct; societal, and other).

These dependencies are the result of efforts to classify the Group’s impacts, risks and opportunities.

Pillar	Dependencies
Environment	<ul style="list-style-type: none"> Natural resources used in products (petroleum derivatives, graphite, non-ferrous metals, etc.) Industrial process resources (electricity, water, gas) Evolving environmental protection regulations Areas that are water-stressed or exposed to extreme heatwaves or droughts
Labor	<ul style="list-style-type: none"> Employee skills Availability of resources in competitive employment areas Qualified candidates Schools and universities (to train and propose candidates)
Business conduct	<ul style="list-style-type: none"> Production capacity and supplier economic resilience Supervisory authorities Supply logistics by geographic zone
Societal	<ul style="list-style-type: none"> Customers (businesses) Supervisory authorities Relations with local site communities Understanding of CSR matters by suppliers and service providers
Other	<ul style="list-style-type: none"> Investors Banks Insurance

Step 3: Impact, risk and opportunity assessment

Impact assessments were carried out using two consultation methods:

Expert workshops

The people invited to take part in the workshops were recognized experts in their fields, representative of the matters covered.

Six workshops were led by an independent consultant to assess the Group’s risks, opportunities and impacts on a scale of 1 to 4, according to the criteria listed below. The rating scales were adapted from Mersen’s risk mapping methodology.

The workshops covered the following topics: Labor relations, Environment, Ethics, Upstream value chain, Downstream value chain and IT.

The exchanges resulted in a single assessment for each IRO, with no weighting of the individual responses.

The methodology used is in line with CSRD requirements.

Potential and actual impacts were assessed using the following criteria:

- **Magnitude:** the severity or benefit of the impact.
- **Scope:** the extent of the impact, expressed as a percentage of the affected individuals (employees, value chain workers, consumers, etc.), sites (factories, suppliers, etc.) and/or communities (neighboring or non-neighboring populations, including the environment, impacted by the company’s activities).
- **Irremediable nature** (negative impacts only): ability to return to its original state.
- **Likelihood:** probability of the impact occurring over time.
- **Evolution and time horizon:** prediction of how the impact will change over time (increase, remain the same or decrease) and corresponding time horizon.

GENERAL DISCLOSURES

IMPACTS			
Criteria	Evaluation scales	Weighting	Scales
Magnitude of impact (negative/positive)	Low	1	The company's impact on society and/or the environment is minor , with no harm/significant improvement .
	Moderate	3	The company's impacts can visibly disrupt the smooth functioning of society/environment/bring visible improvements and benefits
	Major	6	The company brings to its stakeholders (society, environment), a strong prejudice in case of impact which would penalize them in a significant way/a strong benefit which enables them to develop significantly.
	Critical	10	The company's impact calls into question the viability/perpetuity of its stakeholders/which is essential for its development
Range (perimeter)	Limited	1	Less than 10% of individuals*, sites* and/or communities* will be potentially affected by the impact
	Average	3	Between 10 and 25% of individuals, sites and/or communities will be potentially affected by the impact
	Consequential	6	Between 25% and 75% of individuals, sites and/or communities will be potentially affected by the impact
	Widespread	10	More than 75% of individuals, sites and/or communities will be potentially affected by the impact
Repairability (if negative impacts)	Easy	1	Impacts can be easily restored to original condition or equivalent within the fiscal year (<1 year).
	Average	3	Impacts can be corrected, despite temporary deterioration, e.g. if remediation more than a year.
	Complex	6	Remedial measures can restore a low level of equivalence to the original condition, or over the long term (over 5 years old)
	Impossible	10	Corrective measures will not allow a return to the original condition or to a condition equivalent to original state.
Probability of occurrence	Improbable	1	Impacts would only occur in very exceptional cases (combination of several factors, including chance)
	Rare	3	Impacts are likely to occur but remain rare , without repeated frequency (no seasonality).
	Possible	6	Impacts could occur at a given time, for example during certain periods (high season, summer...).
	Very likely	10	Impacts will occur with certainty (e.g. once a year), or have already occurred
	Human rights	10	When impacts concern human rights, probability is not assessed (severity is the only criterion evaluated).
Time horizon	Short-term (fiscal year) Medium-term (1-5 years) Long-term (>5 years)	N.A.	

* Individuals: employees, value chain collaborators, consumers, etc.; Sites: factories, suppliers, etc.; Communities: neighboring or non-neighboring populations, including the environment, impacted by activities

The workshop participants use the following criteria to assess each risk or opportunity:

- **Level of risk or opportunity:** assessment of Mersen's overall risk/opportunity profile (financial, operational, reputational or regulatory).
- **Likelihood:** probability of the risk and/or opportunity occurring, assessed as an adjusted likelihood (i.e., taking into account the context of the company and its industry to justify the occurrence of the proposed scenarios). Likelihood is not assessed when the impact concerns human rights, since severity takes precedence over the probability of occurrence.
- **Evolution and time horizon:** prediction of how the risk/opportunity will change over time (increase, remain the same or decrease) and the corresponding time horizon: short-term (fiscal year), medium-term (1-5 years) and long-term (> 5 years).

Verbatim comments were collected to illustrate the assessments.

	RISKS AND OPPORTUNITIES			
Criteria	Evaluation scales	Weighting	Impact on reputation and/or value sharing	Regulatory impact
Risk severity	Low	1	Limited impact (local) - No impact on share value	Minor fine
	Moderate	3	Limited impact (regional) - No impact on share value	Moderate fine
	High	6	National impact but limited in time - moderate impact on share value	Fine / major penalty
	Very high	10	National impact + headlines - Significant impact on share value	Interruption of a specific business activity
Scope of opportunity	Low	1	Potential minor impact on sales or profits. The company's image may benefit on a limited scale (little media coverage, a few employees or departments impacted)	
	Moderate	3	Significant impact on sales or profits or reputation, and could bring positive media exposure for the company (employees, policyholders, business sector)	
	High	6	Substantial impact on sales or profits, leading to an adjustment of the company's service offering that could result in significant growth in sales and/or the number of customers.	
	Strategic	10	Vital impact for the company, necessary for the development and sustainability of its business model	
Probability of occurrence	Improbable	1	Probability below 10% and/or risk of occurrence are rather low.	
	Rare	3	Probability of 10-30% and/or risk have never occurred and are unlikely to occur within the next 3 years.	
	Possible	6	30-60% probability and/or risk may occur. Occurrence is difficult to estimate given external factors beyond your control and/or risks may occur within the next 3 years.	
	Very likely	10	Probability >60% and/or the risk has already occurred in the past and is likely to recur given the context and/or the risk will occur within 1 or 2 years.	
Time horizon	Short-term (<1 year) Medium-term (1-5 years) Long term (>5 years)	N.A.		

Online questionnaires

To broaden the analysis, an online questionnaire was sent to other internal stakeholders representative of the various activities of the Advanced Materials and Electrical Power segments and the countries in which the Group operates, in particular France, the United States and Mexico.

On the basis of the same criteria mentioned in the previous paragraph, the respondents were able to assess each matter within their area of expertise from the standpoint of financial materiality (risks and opportunities).

Verbatim comments were collected to illustrate the assessments.

Step 4: Consolidation of results

The assessments of the sustainability matters and their impacts, risks and opportunities were carried out by participants with broad expertise and knowledge of the company and its impacts.

Ultimately around 30 contributors were involved in a forward-looking exercise via workshops and online questionnaires, with approximately 200 assessments collected throughout the process.

It should be noted that some of the ESRS themes were broken down into positive and negative impacts and rated according to these two visions in parallel. In the absence of an established regulatory definition of a positive impact, the evaluation method based on the assessment of internal stakeholders has led to a majority proportion of positive material impacts. In the future, Mersen will study market practices regarding the treatment of positive impacts.

84 potential IROs identified

The next stage involved the calculation of an average severity score, multiplied by the likelihood of occurrence.

On this basis, a materiality threshold of 30% was used to determine the materiality of an IRO. This threshold was considered indicative of the matter's propensity to produce negative or positive effects on the company or its environment. Furthermore, it is in line with the ranking methodology used to create the Mersen group's risk map (see chapter 3, section 10).

1.4.1.2. Governance involvement

The project was led by the CSR Committee, which includes the Head of Internal Control. Several members of the Executive Committee participated in the assessment process.

After consolidation of the final results, Mersen gave a detailed presentation and explanation of the double materiality assessment to the Audit and Accounts Committee, focusing in particular on the differences between the single materiality assessment and the new double materiality assessment.

The Board of Directors was regularly consulted and kept informed of progress and results. At the end of 2024, it validated the results of the double materiality assessment.

These various exchanges enabled the administrative bodies to acquire new skills for gaining a better understanding of expectations in terms of impact, risk and opportunity management (see ESRS 2 GOV).

GENERAL DISCLOSURES

4

The Group is positioning itself in energy transition markets, particularly renewable energy and electric vehicles. To support this goal, it has adopted a significant investment plan.

In addition, Mersen is focusing on innovation and eco-design to address customer challenges. Through its R&D department, it is developing eco-design techniques to minimize the environmental impact of its product lines.

Mersen's labor and societal policies, including the Purchasing Charter for a Sustainable Supply Chain, support its strategy to take care of its employees and establish business relationships (suppliers, customers) that comply with the Group's sustainability commitments.

Follow-up on action plans related to these opportunities is communicated on a regular basis to the Board of Directors and the Audit and Accounts Committee.

1.4.1.3. Methodological limitations

The double materiality assessment was intended to take account of the Mersen group's entire value chain. The positioning of the IROs within the selected scope is presented in SBM-3. However, while Mersen has reliable and detailed data on the IROs of its own operations, the materiality assessment of the upstream and downstream value chain was largely qualitative and based on the knowledge of internal experts. In the future, if information from comparable companies or external data sources becomes available, the Group could carry out a more detailed assessment of its double materiality.

The consultation process used to identify the material IROs was based on a robust and rigorous methodology with the support of in-house experts. The participation of affected external stakeholders will be considered when updating the double materiality assessment.

Although the materiality exercise is defined by the CSRD, it may be necessary to update the assessments of certain matters or criteria due to future regulatory disclosure requirements and developments in this field. Mersen will review its double materiality assessment at least every three years and will incorporate any significant changes that have occurred in the interim.

Lastly, the scope used for this initial assessment is the Group as a whole. In a subsequent update, certain matters could be reviewed within a limited scope in order to identify where material scenarios are more concentrated: region, country or activity.

1.4.1.4. IRO details for environmental and governance issues

ESRS E1 Climate change

Description of the process of identifying and assessing impacts, risks and opportunities (IROs) on climate change, in particular on GHG emissions (E1-6)

The identification and assessment of material climate-related impacts, risks and opportunities were carried out as part of a dual materiality analysis, with the support of a specialized consulting firm (see details in ESRS2 - IRO 1). After mapping the value chain and identifying the associated stakeholders, the Group selected and defined the ORIs, based on a sectoral benchmark, and identified our dependencies. The assessment of climate-related ORIs was carried out by the selected internal stakeholders using two complementary methods: an online questionnaire and focus groups of internal experts.

With regard to the climate, the issues evaluated were the reduction of the carbon footprint (including energy) and adaptation to the effects of climate change.

This exercise was also based on Mersen's risk mapping. (See chapter 3, paragraph 10)

The Group did not take into account IPCC climate scenarios for the identification of the transition risk "Absence or non-compliance with commitments related to the reduction of the Group's GHG emissions and the adoption of a low-carbon trajectory".

The material impacts, risks and opportunities assessed are as follows:

■ Negative impacts:

Reduction of the carbon footprint

The use of non-renewable electricity and fossil fuels in the graphite production process results in direct and indirect emissions that can have a significant impact on the environment.

■ Positive impacts:

Reduction of the carbon footprint

Mersen invests in the search for solutions that promote the growth of low-carbon sectors and contribute to the decarbonization of its customers (solutions that contribute to the progress of solar photovoltaic energy and the manufacture of generators for wind turbines, improvement of the performance and reliability of equipment and infrastructure for new modes of urban public transport and electric vehicles).

Adaptation to the effects of climate change

The development of sustainable development markets contributes both to the Group's resilience and to the climate resilience of its customers.

On the one hand, the Group, through its decarbonized approach, limits its dependence on climatic hazards and thus makes the jobs of its employees more sustainable, and on the other hand, it develops new expertise and skills, a real driving force for transformation and transition in the sector.

■ Risks:

Reduction of the carbon footprint

Failure to monitor GHG emissions and non-compliance with the company's legal obligations could result in the loss of certain business relationships.

■ Opportunities:

Adaptation to climate change

Mersen designs and manufactures products, a significant portion of which serves sustainable development markets. The resulting revenue generation is a key opportunity for the Group's ambition to actively contribute to the transition to a low-carbon economy, while positioning the Group as a responsible and innovative player.

Description of the process for identifying physical risks related to climate change

In 2021, the Group mapped the exposure of its 14 main assets to extreme weather events with the help of an external firm. A rating from 0 (no risk) to 5 (very high risk) using Nathan (now Natural Hazards Edition) maps from Munich Re was established for the following extreme weather events: earthquake, winter storm, hail, lightning, tornado, cyclone, volcano, fire, flood, tsunami.

The Juarez site in Mexico has been assessed as having a very high risk level with regard to flooding. It is one of the Group's most important assets and has the largest workforce. Consequently, the Group has decided to carry out an in-depth risk analysis of this site in 2023, with a long-term horizon of 2040, following the IPCC's RCP 8.5 scenario (global warming of +4-5°C by 2100), compared to the reference scenario modeled over the period 1971-2000. As a result, this site is exposed but not vulnerable to flooding. The site is exposed and vulnerable to rising temperatures and extreme heat by 2040. Nevertheless, the two impacts identified concern the well-being of employees and the use of air conditioning, and do not generate any anticipated material financial effects.

Overall, Mersen's main assets appear to have little exposure and, as a result, the Group has assessed that the gross physical risks related to the climate are non-material according to the knowledge available to date. Nevertheless, while the exposure of the sites was assessed in 2021, vulnerability was only studied for Juarez. The non-materiality is therefore based to date on exposure results but not on vulnerability analysis, except for Juárez, which was the case to be studied as a priority. The Songjiang site is theoretically exposed to coastal flooding, but its vulnerability appears to be reduced by the active adaptation actions of the local authorities. In-depth knowledge of the physical risks for certain other sites of the Mersen group is a possibility for the future.

ESRS E2 Pollution (non-material)

Mersen assessed the impacts, risks and opportunities of pollution at all its industrial sites. It concluded that pollution-related impacts are either low or negligible based on the following:

- **Water pollution:** negligible since wastewater discharges comprise cooling water from industrial processes that do not contain pollutants.
- **Air pollution:** production sites must comply with emission limit values specified in their operating permits. Except on a few occasions, the monitoring results were below the threshold values. In addition, the sites are equipped with fixed installations for processing or mitigating atmospheric emissions to ensure compliance with limits.
- **Soil pollution:** the Group considers an impact to be synonymous with a clean-up obligation.

At the end of 2024, clean-up operations were still underway at one site where the contamination originated prior to its acquisition by Mersen. The land and buildings are owned by the Group, but the business operations have been sold to a third party. With the exception of this one case, there are no other clean-up obligations at this time. Mersen applies industrial risk management procedures to identify, eliminate or reduce the risk of soil pollution.

Confirmed cases of pollution were inherited by the Group from prior activities and are being monitored. Consequently, the probability of a clean-up obligation occurring has been rated unlikely.

In conducting its double materiality assessment, the Group asked questions of internal stakeholders with subject matter expertise, via workshops and online questionnaires (see section 1.4)

The Group has rated the pollution topic as non-material. Under the ESRS standards (and EFRAG guidelines), deviations from

the gross reporting approach are exceptionally allowed for environmental impacts if effective preventive barriers are already in place (investments) and have become an inherent part of operations, allowing for a reduction in the severity of an impact and the likelihood of it occurring.

ESRS E3 Water and marine resources (non-material)

The Group focused its assessment on its sites, its own activities and part of its upstream value chain. The conclusions were as follows:

- The weight and cost of raw materials having a critical or high water footprint in the upstream value chain (e.g., copper and aluminum) are low in relation to the Group's total purchases.
- Group sites located in areas of high or extremely high water stress have not, in the past, recorded significant pressures on local resources or with the communities sharing these resources.

However, in the coming years, the Group will play close attention to the evolution of water stress zones and possibly carry out further analyses with a long-term view.

In 2024, the Group rated the water issue as temporarily non-material.

The stakeholders consulted were mainly internal (see section 1.4).

ESRS E4 Biodiversity and ecosystems (non-material)

Impacts on the Group's own operations were assessed according to the criteria presented in Step 3 of section 1.4.1.1 – *Assessment of Impacts, Risks and Opportunities*. Biodiversity impacts have been deemed not material as Mersen's own operations do not contribute significantly to biodiversity erosion. Mersen's activities do not require land artificialization or land-use change, the introduction of invasive species or the direct exploitation of biological resources.

The Group's dependencies are described in section 1.4.1.1. No dependencies on biodiversity were identified by the Group.

The Group identified one risk concerning "Potential impacts on biodiversity in and around the site". The materiality of this risk was assessed according to the criteria presented in Step 3. Given the low probability of reputational or financial impact from controversies over non-compliance, due to the fact that the Group's own operations have no significant impact on biodiversity, the risk was assessed as non-material. No systemic risks were examined.

Mersen only consulted with internal stakeholders. The Group did not identify any communities affected by its activities in terms of biodiversity, as its activities do not involve any significant alteration of ecosystems. No biodiversity-related incidents were reported at any of the sites during the year.

With regard to raw materials sourcing, the impact on biodiversity remains limited, seeing that the volumes of purchases of raw materials with a high biodiversity footprint⁽¹⁾ represent a small proportion of the Mersen group's total purchases. In the future, the Group will seek to benchmark itself against its industry peers.

(1) Raw materials such as aluminum, copper, nickel, silver, steel and zinc.

GENERAL DISCLOSURES

4

Due to the nature of its operations and its small environmental footprint on biodiversity, the Group considers the risk of a negative impact on biodiversity and local communities to be low.

In the coming years, the Group will widen its impact assessment to include the entire value chain.

In 2021, the Group conducted a site inventory based on their proximity to protected areas. Three sites (Cabreúva in Brazil, La Mure and Saint-Loup-de-Naud in France) are located within protected areas. Ten other⁽¹⁾ sites are situated less than a kilometer away and are located in the following countries: Canada, South Korea, Spain, France, Tunisia and the United States. All sites have received detailed information on their positions and their responsibility with respect to biodiversity.

No site reported biodiversity loss in 2024.

The St-Loup-de-Naud site is no longer in operation; decontamination work is in progress for operations predating Mersen.

The La Mure site was certified to ISO14001, and an employee awareness campaign was conducted to highlight the zone's designation as a natural area of ecological, faunal and floristic interest (ZNIEFF) on the Matheysin plateau.

Located in the heart of a designated environmental region (*Area de Proteção Ambiental – APA*), the Cabreúva site in Brazil has conducted a number of initiatives aimed at protecting the environment and biodiversity in this protected space. They focus on two main objectives:

- Preservation and responsible use of water: sustainable water management, collection of rainwater in a 60,000-liter tank, use of recovered water for garden irrigation, natural groundwater recharge.
- Development of beehives and pollinator gardens: employee and community campaigns stressing the importance of pollination, planting of nectar-rich flowers, preservation of habitats for bees and other pollinators, installation of five “Jataí” beehives in August 2023.

ESRS E5 Resource use and circular economy

Given the different nature of its activities, the Group assessed the major impacts, risks and opportunities related to resource use and the circular economy at the level of each of the Advanced Materials and Electrical Power segments. Each segment identified a major financial impact in terms of resource inflows, based on the fact that they account for a significant share of total production costs, and a major financial opportunity arising from the gradual integration of eco-design into product development. Resource outflows were also analyzed and considered to be not material; nevertheless, information on waste is included in the report (see ESRS E5).

The assessment criteria are described in Step 3.

The Group did not engage with any external stakeholders as part of its double materiality assessment (see section 1.4.1.3).

The Group designs and develops its products and solutions through ongoing, in-depth technical relationships with its end-user customers. The company's innovation enables it to meet the requirements of its stakeholders, the users of its products, which have historically evolved to take increasing account of the use of resources. Our partners' expectations in terms of the circular economy are identified through sector-specific market studies and discussions during commercial consultations. As a result, some of our product lines have increased their lifespan, incorporated a higher degree of recyclability, and been integrated into our customers' systems using less energy, materials or water.

ESRS G1: Business conduct

The material impacts (actual or potential), risks and opportunities in relation to ESRS G1 were initially derived from a selection of CSR topics that may apply to Mersen, including:

- Business ethics
- Political influence and lobbying activities
- Over-regulation
- Responsible supply chain

The impacts were assessed with the help of internal stakeholders knowledgeable about the subject matter, via questionnaires and workshops. Impact materiality was assessed according to four parameters: magnitude, scope, irremediable nature (in the event of a negative impact) and probability of occurrence. Risks were assessed according to their severity, while opportunities were assessed according to the magnitude of their effects, their likelihood of occurrence and their evolution over time.

The matter of political influence and lobbying activities was found to be non-material.

Impacts

The Group has a real positive impact in terms of business ethics, particularly on employees, who can qualify for whistleblower status and rely on a support structure to protect them. This encourages employees to report situations that are potentially dangerous for both the company and themselves.

The Group also has a real and positive impact in terms of responsible supply chain management, thanks to its responsible practices in selecting suppliers (Tier 1) and its sustainable sourcing policy. It is a reflection of the strong partnerships between Mersen and its suppliers in ensuring sustainable sources of supply.

(1) In 2021, another industrial site was located near a protected area. It ceased operating in September 2024.

The Group exerts a positive influence on its supply chain through its purchasing policy and its Purchasing Charter for a Sustainable Supply Chain. In addition, its whistleblower protection policy covers the upstream and downstream value chains.

There is, however, a potential negative impact related to the failure of our suppliers and subcontractors to respect human rights. It should be noted that the Group has a very broad supplier base and that the biggest supplier accounts for less than 1% of purchases.

Risks and opportunities

Risks identified as material were linked to the issues of business ethics and over-regulation. These risks are primarily:

- Employee non-compliance with internal ethical rules. This risk is effectively supported through such guidelines as the Code of Ethics, the Anti-Corruption Code and the manual on anti-competitive practices, as well as various procedures relating to conflicts of interest, donations, patronage, gifts and hospitality, in accordance with France’s Sapin II law.
- Failure or lack of due diligence in the face of increased environmental and social regulations, leading to local non-compliance.
- Non-compliance with international regulations, sanctions, embargoes, export controls The risk of non-compliance with international regulations related to sanctions, embargoes and export controls is managed through rigorous procedures (OFAC rules, embargoes, exports of dual-use products, export controls), awareness initiatives and training manuals for operational teams.

The assessment did not identify any opportunities related to the business conduct topic.

1.4.2. Disclosure Requirements in ESRS covered by the undertaking’s sustainability statement (IRO-2)

1.4.2.1. Methodology for disclosing important information

The Group relied on the expertise of an external firm to compile a list of all material ESRS datapoints and classify them as either “information for disclosure”, “optional”, “not material” (certain datapoints may be not material within a material ESRS) or “not concerned”.

Then, for each ESRS and its material IROs, the steering committee assembled experts from each field to analyze any differences with respect to available information (mainly the 2023 URD) and classify them as either “consistent”, “partially consistent”, “present but not consistent” or “absent”.

The characterization of impacts of a positive or negative nature has not been retained as a criterion for selecting the material information to be published according to the applicable material IROs and standards. Wherever information is useful in translating the management of material IROs, it has been retained.

Lastly, the working groups prioritized how data would be integrated into the 2024 sustainability report based on several situations:

- Some information concerns topics (policies, actions, objectives, indicators) addressed by the Group in 2024, or even earlier. This data is disclosed in the report.
- Some information concerns items that were not addressed by the Group in 2024 or before, but will be in future years. In this case, a justification is provided in the report.

The information for disclosure was mapped in relation to the material IROs identified and the flow chart in Appendix E, ESRS 1.

1.4.2.2. List of material issues and concordance with the applicable ESRS

Material issues	Materiality	Material ESRS
Reduction of carbon footprint	I/F	E1
Measures to adapt to climate change	I/F	E1
Waste management and circular economy	F	E5
Diversity, inclusion and equal opportunity	I/F	S1
Training and skills development	I	S1
Employee safety and well-being	I/F	S1
Working conditions of workers in the value chain	I/F	S2
Product safety and security	F	S4
Respect for human rights and fundamental freedoms	I	S1 and S2
Business ethics	I/F	G1
Responsible supply chain	I	G1
Over-legislation	F	G1

I: Impact, F: Financial

Material ESRS:

- E1 Climate change
- E5 Resource use and circular economy
- S1 Own workforce
- S2 Workers in the value chain
- S4 Consumers and end-users
- G1 Business conduct

GENERAL DISCLOSURES

1.4.2.3. ESRS 2 IRO annexes

Appendix 1: List of Disclosure Requirements applicable to Mersen

ESRS	Disclosure Requirements	Full name of the Disclosure Requirement	Report section
	BP 1	General basis for preparation of sustainability statements	1.1.1
	BP 2	Disclosures in relation to specific circumstances	1.1.2
	GOV-1	The role of the administrative, management and supervisory bodies	1.2.1
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.2.2
	GOV-3	Integration of sustainability-related performance in incentive schemes	1.2.3
ESRS 2	GOV-4	Statement on due diligence	1.2.5
	GOV-5	Risk management and internal controls over sustainability reporting	1.2.4
	SBM-1	Strategy, business model and value chain	1.3.1
	SBM-2	Interests and views of stakeholders	1.3.2
	SBM-3	Significant IROs and their interaction with strategy and business model	1.3.3
	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	1.4.1
	IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	1.4.2
	E1-1	Transition plan for climate change mitigation	2.2.1
	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	2.1.3
	ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	1.4.1.4
	E1-2	Policies related to climate change mitigation and adaptation	2.1.4
E1	E1-3	Actions and resources in relation to climate change policies	2.1.5
	E1-4	Targets related to climate change mitigation and adaptation	2.1.6
	E1-5	Energy consumption and mix	2.1.7
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	2.1.8
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	2.1.9
	E1-8	Internal carbon pricing	2.1.10
	ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	
	E5-1	Policies related to resource use and circular economy	2.2.1
E5	E5-2	Actions and resources related to resource use and circular economy	2.2.2
	E5-3	Targets related to resource use and circular economy	2.2.3
	E5-4	Resource inflows	2.2.4
	E5-5	Resource outflows	2.2.5

ESRS	Disclosure Requirements	Full name of the Disclosure Requirement	Report section
	ESRS 2 SBM-2	Interests and views of stakeholders	3.1.1
	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.1.2
	S1-1	Policies related to own workforce	3.1.3
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	3.1.4
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	3.1.5
	S1-4	Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions and approaches	3.1.6
S1	S1-5	Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	3.1.8
	S1-6	Characteristics of the undertaking's employees	3.1.9
	S1-9	Diversity metrics	3.1.10
	S1-12	Persons with disabilities	3.1.11
	S1-13	Training and skills development metrics	3.1.12
	S1-14	Health and safety metric	3.1.13
	S1-15	Work-life balance metrics	3.1.14
	S1-16	Compensation metrics (pay gap and total remuneration)	3.1.15
	S1-17	Incidents, complaints and severe human rights impacts	3.1.16
	ESRS 2 SBM-2	Interests and views of stakeholders	1.3.2
	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.2.1
	S2-1	Policies related to value chain workers	3.2.2
	S2-2	Processes for engaging with value chain workers about impacts	3.2.3
S2	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	3.2.4
	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	3.2.5
	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	3.2.6
	ESRS 2 SBM-2	Interests and views of stakeholders	1.3.2
	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.3.1
	S4-1	Policies related to consumers and end-users	3.3.2
	S4-2	Processes for engaging with consumers and end-users about impacts	3.3.3
S4	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	3.3.4
	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	3.3.5
	S4-5	Targets for managing material negative impacts, promoting positive impacts and managing material risks and opportunities	3.3.6
	ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	4.1
	ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	4.2
G1	G1-1	Corporate culture and business conduct policies	4.3
	G1-2	Management of relationships with suppliers	4.4
	G1-3	Prevention and detection of corruption and bribery	4.5
	G1-4	Incidents of corruption or bribery	4.6
	G1-6	Payment practices	4.7

GENERAL DISCLOSURES

Annex II (Appendix B of ESRS 2) List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement	Datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Report section
ESRS 2 GOV-1 Board's gender diversity	21d	Indicator number 13, Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		1.2.1.1
ESRS 2 GOV-1 Percentage of board members who are independent	21e	Indicator number 10, Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		1.2.1.1
ESRS 2 GOV-4 Statement on due diligence	30	Indicator number 10, Table #3 of Annex I				1.2.4
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities	40 (d) i	Indicator number 4, Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 6; Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to chemical production	40 (d) iii	Indicator number 9, Table #2 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons	40 (d) iii	Indicator number 14, Table #1 of Annex I		Delegated Regulation (EU) 2020/1818 (7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco	40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050	14				Regulation (EU) 2021/1119, Article 2(1)	2.1.2
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks	16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		2.1.2.4
ESRS E1-4 GHG emission reduction targets	34	Indicator number 4, Table #2 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		2.1.6
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	38	Indicator number 5, Table #1 and Indicator number 5, Table #2 of Annex I				2.1.7
ESRS E1-5 Energy consumption and mix	37	Indicator number 5, Table #1 of Annex I				2.1.7
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors	40 to 43	Indicator number 6, Table #1 of Annex I				2.1.7.4
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions	44	Indicators number 1 and number 2, Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		2.1.8
ESRS E1-6 Gross GHG emissions intensity	53 to 55	Indicator number 3, Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		2.1.8
ESRS E1-7 GHG removals and carbon credits	56				Regulation (EU) 2021/1119, Article 2(1)	2.1.9
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks	66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not disclosed
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk ESRS E1-9 Location of significant assets at material physical risk	66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.			Not disclosed

GENERAL DISCLOSURES

4

Disclosure Requirement	SFDR Datapoint reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Report section
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes	67 (c)	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			Not disclosed
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities	69		Delegated Regulation (EU) 2020/1818, Annex II		Not disclosed
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	28	Indicator number 8, Table #1 of Annex I; Indicator number 2, Table #2 of Annex I; Indicator number 1, Table #2 of Annex I; Indicator number 3, Table #2 of Annex I			Not material
ESRS E3-1 Water and marine resources	9	Indicator number 7, Table #2 of Annex I			Not material
ESRS E3-1 Dedicated policy	13	Indicator number 8, Table #2 of Annex I			Not material
ESRS E3-1 Sustainable oceans and seas	14	Indicator number 12, Table #2 of Annex I			Not material
ESRS E3-4 Total water recycled and reused	28 (c)	Indicator number 6.2, Table #2 of Annex I			Not material
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations	29	Indicator number 6.1, Table #2 of Annex I			Not material
ESRS 2 – SBM 3 – E4	16 (a)	Indicator number 7, Table #1 of Annex I			Not material
ESRS 2 – SBM 3 – E4	16 (b)	Indicator number 10, Table #2 of Annex I			Not material
ESRS 2 – SBM 3 – E4	16 (c)	Indicator number 14, Table #2 of Annex I			Not material
ESRS E4-2 Sustainable land/agriculture practices or policies	24 (b)	Indicator number 11, Table #2 of Annex I			Not material
ESRS E4-2 Sustainable oceans/seas practices or policies	24 (c)	Indicator number 12, Table #2 of Annex I			Not material
ESRS E4-2 Policies to address deforestation	24 (d)	Indicator number 15, Table #2 of Annex I			Not material
ESRS E5-5 Non-recycled waste	37 (d)	Indicator number 13, Table #2 of Annex I			2.2.5.2
ESRS E5-5 Hazardous waste and radioactive waste	39	Indicator number 9, Table #1 of Annex I			2.2.5.2
ESRS 2 – SBM3 – S1 Risk of incidents of forced labor	14 (f)	Indicator number 13, Table #3 of Annex I			3.1.3.6
ESRS 2 – SBM3 – S1 Risk of incidents of child labor	14 (g)	Indicator number 12, Table #3 of Annex I			3.1.3.6
ESRS S1-1 Human rights policy commitments	20	Indicator number 9, Table #3 and Indicator number 11, Table #1 of Annex I			3.1.3.6
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	21		Delegated Regulation (EU) 2020/1816, Annex II		3.1.3.6
ESRS S1-1 Processes and measures for preventing trafficking in human beings	22	Indicator number 11, Table #3 of Annex I			3.1.3.6
ESRS S1-1 Workplace accident prevention policy or management system	23	Indicator number 1, Table #3 of Annex I			3.1.3.5
ESRS S1-3 Grievance/complaints handling mechanisms	32 (c)	Indicator number 5, Table #3 of Annex I			3.1.5.2
ESRS S1-14 Number of fatalities and number and rate of work-related accidents	88 (b) and (c)	Indicator number 2, Table #3 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II		3.1.13

GENERAL DISCLOSURES

Disclosure Requirement	Datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Report section
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness	88 (e)	Indicator number 3, Table #3 of Annex I				3.1.13
ESRS S1-16 Unadjusted gender pay gap	97 (a)	Indicator number 12, Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		3.1.15.1
ESRS S1-16 Excessive CEO pay ratio	97 (b)	Indicator number 8, Table #3 of Annex I				3.1.15.2
ESRS S1-17 Incidents of discrimination	103 (a)	Indicator number 7, Table #3 of Annex I				3.1.16
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	104 (a)	Indicator number 10, Table #1 and Indicator number 14, Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		3.1.16
ESRS 2 – SBM3 – S2 Significant risk of child labor or forced labor in the value chain	11 (b)	Indicators number 12 and number 13, Table #3 of Annex I				3.2.1
ESRS S2-1 Human rights policy commitments	17	Indicator number 9, Table #3 and Indicator number 11, Table #1 of Annex I				3.2.2
ESRS S2-1 Policies related to value chain workers	18	Indicator number 11 and number 4, Table #3 of Annex I				3.2.2
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	19	Indicator number 10, Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		3.2.2
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	19			Delegated Regulation (EU) 2020/1816, Annex II		3.2.2
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain	36	Indicator number 14, Table #3 of Annex I				3.2.5
ESRS S3-1 Human rights policy commitments	16	Indicator number 9, Table #3 of Annex I and Indicator number 11, Table #1 of Annex I				Not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	17	Indicator number 10, Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Not material
ESRS S3-4 Human rights issues and incidents	36	Indicator number 14, Table #3 of Annex I				Not material
ESRS S4-1 Policies related to consumers and end-users	16	Indicator number 9, Table #3 and Indicator number 11, Table #1 of Annex I				3.2.2
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	17	Indicator number 10, Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Not material
ESRS S4-4 Human rights issues and incidents	35	Indicator number 14, Table #3 of Annex I				3.3.5
ESRS G1-1 United Nations Convention against Corruption	10 (b)	Indicator number 15, Table #3 of Annex I				4.3.6
ESRS G1-1 Protection of whistle-blowers	10 (d)	Indicator number 6, Table #3 of Annex I				4.3.6.5
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws	24 (a)	Indicator number 17, Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		4.6
ESRS G1-4 Standards of anti-corruption and anti-bribery	24 (b)	Indicator number 16, Table #3 of Annex I				4.5

Appendix 3: Incorporations by reference

Publication requirements	Reference to other sections (URD) outside the sustainability report
Identity of administrative/management/supervisory bodies or of the person within a body responsible for overseeing IROs (ESRS 2 GOV-1)	Chapter 2: Corporate governance report, Paragraph 1.1.3
Integrating sustainability performance into incentive systems (ESRS 2 GOV-3)	Chapter 2: Corporate governance report, Paragraph 2.1.4.2
Resilience of the company's strategy and business model: ability to limit risks (ESRS 2 SBM-3)	Chapter 3: Management report, Paragraph 10
Extent and manner in which the procedure for identifying, assessing and managing IROs is integrated into the company's overall risk management process and used to assess the company's overall risk profile and risk management procedures (ESRS 2 IRO-1)	Chapter 3: Management report, Paragraph 10
Turnover used to calculate energy intensity and GHG emissions intensity (E1-5; E1-6)	Chapter 6: Consolidated financial statements, Consolidated income statement section
CapEx reconciliation with financial statements (Taxonomy)	Chapter 3: Management report, Paragraph 4
Reconciliation of taxonomy turnover and sustainable development turnover (Taxonomy)	Chapter 1: Business model
Payment practices (G1-6)	Chapter 3: Management report, Paragraph 13.2 Chapter 6: Consolidated financial statements, Note 11

Appendix 4: Partial or unpublished information

ESRS	Partial or unpublished information	Data types	Status
E5	Product life cycle (see section E5-5 paragraph 2.2.1.2)	Quantitative	Partially published, to be completed by 2025
E5	Recyclability of products and packaging (see section E5-5 paragraph 2.2.4.2)	Quantitative	Partially published, to be completed by 2025
G1	Recyclability of products and packaging (see section E5-5 paragraph 2.2.4.2)	Quantitative	Published according to a French regulatory definition and on the Mersen SA perimeter, will be completed for 2025.

Appendix 5: 2022-2027 roadmap

Priority commitments	Ambition	2027 target (versus 2022)
Responsible partner	Improve social and environmental practices throughout our value chain	<ul style="list-style-type: none"> • Less than 5% of suppliers with a CSR score of less than 25 • Maintain a minimum of 85% of external purchases with local suppliers
Limit the environmental impact of our sites	Decarbonize and mitigate the impact of climate change	<ul style="list-style-type: none"> • Reduce GHG emissions intensity by 35% (Scopes 1 and 2) • Increase the share of renewable electricity to 80% • Increase the share of waste recycled to 80% • Lower water consumption intensity by 15% • Draw up a formal water conservation plan for all sites exposed to water stress
Develop human capital	Promote equal opportunity and diversity	<ul style="list-style-type: none"> • Increase by four points the percentage of women engineers and managers (29%) • Reach 27% of senior management positions held by women • Increase by 25% the number of employees with disabilities
	Promote a social responsibility policy for all	<ul style="list-style-type: none"> • Provide social protection with a universal indemnity in the event of death in service • Standardize profit-sharing schemes • Adopt a minimum amount of paid leave in all countries
	Develop and consolidate the health and safety culture within the Group	<ul style="list-style-type: none"> • Keep LTIR* ≤1.8 and SIR* ≤60 • Increase the number of management safety visits per employee by 30%
Develop a culture of ethics and compliance	Instill ethical behavior	<ul style="list-style-type: none"> • Compulsory ethics training every 2 years and initial training for new hires
	Protect data and systems	<ul style="list-style-type: none"> • Compulsory cybersecurity training (for employees with a PC)

2. ENVIRONMENTAL INFORMATION

2.1. Climate change (ESRS E1)

2.1.1. Integration of sustainability-related performance in incentive schemes (GOV-3)

The calculation of the annual variable compensation of the Chief Executive Officer (who is also a member of the Board of Directors), the members of the Executive Committee and the Vice Presidents of the business lines takes into account progress towards achieving climate targets defined in Mersen's CSR roadmap.

Climate progress is also part of the performance criteria of the long-term compensation plans for executives and managers. The long-term compensation plans are described in chapter 2 of this document.

For more information, please refer to chapter ESRS 2 GOV-3 "Integration of sustainability-related performance in incentive schemes".

In 2024, 30% of the Chief Executive Officer's variable annual compensation was linked to nonfinancial criteria. Among the latter, four equally weighted sub-criteria accounting for a total of 25% were related to the environment: (i) increase the waste recycling rate, (ii) reduce greenhouse gas emissions intensity, (iii) validate the calculation methodology for Scope 3 greenhouse gas emissions, and (iv) reduce water consumption intensity. The portion linked to climate targets was therefore 7.5%.

The long-term compensation plans awarded in 2024 included performance conditions, 30% of which were linked to non-financial targets: (i) increase the proportion of women engineers and managers in the Group, (ii) reduce the intensity of greenhouse gas emissions (Scopes 1 and 2), and (iii) reduce water consumption intensity. The portion linked to climate targets in long-term compensation plans was therefore 10% of the total criteria.

2.1.2. Transition plan for climate change mitigation (E1-1)

Mersen's industrial activities involve the development of graphite- and felt-based advanced materials and the assembly of electrical products. The steps in the manufacture of graphite- and felt-based materials are heat treatment and machining. The manufacture of electrical products involves screwing, bonding and crimping to assemble components (see ESRS 2).

Conscious of its role in the global transition and climate change mitigation, the Group makes strategic and financial decisions that take into account the emissions intensity of its activities and the impact of its products on customers in sustainable development markets. Consequently, management has defined a sales intensity target for emissions that has been validated by the Board of Directors.

At the end of 2024, Mersen did not have a plan to transition to a sustainable economy compatible with the Paris Agreement goal of limiting global warming to 1.5°C and with the objective of achieving climate neutrality by 2050. It prefers not to commit to adopting a compliant transition plan within the next two years because it has not completed its emissions inventory.

In 2018, the Mersen group began taking steps to mitigate climate change by curbing Scope 1 and 2 GHG emissions. These primarily concern direct stationary combustion emissions from manufacturing processes and indirect emissions from electricity consumption. The Group implemented a system for collecting the energy consumption data (natural gas and electricity) of the manufacturing sites, first annually, then quarterly, to ensure the reliability of the data initially submitted. For the sites with the highest consumption, action plans were drawn up specifying consumption by equipment, physical energy intensity (MWh per production unit) and past and future actions to lower consumption.

The Group grew between 2018 and 2024 and expects growth to continue until 2027. It was therefore decided to decouple strong economic growth from Scope 1 and 2 GHG emissions. A GHG emissions intensity indicator (tCO₂eq. per physical or monetary unit) was considered a relevant approach for measuring the mitigation effort: while physical intensity is appropriate for the manufacturing sites, sales intensity is preferable for the Group given the variety of products sold. Through these initiatives, the Group and its sites intend to reduce their GHG emission intensities for Scopes 1 and 2.

Since 2018, the Group has been inventorying its indirect GHG emissions in its upstream and downstream value chain (Scope 3 of the GHG Protocol). Data (activity and associated emissions factors) has been determined on a gradual basis, except for categories related to products sold (processing, use and end-of-life treatment). The data is not complete and requires further analysis to ensure that it is comprehensive and robust, particularly in view of the high proportion of customized products and the large number of applications. As soon as methodologies are in place making it possible to establish a reliable baseline scenario, the Group will be able to set Scope 3 mitigation targets.

2.1.2.1. Decarbonization levers

The decarbonization levers for mitigating climate change (reducing GHG emissions) are as follows:

- Reduction in energy consumption;
- Purchase of energy from a certified renewable source;
- Self-production of electricity using renewable or less GHG-intensive energy sources;
- Electrification of processes;
- Reduction of emissions from transportation.

Reduction in energy consumption

Mitigating climate change by reducing energy consumption is a priority for the Group. Electricity and natural gas are the two main energy sources, and the graphite and felt production processes using high-temperature furnaces in the Advanced Materials segment are the most energy-intensive. The Advanced Materials and Electrical Power segments monitor the sites' energy consumption on a quarterly basis. Sub-meters are gradually being installed on energy-intensive equipment to obtain precise consumption data. For the sites that are the heaviest consumers, monitoring the physical energy intensity (tCO₂eq. per production unit) of their processes makes it possible to manage the impact of mitigation actions on their installations. The energy consumption of certain buildings is tracked separately when it accounts for a significant proportion of the site's total consumption.

Emissions from the mobile combustion of fuels is minor compared with those from stationary combustion, as described earlier. The Group has nevertheless made changes to its vehicle policy (company cars), and the industrial and administrative sites have started to equip their fleets with hybrid or electric vehicles and install charging stations.

Renewable electricity purchasing

The Group is working continuously to substitute its energy purchases with energy derived from renewable sources.

Depending on availability and cost, the electricity purchased at certain facilities is certified with a guarantee of renewable origin. The Group is committed to achieving 80% renewable electricity by 2027. In line with this goal, contracts to buy unbundled certificates are negotiated with intermediaries in compliance with local regulations.

The Group continues to study alternatives to natural gas of fossil origin: biomethane produced by biogenic or thermochemical processes is being studied for our heat treatment processes. It is also considering purchasing renewable gas certificates. Whether this happens depends on economic considerations (implementation is costly) and validation of carbon accounting rules by the GHG protocol.

Self-production of renewable electricity

Self-production of renewable electricity is achieved through photovoltaic power plants. It is not a major decarbonization lever, given the Group's overall electricity requirements. Depending on the surface area of the panels, a plant's annual output varies from 50 to 1000 MWh. For some sites though, solar self-consumption is a decarbonization lever, providing up to 25% of their electricity needs.

The Group studies the possibility of implementing these systems when their techno-economic feasibility has been demonstrated. At end-2024, Mersen had 11 manufacturing sites equipped with solar power plants. Seven are designed for self-consumption and four partly for self-consumption and partly for exportation to the grid.

Process electrification

The most energy-intensive equipment powered by natural gas are the baking furnaces used to produce graphite. The production of state-of-the-art graphite components involves technologies, such as baking and graphitization, whose energy efficiency has been optimized by the industry over the past several decades to obtain the physical and chemical properties required by final products.

The electrification of the baking process has been shown to be feasible for certain graphite product categories and is being implemented at one of our sites. However, the project covers a small number of products sold and will result in just a slight decrease in emissions linked to energy consumption.

The electrification of graphite-related processes requires technological validations still lacking in the industry. It also requires significant investments, since they concern the Group's most important assets.

Reduction in transportation emissions

The reduction of transportation emissions is a minor decarbonization lever for the Group which is present in more than 30 countries. Reduction levers have nevertheless been defined as follows:

- restriction of the use of air freight;
- increase in the use of maritime, rail and river transportation;
- pooling of transportation between subsidiaries;
- optimization of truck loading and use of electric vehicles for short distances;
- use of the same means of transportation to avoid empty returns.

2.1.2.2. Using CapEx to support implementation of the transition plan

The Group identifies investments (CapEx) related to the environment, including expenditures for the compliance of equipment, electrification, replacement of tax reduction programs, environmental studies and remediation. Investments in climate change mitigation are insignificant in terms of total Group expenditure.

CapEx and OpEx in the context of the EU Taxonomy

Regarding its climate-action financing, the Group has already made investments to mitigate its impact on the climate, as described in the Environmental Taxonomy section.

2.1.2.3. Qualitative assessment of locked-in emissions from key assets and products

The GHG emission categories identified in the Group's locked-in emissions estimate are stationary combustion (GHG Protocol category 1.1) and physical/chemical processes (GHG Protocol category 1.3). The other Scope 1 and 2 categories (including 2.1 Purchased electricity) are not considered locked-in, since decarbonization levers exist. Direct GHG emissions produced during the use phase of products sold are nil, as none of the Group's product lines generate direct GHGs directly.

Stationary combustion and physical/chemical processes are limited to natural gas-fired furnaces. The Group estimates that, in the absence of a technological breakthrough, emissions from these processes are locked in until 2030, or even 2050. They accounted for approximately 70% of Scopes 1 and 2 emissions in 2024.

2.1.2.4. Exclusions from Paris Agreement benchmarks

The Group's activities do not correspond to the exclusions mentioned in Article 12(1), points (d) to (g), and Article 12(2) of the Commission Delegated Regulation (EU) 2020/1818. It is therefore not considered excluded from the Paris Agreement benchmarks.

2.1.2.5. Development in sustainable markets

The Mersen group serves customers in markets that contribute to climate change mitigation. Among end-market segments in the chemicals, process, transportation, energy and electronics industries, Mersen designs and manufactures products for sectors involved in the energy transition (electric vehicles, electric rail, renewable energy, semiconductors) for which it has decided to launch a specific investment plan of 300 million euros in 2023.

Mersen helps customers in all markets carry out their transition plans for climate change mitigation by developing products that use less energy and last longer.

2.1.2.6. Voluntary carbon offset projects

Keenly aware of the climate emergency and knowing that rolling out an action plan to decarbonize its own business activities will take time, Mersen undertakes to finance – beyond its own activities – projects that avoid CO₂eq emissions, in an amount equaling those generated by the €300 million additional investments that the Group will make under its 2029 growth plan.

In 2023, the Group decided to contribute to financing renewable energy projects in India, where it has over 250 employees (see E1-7).

2.1.3. Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

The Group's double materiality assessment identified one material climate-related risk: *the absence of or non-compliance with commitments to reduce the Group's GHG emissions and adopt a decarbonization pathway*. This risk is considered a combination of transition risks.

The risk associated with the absence of or non-compliance with commitments to reduce greenhouse gas (GHG) emissions and adopt a decarbonization pathway is considered a **transition risk** for the following factors:

i. Regulatory and legislative changes

- **Stricter climate regulations:** The emergence of increasingly stringent regulations to limit GHG emissions could expose the Group to sanctions, fines or operational restrictions in the event of non-compliance.
- **Adherence to international commitments:** Businesses must comply with agreements such as the Paris Agreement. Failure to meet these commitments could lead to increased regulatory pressure.

ii. Market trends and investor expectations

- **Growing demand for low-carbon solutions:** Customers and partners are increasingly demanding less-polluting products and services. The absence of a low-carbon pathway could weaken the Group's competitiveness and market share.
- **Investors focused on ESG:** Investors are attaching greater importance to companies aligned with climate goals. Failure to meet commitments to reduce GHG emissions could make the Group less attractive to investors, potentially leading to divestments.

iii. Reputational risk

- **Stakeholder pressure:** Internal and external stakeholders pay close attention to companies' environmental commitments. Failure to meet GHG emission reduction targets could damage the Group's reputation and provoke negative reactions from stakeholders.
- **Loss of confidence:** The Group's credibility among stakeholders could be undermined, affecting the brand and Mersen's image as a responsible company.

iv. High transition costs

- **Late adaptation:** A delayed or poorly planned transition to a low-carbon economy could lead to higher costs in the long term, not least because of the need to upgrade facilities or offset unreduced emissions.
- **Missed opportunities:** A delay in adopting a low-carbon strategy could prevent the Group from seizing innovation opportunities and accessing new markets

Resilience of the Group's strategy and business model in relation to climate change

The Group's double materiality assessment identified the absence of or non-compliance with commitments to reduce GHG emissions and adopt a decarbonization pathway as a risk. On the basis of anticipated changes in the market, the regulatory environment and stakeholder expectations over the long term, and assuming a scenario of growth, Mersen determined that this is a material transition risk that could affect its resilience.

This risk was also included in the Group's risk map in 2018.

The Group made a commitment in its 2018-2022 CSR roadmap to reduce the intensity of its Scope 1 and Scope 2 GHG emissions by 20% between 2018 and 2022. Over this period, it achieved a reduction of 38%, demonstrating its ability to meet its commitments and respond to market and investor expectations in terms of climate change mitigation.

To align its efforts with its growth plan, the Group set a new target in its new 2022-2027 roadmap: reduce the sales intensity of its emissions by 35% by 2027. This target is part of a decarbonization approach that aims to anticipate the challenges of the energy transition.

Mersen's strategy is based on developing solutions to support the growth of low-carbon industries like renewable energy and electric mobility. The Group is adapting to the effects of climate change by positioning itself in sustainable development markets and ensuring its employees' long-term viability. (see IRO-1).

The Group did not use a science-based pathway to set its sales intensity target, but rather an estimation of best achievable performance based on expected growth, locked-in emissions and existing decarbonization levers and technologies currently available to its business sectors.

2.1.4. Policies related to climate change mitigation and adaptation (E1-2)

2.1.4.1. Mersen's environmental policy

Mersen's **environmental policy** comprises an Environmental Commitment and an Environmental Management System (EMS). The Group's primary goal is to reduce the environmental impact of its products and industrial operations and prevent associated risks. The Environmental Commitment describes management's guiding principles, and the Environmental Management System defines the interrelated or interacting elements used to establish policies and targets, and the processes for achieving these targets.

The issues addressed are:

- Climate change mitigation through management and reduction of GHG emissions
- Climate change adaptation through alignment with organizational guidelines
- Energy efficiency and renewable energy deployment through energy management
- Other issues (compliance with environmental regulations)

Adaptation is included in the transition risk management policy, but there is no structured policy in 2024 for managing physical risks, apart from occasional organizational guidelines.

This policy applies to all Group activities and sites and sets out clear expectations for each manager and employee. It is communicated to all site employees to encourage engagement and is reviewed annually to incorporate employee feedback and developments.

2.1.4.2. Governance

The Board of Directors: The Board of Directors endeavors to protect the interests of the Company and its shareholders while taking into consideration the social and environmental challenges of the Company's activities. To this end, it has appointed a director responsible for CSR issues who works closely with the Group's Executive Management, representatives from the CSR Committee, and the Health and Safety, Environment and Industrial Risks function to address climate and environmental issues. The Board approves the climate change mitigation and adaptation policy annually. Progress reports on the implementation of the CSR roadmap, particularly climate change mitigation, are the subject of regular presentations and discussions at meetings of the Board of Directors and Board Committees. For more information, see ESRS 2 GOV.

The Executive Committee is responsible for defining and implementing the Group's climate policy. It has appointed the Group Vice President, Operational Excellence as head of implementation.

2.1.4.3. Reference to third-party standards and initiatives

The ISO 14001 standard for environmental management systems is the normative reference chosen by the Group for certified sites.

Percentage of manufacturing sites certified	2024	2023
All manufacturing sites	44%	44%
Manufacturing sites with over 125 employees	59%	56%

Each site ensures the implementation of planned actions and verifies that indicators and targets continue to be relevant and aligned with needs. Feedback from managers and employees is taken into account to adjust and reinforce the implemented actions.

2.1.5. Actions and resources in relation to climate change policies (E1-3)

Action plans are collected quarterly from the most energy-intensive sites respectively: St Marys, Columbia, Chongqing, Holytown, Bay City, Pagny, Amiens, Gennevilliers, Juarez, Songjiang and Saint-Bonnet-de-Mure). Actions are classified under the following headings: installation of highly energy-efficient auxiliary equipment, implementation of energy management systems, purchase of renewable electricity, electrification of processes, improvement of process output, optimization of logistics and use of more sustainable transportation. Actions are defined on the initiative of the sites, in line with priorities set by the head office.

2.1.5.1. List of 2024 actions

The main actions carried out in 2024 were as follows:

■ Reduction in energy consumption

The Holytown (UK), Songjiang (China), St Marys and Bay City (USA), Saint-Bonnet-de-Mure and Amiens (France) plants implemented energy management systems that provide detailed and reliable information on the energy consumption of their installations' main equipment.

Several sites made changes in their internal organization in order to better manage auxiliary equipment (motors, compressors, LED lighting), while others strove to make their heat exchange processes more efficient.

The Songjiang site (China) replaced a gas-fired sintering furnace with a more energy-efficient gas-fired device and improved the energy efficiency of the new equipment by reducing process time by 40%.

■ Purchase of energy from a certified renewable source

The Group did not purchase any new renewable electricity certificates in 2024 since the United States and China, the two main countries where the Group's most electricity-intensive sites are located, are covered by existing contracts until the end of 2025. The system in place is consistent with the pathway defined by the Group to source 80% of electricity from renewable sources by 2027.

■ Self-production of electricity using renewable or less GHG-intensive energy sources

Equipping manufacturing sites with photovoltaic panels is a minor decarbonization lever for the Group as a whole. Nevertheless, the Chongqing plant (China) installed a solar panel system at the end of 2024 with a target capacity of 420 MWh per year.

■ Process electrification

In 2024, the Amiens site (France) pursued its project to replace part of its natural gas furnaces with electric ones. The new equipment will reduce the site's Scope 1 and 2 GHG emissions as of 2025.

The Juarez (Mexico) plant replaced its small natural gas-powered industrial ovens with electric equipment.

■ Reduction in transportation emissions

The Group continued its efforts to optimize its logistics operations and use more sustainable modes of transportation. Emissions from this category are insignificant; consequently, the levers have no impact on the Group's footprint.

2.1.5.2. List of future actions

■ Reduction in energy consumption

The Group remains committed to reducing natural gas and electricity consumption at all sites. However, the impact of these actions on its total GHG emissions inventory is limited. To date, no major technical development has been identified that would have a significant impact on reducing Scope 1 and 2 emissions.

■ Purchase of energy from a certified renewable source

To meet its targets of achieving 80% renewable electricity by 2027 and reducing the sales intensity of its GHG emissions from Scopes 1 and 2 by 35% between 2022 and 2027, Mersen plans to purchase renewable electricity certificates in the countries that consume the most. It is already conducting market research in order to be able to make informed cost-benefit decisions when choosing between different purchasing options.

The total impact of renewable electricity certificates is expected to be between 100,000 and 150,000 tCO₂eq. per year.

■ Self-production of electricity using renewable or less GHG-intensive energy sources

This lever has a minor impact.

■ Process electrification

Beginning in 2025, the use of electric heat treatment furnaces at the Amiens site (France) is expected to reduce emissions by 700 tCO₂eq. per year. The gas-fired furnaces will be phased out over several years to allow testing of the new technology.

■ Reduction in transportation emissions

This lever has a minor impact.

Given the growth of our business, it is difficult to make an accurate assessment of the percentage reduction in energy intensity for each action from one year to the next.

2.1.5.3. Current and future financial resources allocated to actions

No significant financial resources were allocated only to current or future actions in 2024.

2.1.6. Targets related to climate change mitigation and adaptation (E1-4)

In its 2022-2027 roadmap, the Group has undertaken to reduce the sales intensity of its Scope 1 and Scope 2 GHG emissions by 35% by 2027 relative to base year 2022 and to use at least 80% renewable electricity by 2027. Based on projected strong growth and increased activity between 2022 and 2027, the Group expects a rise in Scope 1, 2 and 3 absolute GHG emissions and has therefore developed a pathway in line with its business context. For this reason, it has not defined absolute targets. Moreover, it has not established Scope 3 targets since the calculation for categories relating to products sold (GHG Protocol categories 3.10 to 3.12) has yet to be validated.

The 2022 base year is representative in terms of activities covered and sales levels. According to the GHG Protocol Corporate Standard (version 2004), base year recalculation is not required when sales or physical intensity is involved.

The target of reducing the sales intensity of GHG emissions from Scopes 1 and 2 alone supports the goal of the Group's climate change mitigation policy. It aims to reduce Scope 1 and 2 emissions which, on the one hand, are directly associated with the company's operations (contrary to Scope 3 emissions occurring in the value chain outside the company), and, on the other, are proportional to sales, as the Group expects its emissions to grow in absolute terms. Consequently, a sales intensity ratio has been defined to achieve an absolute decoupling of economic growth from emissions.

The target of increasing the share of renewable electricity supports the Group's policy of mitigating climate change and using lower-carbon energy.

Adaptation to the physical risks of climate change has been assessed as non-material (E1-1). Consequently, the Group does not have any targets related to climate change adaptation. If future assessments indicate the existence of risks, targets will be set.

The target for reducing the sales intensity of Scope 1 and 2 GHG emissions is a relative amount, measured as a percentage, that compares the decrease in intensity in 2027 to the 2022 baseline, with intensity expressed in tCO₂eq. per million euros of sales. The target is a 35% reduction.

The share of renewable electricity target is a percentage that compares the amount of renewable electricity used to the total electricity used, with consumption expressed in MWh.

The two targets cover all entities in the company's scope of consolidation and concern Scopes 1 and 2.

The 2022 baseline values are a sales intensity of 121 tCO₂eq./million euros of sales for Scope 1 and 2 GHG emissions and a 58% share of renewable electricity.

The period covered by the target is 2022 to 2027. There is no quantified interim milestone.

The low-carbon pathway defined by the Group is science-based and compatible with limiting global warming to 1.5°C. Furthermore, the Group has not set absolute reduction targets for 2030 and 2050.

In 2022, the Group examined various alternatives for setting an absolute or relative emissions reduction target for all or part of Scopes 1, 2 and 3, based on projected business activity growth between 2022 and 2027. A comparative study of industrial companies in different sectors was also carried out. As a result, the Group decided to set a relative reduction target for Scope 1 and 2 emissions over a financial projection period beginning on the date the target is set and ending in 2027.

In 2022, the Group studied the possibility of using renewable electricity in certain host countries and aligning with criterion C21 of the SBTi Criteria (Version 5.0) of October 27, 2021, which recommends thresholds of 80% by 2025 and 100% by 2030.

The sales intensity target is not based on conclusive scientific evidence. The target for the share of renewable electricity refers to Sciences Base Target initiatives (SBTi) criteria.

Targets were determined with the involvement of internal stakeholders, i.e. the heads of the Advanced Materials and Electrical Power segments, in defining the indicator and goal. The Group did not have any direct or prior contact with its business relationships in the value chain. However, in setting its target, it took into account the methods used by its main customers for establishing their own targets and goals.

The targets and goal levels have not changed since the 2022 base year.

Performance against the predetermined targets relating to sales intensity of Scope 1 and 2 GHG emissions and share of renewable electricity is measured annually and includes verification of compliance with 2027 goals and analysis of significant changes.

The GHG emissions reduction target was defined on the basis of the sales intensity indicator for Scopes 1 and 2 GHG emissions (tCO₂eq. per reported sales).

	Base year 2022	2024	2027 target
Intensity of Scopes 1 and 2 GHG emissions (tCO ₂ eq./million euros)	121	77	79
Energy efficiency and consumption reduction	-	-14	-10
Material efficiency and consumption reduction	-	-	-
Fuel switching	-	-	-
Electrification	-	-	-2
Use of renewable energy	-	-30	-30
Phase out, substitution or modification of product	-	-	-
Phase out, substitution or modification of process	-	-	-
Other	-	-	-

2.1.7. Energy consumption and mix (E1-5)

The Group's energy consumption breaks down as follows:

Energy consumption (MWh) and mix (%)	Data source	2023	2024
1) Fuel consumption from coal	No consumption	-	-
2) Fuel consumption from petroleum products	Reports	5,945	5,703
3) Fuel consumption from natural gas	Reports	243,779	235,478
4) Fuel consumption from other fossil sources	No consumption	-	-
5) Consumption of purchased heat, steam or cooling from fossil sources	No consumption	-	-
5) Consumption of purchased electricity without fossil PPA	Reports and country mix	37,857	28,157
6) Total fossil energy consumption (sum of lines 1 to 5)	Calculation	287,580	269,338
Share of fossil sources in total energy consumption (%)	Calculation	56%	54%
Consumption of purchased electricity without nuclear PPA	Reports and country mix	34,329	35,024
7) Consumption from nuclear sources	Calculation	34,329	35,024
Share of nuclear sources in total energy consumption (%)	Calculation	7%	7%
8) Fuel consumption from renewable sources	Reports	-	-
Consumption of purchased electricity with PPA	Reports	190,772	193,673
Consumption of purchased electricity without renewable PPA	Reports and country mix	-	-
Consumption of purchased heat, steam and cooling from renewable sources	No consumption	-	-
9) Consumption of purchased electricity, heat, steam, and cooling from renewable sources	Calculation	190,772	193,673
10) Consumption of self-generated electricity from renewable sources	Reports	1,938	1,856
11) Consumption of energy from renewable sources	Calculation	192,709	195,529
Share of renewable sources in total energy consumption (%)	Calculation	37%	39%
Total energy consumption (MWh) (the sum of lines 6, 7 and 11)	Calculation	514,619	499,891

2.1.7.1. Methodologies and limits

The breakdown of energy consumption by fossil, nuclear and renewable source is calculated for each site using the energy mix of each country for the year preceding the reporting year, i.e. 2023 (source: Energy Institute Statistical Review of World Energy – ourworldindata.org).

The consumption of purchased electricity without renewable power purchase agreement (PPA), calculated using the above method, is therefore broken down for each country by fossil and nuclear source. The consumption of purchased electricity, heat, steam and cooling from renewable sources (line 9 in the table) draws solely from sources with a certificate of origin.

2.1.7.2. Sources of energy consumption

The company is involved in high climate impact sectors listed in the NACE classification under the "Manufacturing" section, sub-section "Manufacture of electrical equipment". Its energy consumption comes from:

- 54% fossil sources, of which
 - 1% petroleum-based fuels
 - 47% natural gas fuels
 - 6% fossil-based electricity
- 7% nuclear sources
- 39% renewable sources

2.1.7.3. Energy production

For reporting year 2024, the Group's energy production was limited to certain sites that generate renewable electricity from photovoltaic power plants. As a result, for reporting year 2024:

- Non-renewable energy production was 0 MWh.
- Renewable energy production was 1,856 MWh.

2.1.7.4. Energy intensity

For the calculation of energy intensity, all of the Group's activities were considered to be in high climate impact sectors, and net revenue is sales for the reporting period (see Chapter 6 "Consolidated statement of income"). The Group's energy intensity is as follows:

Energy intensity per net revenue (MWh/€m)	2023	2024	% N/N-1
Total energy consumption per net revenue	425	402	-5%

2.1.8. Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)

The Group breaks down its emissions as follows:

Total GHG emissions (tCO ₂ eq.)	Base year 2022	2023	2024	% 2024/2023
SCOPE 1				
1.1 Stationary combustion	55,644	51,051	49,700	
1.2 Mobile combustion	920	1,262	1,292	
1.3 Direct emissions from physical or chemical processing	24,157	26,282	18,045	
1.4 Fugitive emissions	6,598	6,565	6,655	
Percentage of EU ETS Scope 1 emissions	0%	0%	0%	
TOTAL SCOPE 1	87,319	85,161	75,693	-11%
SCOPE 2				
2.1 Purchased electricity (location-based)	143,393	142,305	132,820	
2.1 Purchased electricity (market-based)	46,011	23,375	19,301	
2.2 Purchased steam, heat and cooling	-	-	-	
TOTAL SCOPE 2	46,011	23,375	19,301	-17%
SCOPE 3				
3.1 Purchased goods and services	206,888	201,259	178,778	
3.2. Capital goods	71,467	90,722	106,841	
3.3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	21,997	20,992	20,359	
3.4 Upstream transportation and distribution	19,847	21,043	20,842	
3.5 Waste generated in operations	604	713	606	
3.6 Business traveling	1,551	3,351	3,115	
3.7 Employee commuting	3,933	4,034	4,053	
3.8 Upstream leased assets	-	-	-	
3.9 Downstream transportation	5,954	6,313	6,253	
3.10 Processing of sold products	-	-	-	
3.11 Use of sold products	-	-	-	
3.12 End-of-life treatment of sold products	-	-	-	
3.13 Downstream leased assets	-	-	-	
3.14 Franchises	-	-	-	
3.15 Investments	-	-	-	
TOTAL SCOPE 3	332,241	348,428	340,847	-2%
TOTAL SCOPE 1+2+3				
Total GHG emissions (location-based)	562,953	575,893	549,360	-5%
Total GHG emissions (market-based)	465,571	456,963	435,841	-5%

The decline in scope 3 emissions was limited to -2% over the period, due to significant growth in category 3.2 (capital goods) linked to the Group's CapEx growth plan to reach a peak in 2024.

ENVIRONMENTAL INFORMATION

2.1.8.1. Methodologies and limits

The Group defined the following principles and methods:

- The requirements of the GHG Protocol Corporate Standard (2004 version) were followed.
- All entities over which the Group has operational control, including joint ventures (Yantai, Bazet, Sant Feliu, Bogota), were consolidated.
- Emission factors were taken from Base Carbone V23.4 or calculated when not available.
- A breakdown of emissions by country, operating sector, economic activity and subsidiary is not available since certain activity data is aggregated in the Group's information systems. The only breakdown is by GHG category (see table above).
- The reference period is the calendar year for all GHG categories.

For the 2024 reporting period and in accordance with the principles of the GHG Protocol Corporate Standard (2004 version), the following changes in scope were identified:

- Incoming industrial sites: Topton, Robesonía, Punxsutawney, Metamora, Macedon, Fairfield.
- For companies acquired in 2024, data is not available since i) it is not included in existing reporting systems and ii) it was estimated and determined to be non-material.
- Energy consumption (natural gas and purchased electricity) was estimated by analogy with other manufacturing sites in the Group's network and pro rata to the time elapsed from their respective date of acquisition in 2024. As a result, Scopes 1 and 2 emissions from acquisitions in 2024 were estimated at 6,500 tCO₂eq., which is insignificant compared to the Group's 2023 inventory (228,219 tCO₂eq.), i.e. 2.9%.
- Outgoing industrial sites: Buenos Aires, Schiedam, Harbin.
- Emissions for the Harbin site were removed from the 2022 base year and from the 2023 and 2024 inventories, as the facility was sold. The other sites were closed.
- Incoming administrative sites: Verrières-en-Anjou.
- Outgoing administrative sites: Auckland, Shenzhen.
- The incoming and outgoing administrative sites' base year 2022 emissions and 2023 and 2024 emissions were not restated, as the sites were either created or closed.

For Scope 1 GHG emissions, the Group defined the following principles and methods:

- The Group is not subject to EU ETS reporting requirements.
- For category 1.1: Stationary combustion, a single emissions factor in tCO₂eq./MWh LHV from the ADEME Carbon Base for Europe was used for natural gas, the dominant fuel, and for all Group sites.

For Scope 2 GHG emissions, the Group defined the following principles and methods:

- The requirements of the GHG Protocol Corporate Scope 2 Guidance (2015 version) were followed.
- Scope 2 quality criteria pertaining to contractual instruments in chapter 7.1 were applied. The Group reported Scope 2 GHG emissions using location-based and market-based methods.
- Contractual instruments were either bundled with electricity purchases or used on their own. In the latter case, the energy attribute certificate (EAC) was obtained from the intermediary.

For Scope 3 GHG emissions, the Group defined the following principles and methods:

- The requirements of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (version 2011) were followed.
- Categories 3.1: Purchased goods and services, 3.2: Capital goods, 3.3: Fuel and energy-related activities not included in Scope 1 or Scope 2, 3.4: Upstream transport and distribution, 3.5: Waste generated in operations, 3.6: Business travel, 3.7: Employee commuting and 3.9: Downstream transportation are relevant and reported by the Group.
- Categories 3.8: Upstream leased assets, 3.13: Downstream leased assets, 3.14: Franchises, and 3.15: Investments are not relevant to the Group.
- Upstream indirect emissions from long-term leased vehicles were included in category 3.2: Capital goods.
- Emissions factors for category 3.2: Capital goods were determined in monetary units (tCO₂eq./million euros of goods purchased) and by type of good (buildings and parking lots, machinery and equipment, IT hardware). Primary data in physical units (building surface area, number of machines) is not always available in our information systems. Calculating emissions with these monetary factors involves a high degree of uncertainty.
- Upstream indirect emissions from long-term leased vehicles were included in category 3.2: Capital goods.
- Categories 3.10: Processing of sold products, 3.11: Use of sold products and 3.12: End-of-life treatment of sold products are relevant to the Group but not reported. The Group will report these three categories once activity data and calculation methods have been validated for all product categories. Since 2023, the Group has validated an increasing number of methods for the numerous product categories in its portfolio, and in order to make further progress, it is carrying out sectoral studies.
- Activity data for upstream and downstream value chain activities is obtained exclusively from the Group's internal information systems, and not from suppliers, service providers or customers.
- Carbon removal and carbon credits are not included in the calculation of Scope 3 GHG emissions.

2.1.8.2. Market-based emissions

The share of market-based Scope 2 GHG emissions associated with contractually purchased electricity, bundled or unbundled, was calculated as follows:

- $(\text{Location-based emissions} - \text{Market-based emissions}) / \text{Location-based emissions}$

Market-based share of Scope 2 GHG emissions (%)	2023	2024
Share (%)	85%	85%

The percentage of emissions calculated using primary data from suppliers or other value chain partners is 0%.

2.1.8.3. Emissions intensity

The company's GHG emissions intensity is as follows. Net revenue is sales for the reporting period (see chapter 6 "Consolidated statement of income").

GHG emissions intensity by sales (tCO ₂ eq./M€)	2023	2024	% N/N-1
Total GHG emissions (location-based) by net revenue	477	442	-7%
Total GHG emissions (market-based) by net revenue	379	351	-8%

2.1.9. GHG removals and GHG mitigation projects financed through carbon credits (E1-7)

2.1.9.1. Description of GHG emission removals resulting from climate change mitigation projects outside its value chain

Keenly aware of the climate emergency and knowing that rolling out an action plan to decarbonize its own business activities will take time, Mersen undertakes to finance – beyond its own activities – projects that avoid CO₂ emissions, in an amount equaling those generated by the €300 million additional investments that the Group will make under its 2029 growth plan.

In 2023, the Group decided to contribute to financing renewable energy projects in India, where it has over 250 employees.

The Bendosol project is focused on generating a clean form of electricity using a renewable solar energy source. It involves the installation of several solar projects, each with a capacity of 120 MW, in different states of the country.

The Pawan wind power project comprises several projects in the state of Maharashtra, which traditionally relies on electricity generated from fossil fuels.

2.1.9.2. Canceled carbon credits

In 2024, 52,500 tCO₂eq. of carbon credits were canceled.

Under existing contracts, 157,500 tCO₂eq. of carbon credits will be canceled in the future.

	2024
Total (tCO ₂ eq.)	52,500
Share from removal projects (%)	0%
Share from reduction projects (%)	100%
Recognized quality standard 1 (%)	100%
Share from projects within the EU (%)	0%
Share of carbon credits that qualify as corresponding adjustments (%)	100%

2.1.9.3. Carbon credits to be canceled in the future

Volume between 2025-2030

Carbon credits planned to be cancelled in the future	157,500 tCO ₂ eq.
--	------------------------------

2.1.10. Internal carbon pricing (E1-8)

The Group does not apply an internal carbon pricing mechanism.

2.2. Resource use and circular economy (ESRS E5)

2.2.1. Policies related to resource use and circular economy (E5-1)

2.2.1.1. Policy objectives

The Group has developed an environmental policy that encompasses resource use and the circular economy. The implementation of circular economy principles requires moving from a linear consumption model to a circular approach that emulates natural ecosystems.

The Group incorporates circular economy principles through the following:

- Product design with progressive integration of eco-design
- Responsible use of materials
- Waste management and recycling
- Monitoring of the use of hazardous substances

2.2.1.2 Scope of application

Regarding the integration of eco-design, the Group uses methods that are appropriate for designing new products by progressively incorporating practices that evaluate environmental impact.

Product lifespan: our product range includes consumables produced mainly by the Advanced Materials segment, such as brushes used to transmit electrical current or crucibles for silicon melting. The Group is pursuing its R&D efforts to extend the life of these products, while responding to customer requests to lower sales prices.

For example, the lifespan of a wind turbine brush was doubled from 18 to 36 months between 2014 and 2022.

Technology watch: R&D designers are gradually being trained in eco-design principles, and environmental concerns have been incorporated into the specifications of certain new products. In 2023, R&D experts created a life cycle assessment course for the R&D community.

Product life cycle assessment:

The Group uses Environmental Improvement Made Easy (EIME) software to calculate the environmental impact (GHG emissions, air/water pollution, depletion of natural resources, etc.) of certain electrical products in the Electrical Power segment. Mersen designs and manufactures electrical protection products, notably for the European market, where certain market segments, such as residential construction, have begun introducing environmental impact transparency requirements for products. Since 2010, Mersen has been voluntarily meeting these requirements by publishing Product Environmental Footprints (PEFs), validated by a third party (PEP ecompassport® program). The Group's strategy is to respond in a differentiated manner, rather than with a uniform approach, to environmental impact requirements for products. Consequently, life cycle assessments are performed for certain products and markets only.

The maturation of the graphite and felt materials market with regard to life cycle assessment has been more recent. Mersen is a member of the European Carbon and Graphite Association (ECGA). The first Product Category Rule for graphite was published in 2023 by members of the ECGA, to which Mersen contributed as an ad hoc committee participant. It defines the methodology for carrying out a life cycle assessment of graphite for the "cradle to gate" scope only. Given the multiple uses of graphite, the "gate to grave" scope cannot be subject to common rules. The graphite and felt markets in which Mersen is present do not have global transparency requirements with regard to life cycle assessments. Nevertheless, the Group is able to respond to isolated customer requests, within a limited scope. With regard to **resource inflows**, the responsible use of materials is aimed at addressing the abovementioned risk.

The Group has identified the main materials used in its manufacturing processes:

- For graphite products, these are coal tar pitch, coke, graphite (as a raw material) and metals;
- For felt products, these are fiber and resin;
- For brushes, fuses, bus bars and cooling products, these are metals, plastic and sand.

These eight materials represent significant purchase volumes and are subject to price changes that could have a substantial financial impact on the Group.

Two other materials used to package products for sale – wood and cardboard – are also monitored. They concern the Group's operations and downstream value chain.

Regarding **the circular economy**, the Group has developed a waste policy based on the following principles:

- Optimization of waste management according to the waste hierarchy
- Reuse, recycling, recovery and disposal in channels that comply with regulations

2.2.1.3. Governance and monitoring procedure

Segment management is responsible for implementing the Group's policy on the responsible use of resources and the integration of the circular economy. Updates on the progress of actions are performed regularly by the Segment management committees and the HSE Committee.

2.2.1.4. Reference to third-party standards and initiatives

The Group complies with RoHS, REACH and WEEE regulations:

WEEE Directive

The European WEEE directive 2002/96/EC (Waste Electrical and Electronic Equipment) establishes ecocontribution rules in European countries where the products are sold. The Group has adopted the following principles:

- Collection of products sold by European country of destination;
- Implementation of eco-contribution payment systems by country.

RoHS Directive

The European RoHS Directive 2002/95/EC (Restriction of Hazardous Substances) establishes rules on using hazardous substances in electrical and electronic equipment. The Group has adopted the following principles:

- Update of calculations and certificates in accordance with the latest list (substances and thresholds);
- Disclosure to European customers;
- Replacement of substances on the exemption list whose use-by date is set to expire.

REACH Regulation

The European REACH regulation 1907/2006/EC (Registration, Evaluation, Authorization and Restriction of Chemicals) is an integrated system that requires the registration and authorization of chemicals within the industry. The Group has adopted the following principles:

- Collection of Safety Data Sheets from strategic suppliers;
- Identification of the presence of REACH substances by R&D teams in collaboration with the Purchasing and the Health and Safety functions;
- Availability of regulatory documents to European customers.

2.2.1.5. Taking into account the phase out of virgin resources

Since 2021, the Group has focused its resource inflows policy on using more secondary (recycled) metal resources. A reporting system specifying the origin of each metal, virgin or recycled, has been gradually set up with suppliers.

By 2026, the other main resource inflows described above will be examined to determine if a secondary (recycled) source exists, and, if so, implement the same reporting procedure as the one used for metals.

2.2.1.6. Enhancing sustainable sourcing

The use of renewable resources other than energy, dealt with in E1-1, primarily concerns the main raw materials used by the Group (coal tar pitch, coke, graphite, fiber, resin, metals, plastic, sand).

The Group uses these resources for some of its metals to the extent that it is physically possible for suppliers to recycle them. Aluminum can theoretically be recycled repeatedly, but certain problems like oxide formation reduce its recyclability.

The graphite used in the manufacture of graphite-based products is partly purchased from suppliers (primary graphite) and partly recovered from the Group's machining operations (recycled graphite). The scraps and dust that make up the recycled graphite are transported to our graphite manufacturing sites, thereby ensuring a sustainable supply of the material.

2.2.2. Actions and resources related to resource use and circular economy (E5-2)

Current and planned actions related to the use of resources and the circular economy are described below.

2.2.2.1. List of current actions

Circular economy

- Waste reduction: reducing waste generated is an ongoing action.
- Increasing waste recycling: expanding the share of recycled waste is another ongoing action.

2.2.2.2. List of future actions

Resource inflows

- More reliable reporting: for 2025, the goal is to enhance the monitoring of metal sources, whether virgin or recycled, in collaboration with suppliers.
- Identification of secondary resources: the Group undertakes to determine by 2026 if secondary sources exist for the other main resource inflows.

Circular economy

- Integration of life cycle assessment: the Group will begin to progressively integrate life cycle assessment into product design in order to improve product durability.

During the reporting period, there were no major impacts on external stakeholders with regard to resource use or the circular economy.

2.2.2.3. Scope and time horizons

The scope of the key actions includes all of the Group's manufacturing sites, the upstream value chain for the main resource inflows, and part of the downstream value chain for waste. Actions relating to resource inflows are scheduled for the end of 2025 (metals) and year-end 2026 (resource inflows other than metals).

Those relating to the circular economy are ongoing, with a waste recycling rate target of 80% by 2027. After that, another target will be set.

Key actions relating to the progressive integration of life cycle assessment have yet to be defined.

2.2.2.4. State of progress

The key action to increase the share of recycled waste was behind schedule for the reporting period, compared to the road map, temporarily jeopardizing the target of achieving 80% by 2027. The Advanced Materials segment has the largest amount of disposed waste. Although recycling channels have been identified for some of this waste, examining their feasibility, cost/benefit ratio and regulatory requirements will take longer than expected.

ENVIRONMENTAL INFORMATION

2.2.2.5. Current and future financial resources allocated to actions

No significant operating or capital expenditure was incurred during the reporting period for key actions related to resource use and the circular economy, nor is any planned.

2.2.3. Targets related to resource use and circular economy

2.2.3.1. Description of targets

The Group has set a voluntary target of 80% waste recycled by 2027, i.e., the ratio between the volume of by-products (preparing for reuse) and recycled waste and the total volume of waste (in tonnes). It does not include recovery operations. This target involves the evaluation of efforts to reuse or recover waste through recycling channels, and thus contributes to the circular economy.

This approach also reflects the Group’s commitment to eco-design. By integrating practices to reduce scrap and other waste right from the design phase, the Group maximizes the effectiveness of its environmental actions much more than it would by intervening at a later stage.

Share of waste recycled (%)	2022	2023	2024	2027
Objective	70%	70%	72.5%	80%
Achieved	70%	70%	71.2%	

The Group has made steady progress since 2018, going from 46% in 2018 to 71.2% in 2024. Graphite product manufacturing generates the largest volume of waste. Waste recycling channels have been developed at the sites that produce the most waste, mainly for the steel industry, which uses graphite dust and scrap.

Since 2023, the share of recycled waste has risen only slightly, since projects to recycle waste previously disposed of by the Advanced Materials segment take a long time to complete. Their operational and economic efficiency has yet to be demonstrated.

2.2.3.2. Target-related objectives

The Group has defined key actions to evaluate the source of metals, both virgin and recycled, and to identify a secondary source for other major resource inflows. However, it has not yet established measurable targets related to the increase of circular product design, the increase of circular material use rate, the minimization of primary raw material, or sustainable sourcing (in line with the cascading principle).

Similarly, although resource outflows, with the exception of waste, are not yet associated with quantifiable targets, the Group has implemented strategic actions to gradually integrate life cycle assessment into the product design process.

Scope

The scope of the recycled waste target is the Group’s manufacturing sites. It does not include the administrative sites since their waste volume is insignificant in relation to that of the Group, and the nature of their activity is not representative of the company’s industrial activities. The target does not include the upstream and downstream value chain.

Reference period

The target reference period is that of the 2022 roadmap. In 2022, the share of recycled waste was 70%.

Methods and assumptions

The Group applied the definitions of European Waste Directive 2008/98/EC to categorize waste. The share of waste recycled is the ratio, expressed as a percentage, between the volume of recycled waste and by-products in tonnes and the total volume of waste in tonnes. The share of waste recycled target is based on a European regulatory requirement that the Group has applied to all its industrial sites worldwide, but it is not linked to any scientific study. The share of waste recycled target was set by the company and did not involve any external stakeholders. The Group’s targets are determined primarily on the basis of market analyses, regulatory developments and economic pros and cons, both current and future.

The Group’s target of increasing the share of waste recycled to 80% by 2027 is accompanied by annual targets in its 2022-2027 roadmap.

2.2.3.3. Target-related waste categories

In the waste hierarchy, the target for the share of waste recycled relates to the following categories:

- prevention;
- preparing for reuse (by-products);
- recycling.

2.2.4 Resource inflows (E5-4)

2.2.4.1. Description of significant resource inflows

The Group has identified the following major resource inflows used in its own operations:

- For graphite products, these are coal tar pitch, coke, graphite (as a raw material) and metals;
- For felt products, these are fiber and resin;
- For brushes, fuses, bus bars and cooling products, these are metals, plastic and sand;
- For product packaging, these are wood and cardboard;

- For cooling in thermal treatment processes, this is water;
- The Group's property, plant and equipment, i.e., buildings, equipment and machinery.

The critical raw materials as defined by the 34 European regulations on critical raw materials, adopted in March 2024, were copper, aluminum and natural graphite. The Group did not identify any light or heavy rare earth elements under the same definitions.

Significant resource inflows (in tonnes)	2024	2023	Change
Materials for the production of graphite and felt	29,217	31,877	-7%
Metals	6,403	7,372	-20%
Plastic	631	979	+55%
Sand	1,834	1,270	+27%
Timber	2,328	2,580	0%
Cardboard	1,353	1,600	0%
TOTAL	41,767	45,678	-8%

2.2.4.3. Amount of secondary components

The overall rate of significant resources from secondary sources remained stable at 7%. The rate of recycled metals continued to rise, from 14% in 2022 to 30% in 2024. This was the focus of a major initiative launched in 2021 with the Group's main suppliers.

A key initiative is underway for other resource inflows to determine the feasibility of recycled sourcing by 2026.

Significant resource inflows from secondary sources (In tonnes and as a %)	2024	2023	Change
Materials for the production of graphite and felt	925 (3%)	1,182 (4%)	-1%
Metals	1,926 (30%)	2,071 (28%)	+2%
Plastic	0 (0%)	0 (0%)	
Sand	0 (0%)	0 (0%)	
Timber	0 (0%)	0 (0%)	
Cardboard	0 (0%)	0 (0%)	
TOTAL	2,851 (7%)	3,253 (7%)	

2.2.4.4. Data analysis methods

The data used to establish the volume of resource inflows is collected and processed as follows:

- Gross quantity in physical units (kg, lb) from the ERP of each manufacturing site. The reliability of the output data is high and the uncertainty very low.
- Quantity in number of items containing a raw material, converted by the manufacturing site or business unit into physical units (tonnes). The reliability of the output data is moderate and the uncertainty moderate.
- Quantity in monetary units, converted by the manufacturing site or business unit into physical units (tonnes). The reliability of the output data is moderate and the uncertainty high.

The three methods below differ according to the type of resource inflows and the business unit. This is due to the range of different information systems across the approximately 60 manufacturing sites.

The proportion of materials used for graphite and felt production is over two thirds of the total. The data is collected using the first method with high reliability and very low uncertainty.

2.2.4.2. Total amount of materials inflows

The table below displays a breakdown of significant resource inflows. The materials used to produce graphite and felt are coal tar pitch, coke, primary graphite, fiber and resin.

The metals reported were aluminum, nickel, lead and lead alloys, steel, tantalum, zirconium, copper and copper alloys, gold, silver and zinc.

The proportion of recycled resource inflows is collected from sites that obtain information from their suppliers.

The 2023 data has been adjusted to include graphite purchased for resale, all metals and sulfur.

2.2.5 Resource outflows (E5-5)

2.2.5.1. Description of material and product outflows

The Group's main products are graphite and felt parts, heat exchangers made of advanced materials, brushes, and graphite power transmission products for the Advanced Materials segment. The Electrical Power segment supplies fuses and fuse holders, bus bars, cooling products and capacitors.

They are made of graphite or felt, metals (mainly copper and aluminum) and plastic.

2.2.5.2. Characteristics of resource outflows

Durability

The Group's products are used in a wide range of applications, and their durability varies from a few months to several decades.

For products manufactured by the Electrical Power segment for which a life cycle assessment has been carried out, the methodology is defined by the PEP ecopassport® program, a benchmark in the electrical equipment solutions industry. It is based on standards in which the reference lifespan is 20 years for electrical appliances and, for the rail sector, 15 years for bus bars, in line with the lifespan of electric vehicles.

For products in the Advanced Materials segment, durability varies considerably depending on the end-user's application.

Repairability

The vast majority of the Group's products are consumables and are not intended for repair. In terms of customer usage, they are state of the art.

Recyclability

The recyclability of the Group's products depends to a large extent on the nature and purpose of the product:

Parts of components that can be reused in their current form for other purposes are considered recyclable. Materials that are reusable after processing are not included in the recyclability rate (e.g. sand).

- Graphite and felt products can be recycled in certain channels. For example, graphite is ground and the powder used in other manufacturing processes.
- Heat exchangers for the chemical industry are assemblies integrated into complex processes. They are recyclable in the sense that the metals can be recovered.
- Current brushes contain metals that can be recycled.

The recyclability of electrical products is determined by a life cycle assessment (EIME tool).

- Fuses can be recycled for their metals and sand. They are considered to be at least 30% recyclable in terms of their metal composition.
- Bus bars and cooling devices are made of metals, the proportion of which varies widely. Depending on the percentage, the product sold is between 10% and 90% recyclable.

Packaging comes in many forms: users can recycle 100% of the wood and cardboard.

2.2.5.3. Total amount of waste from own operations

Industrial waste in tonnes	2024	2023	% N/N-1
Total amount of waste generated	22,433	23,095	-3%
Total amount of non-disposed waste	17,632	18,144	-3%
Of which non-disposed hazardous waste	1,021	1,434	-40%
• Preparing for reuse	0	4	-
• Recycling	610	955	-57%
• Other recovery operations	411	475	-16%
Of which non-disposed non-hazardous waste	16,611	16,709	-1%
• Preparing for reuse	3,062	2,710	+11%
• Recycling	12,311	12,470	-1%
• Other recovery operations	1,238	1,529	-23%
Total amount of disposed waste	4,801	4,952	-3%
Of which disposed hazardous waste	1,146	1,559	-36%
• Incineration*	344	468	-36%
• Landfill*	802	1,091	-36%
• Other disposal operations*	0	0	-
Of which disposed non-hazardous waste	3,655	3,393	+7%
• Incineration*	1,096	1,018	+7%
• Landfill*	2,558	2,375	+7%
• Other disposal operations*	0	0	-
Total amount of non-recycled waste	6,450	6,955	-8%
Percentage of non-recycled waste (%)	28.8%	30%	-5%

* See methodology below.

Methodology

The Group assumes that landfill and incineration account for 70% and 30%, respectively, of total waste disposed. This assumption is based on the OECD's analysis of the distribution of waste disposal methods used worldwide in 2023. For reporting year 2024, the Group did not have individual site data. It plans to carry out an in-depth study over the next two years to determine the practices of its sites based on location.

The Group's main waste streams are thermal process waste, chiefly from graphite manufacturing, and ordinary industrial and packaging waste.

The materials that are present are refractories, solid sludge and scrap metal.

The Group produced 21,682,168 tonnes of hazardous waste in 2024, none of which was radioactive.

It collects waste generated by its industrial sites on a quarterly basis. Administrative sites are not concerned since office waste is insignificant in terms of volume and type. Waste is classified according to the waste categories listed in the European Waste Directive.

2.3. European Taxonomy

2.3.1. Regulatory environment

The European Union (EU) has issued Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment (known as the Taxonomy Regulation)⁽¹⁾. It requires companies to disclose key performance indicators demonstrating the sustainable share of their eligible and aligned turnover, capital expenditure and operating expenditure derived from products and/or services associated with economic activities considered environmentally sustainable within the meaning of the Regulation and its delegated acts for the environmental objectives.

The annexes to the Delegated Regulations provide definitions of eligible activities, including the corresponding NACE (statistical classification of economic activities in the European Community) codes, and technical criteria to determine whether those activities can be classified as effectively sustainable. Consequently, activities that do not comply with the descriptions are regarded as "not defined" in the reference framework (or "non-eligible").

This Regulation has been supplemented by:

- the Climate Delegated Act of June 4, 2021 and its annexes⁽²⁾ supplementing Regulation (EU) 2020/852 by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation;
- Delegated Regulation 2021/2178 of the European Commission of July 6, 2021 and its annexes supplementing Regulation (EU) 2020/852 by specifying how to calculate the KPIs and the narrative information to be disclosed⁽³⁾;

- the proposals of the Technical Working Group in the March 2022 Platform on Sustainable Finance report;
- the Commission's Frequently Asked Questions (FAQ) or Commission Notice on the interpretation of certain legal provisions of the Delegated Regulation 2021/2178 published in December 2022 and the Climate Delegated Act of June 4, 2021;
- the amendments of Objectives 1 and 2 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any other environmental objectives⁽⁴⁾⁽⁵⁾;
- clarification of the Taxonomy's other environmental objectives relating to the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems via the Commission Delegated Regulation (EU) of June 27, 2023 supplementing Delegated Regulation (EU) 2020/2139⁽⁵⁾.

Some information may change depending on the arbitrations and clarifications of the European Commission.

(1) <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN>

(2) [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI_COM:C\(2021\)2800&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI_COM:C(2021)2800&from=EN)

(3) <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2178&from=EN>

(4) https://eur-lex.europa.eu/resource.html?uri=cellar:aeb97864-150e-11ee-806b-01aa75ed71a1.0022.02/DOC_2&format=PDF

(5) Commission Delegated Regulation (EU) 2023/2486 of June 27, 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems, and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities (europa.eu)

2.3.1.1. Regulatory indicators

The disclosure requirements for 2024 key performance indicators (KPIs) cover “eligibility” and “alignment” for all the climate objectives:

1. climate change mitigation;
2. climate change adaptation;
3. the sustainable use and protection of water and marine resources;
4. the transition to a circular economy;
5. pollution prevention and control;
6. the protection and restoration of biodiversity and ecosystems.

An activity is considered eligible under the **European Taxonomy** if it is included in the list of economic activities covered in the regulation and its delegated acts. It is **aligned** when it meets all of the technical screening criteria, which are made up of specific conditions and performance thresholds required to demonstrate a substantial contribution to one of the six environmental objectives (SC – “Substantial Contribution” criteria), and does no significant harm to the other objectives (DNSH – “Do No Significant Harm”) in compliance with the minimum safeguards (MS – “Minimum Safeguards”) related to human rights, corruption, taxation and competition law.

Mersen is required to disclose KPIs that show the share of its eligible turnover, capital expenditure (CapEx) and operating expenditure (OpEx) resulting from products and/or services associated with economic activities described in the annexes to the Taxonomy, as well as KPIs that show the share of its aligned turnover, CapEx and OpEx resulting from products and/or services associated with economic activities defined as sustainable in the annexes to the Climate Delegated Acts⁽¹⁾⁽²⁾⁽³⁾.

2.3.1.2. Definitions of KPIs

The KPIs presented are calculated according to the same methodology as the information presented in the notes to the financial statements.

Turnover:

Numerator: net turnover of products or services associated with taxonomy-eligible economic activities.

Denominator: net turnover of products and services.

CapEx:

Numerator: Cash flows used in capital expenditure and intangible assets related to assets or processes that are associated with (i) taxonomy-eligible activities, or (ii) the purchase of output from taxonomy-eligible activities.

Mersen has no capital expenditure committed to a plan to expand a sustainable activity or make an activity sustainable (“CapEx Plan”).

Denominator: All cash flows from capital expenditure and intangible assets (including those resulting from business combinations) before depreciation, amortization, revaluations and changes in fair value.

OpEx:

Numerator: operating expenses related to assets or processes associated with (i) taxonomy-eligible activities, and direct non-capitalized costs relating to R&D, or (ii) individual measures promoting low-carbon activities or individual building renovation measures.

Mersen has no operating expenses committed to a plan to expand a sustainable activity or make an activity sustainable (“OpEx Plan”).

Denominator: direct non-capitalized costs relating to R&D, building renovation measures, short-term leases, and maintenance and repairs, as well as all other direct expenditure in connection with the daily maintenance of property, plant and equipment by the company or a third-party contractor that are necessary to ensure the continuous and effective operation of these assets.

2.3.2. Eligibility of activities

The financial information is sourced from the Group’s information systems (CapEx monitoring, consolidation) after the closing of the annual financial statements. They are jointly analyzed and monitored by local and central teams to ensure consistency with consolidated turnover and capital expenditure, and reviewed by the Group’s Finance, and Strategy and Development Departments.

2.3.2.1. Breakdown of turnover

The Group’s reporting frameworks allow for the segmentation of turnover by business unit, product, application and market.

The denominator follows the accounting definition and can be reconciled with the financial statements.

The **application** approach has been favored when the business unit has detailed information on the performance of its products as regards the criteria in the objectives of the Taxonomy and when the market is not or is only marginally eligible.

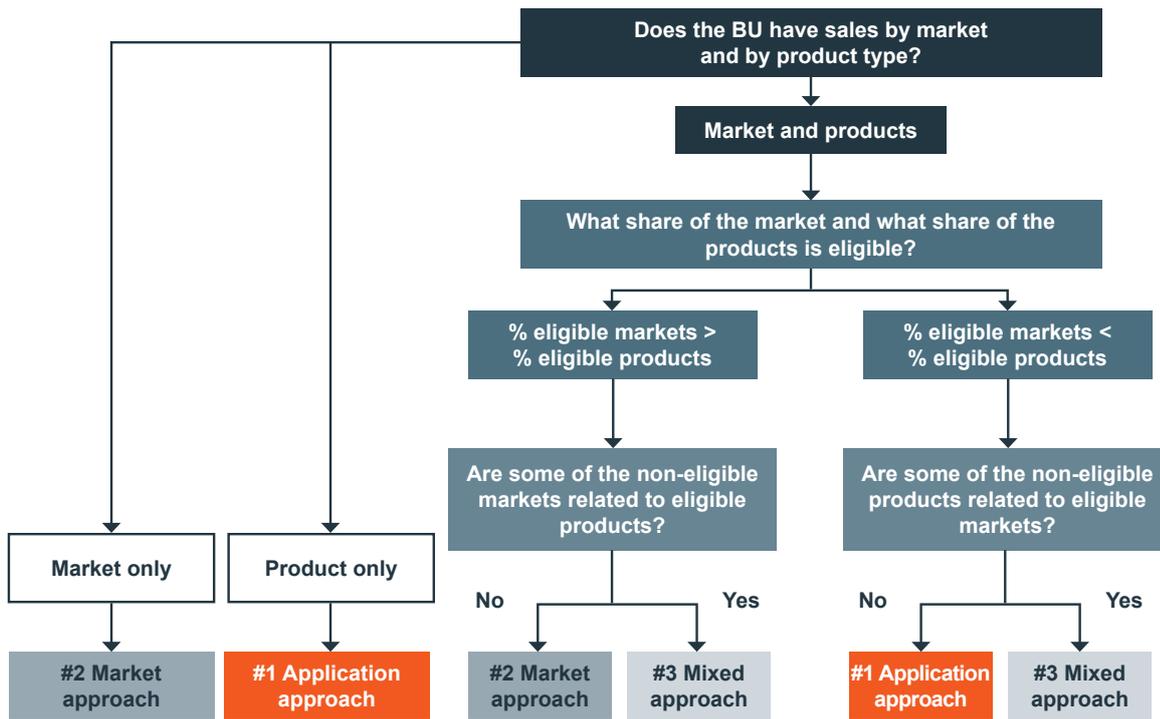
The **market** approach has been adopted when the business unit does not have sufficient information about its products as regards the criteria in the objectives of the Taxonomy or when the product is not identified by the Taxonomy but can be included when the destination market corresponds to an activity included in the Taxonomy.

The **mixed** approach combines the above two methods. It is used when it is possible to evaluate the activities by market and when the level of detail on a specific type of product allows it.

(1) Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

(2) Annex I to the Delegated Act concerning the climate change mitigation objective. Available at: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

(3) IFRS accounting standard applied by the company.



Characterization of activities

A market or an application is considered eligible if it corresponds precisely to the definition of one of the activities described in the Taxonomy. If not, the market or application is considered “non-eligible”.

Double counting

For several years now, the Group has been tracking its turnover in sustainable development markets, which it publishes in its URD. This monitoring allows insulating felt sales to be analyzed in detail by market (solar, aeronautics and SiC semiconductors), so sales are not double counted. The assumption used for the end markets of sales of bus bars and fuses is the breakdown by market of the entire activity to which they belong.

2.3.2.2. Approach for CapEx

The Mersen group has industrial operations in over 30 countries, with 55 manufacturing sites. It has decided to focus its analysis on the main contributing sites, while ensuring that the selection is representative of all the Group’s sites.

The assessment thus covered around 45 sites accounting for 99% of the Group’s total capital expenditure.

CapEx and intangible assets were considered eligible-aligned or eligible-non-aligned when they were associated with a product or market identified as such under the Taxonomy.

CapEx and intangible assets that cannot be directly linked to such a product or market have been allocated in proportion to the site’s turnover.

Double counting

Double counting is avoided for CapEx, as it is either clearly identified with an activity, or broken down according to the site’s activity profile.

ENVIRONMENTAL INFORMATION

Activities eligible in respect of objectives 1 and 2 (climate change mitigation and adaptation) of the European Taxonomy as of December 31, 2024

NACE code ⁽¹⁾	Activity as described in the regulations ⁽²⁾	Description of the activity	Mersen's corresponding activities
			Materials: activities in the <i>Advanced Materials segment</i> Power: activities in the <i>Electrical Power segment</i>
C25, C27, C28	3.1 Manufacture of renewable energy technologies	Manufacture of renewable energy technologies, where renewable energy is defined in Article 2(1) of Directive (EU) 2018/2001.	Solar: • Materials: Solar cell manufacturing • Power: Electrical protection, power conversion Wind: • Materials: Brushes, signal transfer • Power: Electrical protection, power conversion Hydro-power: • Materials: Brushes
C27.2 and E38.32	3.4 Manufacture of batteries	Manufacture of rechargeable batteries, battery packs and accumulators for transportation, stationary and off-grid energy storage and other industrial applications. Manufacture of respective components (battery active materials, battery cells, casings and electronic components). Recycling of end-of-life batteries.	Energy storage: • Materials: Insulation felts • Power: Electrical protection, power conversion
C22, C25, C26, C27 and C28	3.6 Manufacture of other low carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not covered in Sections 3.1 to 3.5 of this Annex.	• Materials: Heat exchangers, silicon carbide scan mirrors, graphite and insulating felt • Power: Power conversion
	3.18 Manufacture of automotive and mobility components ⁽³⁾	Manufacture, repair, maintenance and upgrade of components for zero-emission mobility systems.	• Power: Fuses, bus bars, cooling devices and SPDs
	3.19 Manufacture of railway rolling stock components ⁽³⁾	Manufacture, installation, technical advisory, modernization, upgrade, repair, maintenance and reuse of rail-related products, equipment, systems and software.	• Materials: pantograph strips, brushes, slip ring assemblies • Power: Fuses, SPDs, power conversion, current collector and earth current return units
	3.20 Manufacture, installation and maintenance of high, medium and low-voltage electrical equipment for the transmission and distribution of electricity ⁽³⁾	Systems for integrating renewable energy sources into the power grid; interconnecting or increasing grid automation, flexibility and stability; managing demand response and developing transmission to drive substantial improvement in energy efficiency.	• Power: passive components, electrical panels
C30.3	3.21 Manufacture of aircraft ⁽³⁾	Manufacture, repair, maintenance, overhaul, refitting, design, reuse and upgrade of aircraft and aircraft parts and equipment.	• Materials: Brushes, graphite and insulation felt • Electrical: electrical protection and power conversion

(1) Statistical classification of economic activities in the European Community.

(2) Delegated Act of June 4, 2021 and its Annexes 1 and 2 on climate change mitigation and adaptation. Commission Delegated Regulation (EU) of June 27, 2023 for the four other objectives.

(3) Activities eligible for mitigation only.

Activity eligible in respect of objective 4 (circular economy) of the European Taxonomy as of December 31, 2024

NACE code ⁽¹⁾	Activity as described in the regulations ⁽²⁾	Description of the activity	Mersen's corresponding activities Materials: activities in the Advanced Materials segment Power: activities in the Electrical Power segment
C26.1, C27.1, C27.2, C27.3 and C27.9	1.2 Manufacture of electrical and electronic equipment	Manufacture of electrical and electronic equipment for industrial, professional and consumer use.	• Power: Fuses, SPDs, capacitors, cooling devices

(1) Statistical classification of economic activities in the European Community.

(2) Delegated Act of June 4, 2021 and its Annexes 1 and 2 on climate change mitigation and adaptation. Commission Delegated Regulation (EU) of June 27, 2023 for the four other objectives.

2.3.3. Alignment of activities

An activity may qualify as “aligned” or “sustainable” under the taxonomy if it contributes substantially to one of the six environmental objectives and does no significant harm to any of the other five objectives. A “sustainable” activity must also meet minimum safeguards (aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights).

2.3.3.1. Substantial contribution criteria

The following activities meet the criteria for a substantial contribution to the climate change mitigation objective by definition:

- The manufacture of renewable energy technologies (code 3.1): for Mersen, this means products used in the manufacture of renewable energies (mainly solar cells), as well as components dedicated to renewable energies (wind, solar PV, hydraulic);
- The manufacture of stationary batteries and their components (code 3.4): these are passive components for batteries and power converters that help reduce greenhouse gas emissions in the green transportation and stationary storage sectors, as well as in various other industrial applications. Aligned products are fuses, capacitors, bus bars and cooling devices;
- The manufacture of automotive and mobility components (code 3.18): Mersen’s offer for electric vehicles automatically meets the criteria for zero carbon emissions vehicles. The business covers a range of dedicated fuses, laminated bus bars, cooling devices and SPDs (Surge Protection Devices);
- The manufacture of railway rolling stock components (code 3.19): For the electric train market, Mersen designs current collector and earth current return units and pantograph strips, which play a key role in power transfer, and carbon brushes for traction motors;

- The manufacture, installation and maintenance of high-, medium- and low-voltage electrical equipment for the transmission and distribution of electricity (code 3.20): for Mersen, this means passive components such as bus bars and electrical panels.

There is no double counting for products that can be aligned to several activities.

The Group decided to limit its analysis of the alignment criteria to this scope in 2024.

All the DNSH and MS criteria have been reviewed for the scope of sites corresponding to these activities. These manufacturing sites are representative of the Group’s two areas of expertise, located on three continents, based on 2024 turnover.

In 2024, these industrial sites represented €254 million, i.e., 20% of turnover and 27% of eligible turnover. As the Group covers many markets with bespoke products, it will extend the analysis to the other eligible activities in the coming years (see outlook paragraph).

2.3.3.2. DNSH⁽¹⁾ criteria

An analysis of the DNSH criteria was conducted under the above-mentioned scope.

Climate change adaptation

In 2021, Mersen mapped the physical climate-related risks of its manufacturing sites with the highest asset values. Using the data from the Natural Hazards Edition of its insurer Munich Re and with the help of an external firm, the Group identified only four sites with a very high risk, all these sites being affected by flooding (see ESRS 2, IRO-1).

As part of the DNSH criteria analysis, a detailed climate assessment of the Juarez site was carried out, given its weight in terms of aligned turnover. With the help of consulting firm EcoAct, the Group carried out a prospective analysis of the future exposure of this site to the 28 hazards defined in the Taxonomy over the period 2021 to 2040, based on the IPCC RCP 8.5 scenario (4 or 5 degrees Celsius global warming by 2100), compared with the reference scenario modeled for the period 1971 to 2000. This analysis was complemented by a vulnerability analysis.

(1) Do No Significant Harm.

ENVIRONMENTAL INFORMATION

Based on this work, it was concluded that the site could also be at significant risk from high temperatures and at moderate risk from water stress. However, the assessment revealed the site's low vulnerability to the risks of water stress and flooding. The adaptation plan was drawn up to mitigate the site's high vulnerability to extreme heat.

Faced with these known risks, the site has taken adjustment measures for some time now, such as insulating buildings or painting the walls in white to combat high temperatures and reusing the water from these processes for sanitary purposes to reduce its vulnerability to water stress. These measures significantly limit the risks.

In addition to these measures, the site implemented the following actions in 2024:

- renovation of air cooling systems;
- installation of new barometric windows, improving fresh air circulation in production areas and reducing the sensation of heat;
- replacement and insulation of water pipes for cooling devices;
- refreshment of white paint on walls.

The Group will conduct further analyses to identify other paths for improvement.

Sustainable use and protection of water and marine resources

In 2024, Mersen updated the water stress map of its production sites. It was unchanged from 2023 on a like-for-like basis. The Group acquired six manufacturing sites in 2024, one of which is located in an area of high water stress (Metamora in the United States).

The sites included in the selected alignment scope and located in areas of high or extremely high water stress are the same as in 2023. These are Bangalore (India), Juarez (Mexico) and Yantai (China).

The Bangalore site in India has had a water conservation plan since 2019. It is working collectively to find solutions to save water, such as reprocessing wastewater or installing water savers. Since 2019, the site also benefits from a 200,000-liter reservoir to collect rainwater.

The Juarez site has implemented water saving measures including reusing water from washing and cooling processes and installing filtration systems.

Despite its location in an area of extremely high water stress, the Yantai site has a low volume of water withdrawals, and therefore no significant impact on local resources.

In addition, under its new 2022-2027 CSR roadmap, the Group has undertaken to reduce its water consumption intensity over the period by 15% and to draw up a water conservation plan for all sites exposed to water stress by 2027.

Mersen reports annually on the water consumption of its manufacturing sites. In this context, it ensures compliance with local regulatory constraints on this issue. In 2024, there was no notification from the authorities.

Transition to a circular economy

The Group drew up a purchasing policy aimed at defining the practices to be implemented by the Group's purchasing community in order to encourage, in particular, recycled material alternatives whenever possible. Since 2022, the Group has been identifying the share of certain recycled metals in its purchases, with a focus on copper, aluminum, zinc, steel, nickel and silver. In 2024, the share of these recycled metals reached 30%.

In 2024, the Group carried out an evaluation of the criteria for its aligned products in its Advanced Material and Electrical Power segments.

Almost all its Electrical Power products, especially those using metallic materials, reuse components from recycled sources. Only certain specific products (capacitors, cooling devices), which require the purest possible components do not use such materials. In Advanced Materials, the Group recycles internally some production residues from the graphite manufacturing process in various productions.

Durability, recyclability and ease of disassembly depend to a large extent on the products under consideration and their functions, which by their nature may require high durability (capacitors, cooling devices or bus bars) or be difficult to disassemble (blown fuses).

Information on substances of concern and their traceability is provided by REACH and ROHS certificates supplied to customers on request.

In waste management, Mersen considers that the reduction of emissions of all kinds and waste reduction play an important role in environmental impact reduction. The Group has set a target for increasing waste recycling (see 2022-2027 CSR roadmap and ESRS E5). There is a target with associated action plans for each site.

Pollution prevention and control

The Group ensures that the use of substances of concern is under its control, in particular by complying with regulations on the use of chemical substances. With regard to the RoHS directive, the Group ensures the monitoring and updating of the certificates and makes them available to European customer services. In addition, it actively works on the replacement of substances on the exemption list to renew product lines.

The Group also complies with the REACH regulation and is organized to collect the necessary information from strategic suppliers. It identifies the presence of substances defined in the REACH regulation and establishes the regulatory documents.

In 2023, the Group carried out a survey of all its manufacturing sites to identify a list of substances of potential concern used in their industrial processes. Two action plans were drawn up as a result. The first involves replacing lead in solders, with the transition due to be completed by 2025. The second concerns the graphite sites, for which a preliminary study has been launched for treating certain types of waste. In 2024, the Amiens site (France) identified the use of boric acid in the upstream phase of brush manufacturing. This substance is destroyed during the curing phase of the manufacturing process, leaving no traces left on the brooms sold. The use of this substance is being reviewed with a view to substituting it without compromising on technical properties.

The Group updates its inventory of substances of concern used on its manufacturing sites, in line with regulatory developments.

Protection and restoration of biodiversity and ecosystems

In 2021, Mersen identified its production sites and their proximity to protected areas in a biodiversity map. On this basis, only two sites contributing significantly to the selected alignment scope were identified as being in a protected area. Actions to preserve biodiversity in these areas are described in ESRS 2, IRO-1.

The Group ensures that all its sites are in administrative compliance with local regulations. To this end, it conducts an annual survey of its site managers. In 2024, no biodiversity loss was recorded.

2.3.4. Results

These results cover all activities included in the scope of Mersen's financial consolidation at December 31, 2024.

2.3.4.1. Turnover

Eligible activities account for 74% of the Group's 2024 turnover:

As a % of total turnover	2024	2023
Eligible turnover	74%	75%
ALIGNED TURNOVER	20%	21%

Proportion of turnover associated with taxonomy-eligible and/or aligned economic activities per environmental objective:

2024	Proportion of turnover/total turnover	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
Climate change mitigation (CCM)	20%	47%
Climate change adaptation (CCA)	11%	29%
Water and marine resources (WMR)	0%	0%
Circular economy (CE)	0%	27%
Pollution prevention and control (PPC)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%

2.3.3.3. Minimum safeguard criteria

Human rights, ethics and compliance commitments

The Group is a signatory of the United Nations Global Compact, which is built on ten fundamental principles in the areas of human rights, international labor standards (ILO), the environment and the fight against corruption. It has drawn up a human rights policy setting out its commitments in terms of legal employment, prohibition of child and forced labor, freedom of association and the right to collective bargaining, improvement of working conditions and promotion of equal opportunities. In addition, in sections G1 and ESRS 2 GOV of the report, the Group describes its ethics and compliance culture, as well as the measures put in place to ensure that it is well understood, and that the whistleblowing system is effective. Lastly, ethics and compliance are underpinned by policies and codes (code of ethics, anti-corruption code) covering subjects such as the fight against corruption, competition law and responsible taxation. These issues are integrated into the Group's internal audit program, and training courses are provided to raise awareness of them among all employees.

Risk map

On the basis of the list of rights of the International Human Rights Charter (International Labor Organization), the Group drew up a map of risks in 2023 relating to human rights violations, based on 13 interviews with human resources managers of sites representing the regions where the Group operates. As a result, specific areas of action were identified, primarily in the field of pay equity, social protection and work-life balance. In response to the risks identified, the Group has drawn up action plans to be rolled out either at corporate or regional level.

Mersen has never been convicted for human rights violations.

ENVIRONMENTAL INFORMATION

2.3.4.2. CapEx

Cash flows of eligible capital expenditure and intangible assets account for 82% of the Group's total CapEx and intangible assets:

As a % of total CapEx	2024	2023
Eligible CapEx	82%	85%
ALIGNED CAPEX	15%	16%

Proportion of CapEx and intangible assets associated with taxonomy-eligible and/or aligned economic activities per environmental objective:

2024	Proportion of CapEx/total CapEx	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
Climate change mitigation (CCM)	15%	74%
Climate change adaptation (CCA)	5%	59%
Water and marine resources (WMR)	0%	0%
Circular economy (CE)	0%	7%
Pollution prevention and control (PPC)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%

CapEx reconciliation with financial statements

Data from the statement of cash flows (see Chapter 3: Management report, section 4)	In millions of euros
Investments in intangible assets	(12.3)
Investments in property, plant and equipment	(204.3)
Disposals of assets and other	3.1
Total CapEx	(213.5)

2.3.4.3. OpEx

Based on a number of sites representing approximately half of its OpEx, the Group has estimated the amount of the OpEx denominator to be analyzed with respect to the Taxonomy would be around 2.6% of the total (total OpEx of €1,132 million). The Group considered this amount immaterial.

Proportion of OpEx associated with taxonomy-eligible and/or aligned economic activities per environmental objective:

2024	Proportion of OpEx/total OpEx	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
Climate change mitigation (CCM)	0%*	0%*
Climate change adaptation (CCA)	0%*	0%*
Water and marine resources (WMR)	0%*	0%*
Circular economy (CE)	0%*	0%*
Pollution prevention and control (PPC)	0%*	0%*
Biodiversity and ecosystems (BIO)	0%*	0%*

(*) Insignificant amount

2.3.5. Outlook

In the coming years, the Group will continue to analyze all alignment criteria for the Group’s eligible activities, and in particular:

- With regard to climate change mitigation, activity 3.6 “Manufacture of other low-carbon technologies”, especially products serving the SiC semiconductor market.
- With regard to the transition to the circular economy, activity 1.2 “Manufacture of electrical and electronic equipment”, especially fuses and fuseholders.

It will also pay particular attention to any changes in the regulation and its interpretation in the coming years.

It could progressively extend certain analyses to an even broader scope, in particular regarding the MS criteria and also for the DNSH criteria when relevant.

2.3.6. Reconciliation of Taxonomy turnover and turnover for sustainable development markets

For several years, the Group has been reporting on its turnover linked to sustainable development markets (see chapter 1). Such markets include:

- renewable energies;
- green transportation: rail and electric vehicles;
- electronics for energy efficiency: manufacture of semiconductors (Si or SiC) and components for power electronics;
- certain process industries, in particular those related to heat treatment;
- the pharmaceutical market (API) and chlor-alkali electrolysis.

The Taxonomy Directive approach is different, but the underlying philosophy is the same.

Reconciliation between the two methods is shown in the table below.

Sustainable Development turnover (Mersen definition)	Eligible	Non-eligible
Markets		
Solar power		
Wind power		
Hydro-power		
Storage		
Rail		
EV		
Si semiconductors		
SiC semiconductors		
Applications/Market		
Power conversion		
Applications		
Insulation/Thermal treatment		
API		
Other Mersen activities treated as eligible under the Taxonomy		
Electrical protection*		
Heat exchangers**		
Aeronautics		

* Excluding products included in sustainable development markets as per Mersen’s current classification.

** Products, maintenance and services for the chemical industry not included in sustainable development markets as per Mersen’s current classification, Eco&Flex excepted.

■ Corresponding to activities included in both sustainable development contracts (Mersen definition) and eligible according to the taxonomy.

■ Corresponding to either sustainable development activities (Mersen definition) or eligible or admissible according to the taxonomy, but not both definitions.

2.3.7. Reporting scope

2.3.7.1. Turnover

Financial year Y	2024		Substantial Contribution Criteria										DNSH criteria ("Do No Significant Harm")										Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year Y-1	Category enabling activity	Category transitional activity
	Code	Turnover (€m)	Proportion of turnover, year Y	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards									
A. TAXONOMY-ELIGIBLE ACTIVITIES																									
A.1. Environmentally sustainable activities (Taxonomy-aligned)																									
Manufacture of renewable energy technologies	CCM 3.1 and CCA 3.1	138	11%	YES	YES	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	YES	13%	E						
Manufacture of batteries	CCM 3.4 and CCA 3.4	6	0%	YES	YES	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	YES	0%	E						
Manufacture of automotive and mobility components	CCM 3.18	25	2%	N/EL	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	2%	E						
Manufacture of rail rolling stock constituents	CCM 3.19	49	4%	N/EL	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	4%	E						
Manufacture, installation and servicing of high, medium and low-voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	26	2%	N/EL	YES	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	2%	E						
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		245	20%	19%	19%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	21%							
Of which Enabling		245	20%	19%	11%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	21%	E						
Of which Transitional		0	0%															0%		T					
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																									
Manufacture of renewable energy technologies	CCM 3.1 et CCA 3.1	3	0%	EL	EL	N/EL	N/EL	N/EL	N/EL	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								
Manufacture of automotive and mobility components	CCM 3.18	2	0%	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								
Manufacture of rail rolling stock constituents	CCM 3.19	47	4%	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	3%							
Manufacturing of aircraft	CCM 3.21	61	5%	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	4%							
Manufacture of electrical and electronic equipment	CE 1.2	334	27%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	28%							
Manufacture of other low carbon technologies	CCM 3.6 and CCA 3.6	228	18%	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	19%							
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		675	54%	0%	26%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	15%							
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		920	74%	11%	45%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	29%							
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																									
Turnover of Taxonomy-non-eligible activities		323	26%																						
TOTAL (A. + B.)		1,244	100%																						

2.3.7.2. CapEx

Financial year Y	2024		Substantial Contribution Criteria										DNSH criteria ("Do No Significant Harm")										Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year Y-1 (18)	Category enabling activity (19)	Category transitional activity (20)																					
	Code (2)	CapEx (3)	Proportion of CapEx year Y (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)																														
Economic activities (1)																																														
A. TAXONOMY-ELIGIBLE ACTIVITIES																																														
A.1. Environmentally sustainable activities (taxonomy-aligned)																																														
Manufacture of renewable energy technologies	CCM 3.1 and CCA 3.1	11	5%	YES	YES	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	8%	E																							
Manufacture of batteries	CCM 3.4 and CCA 3.4	0	0%	YES	YES	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	0%	E																							
Manufacture of automotive and mobility components	CCM 3.18	13	5%	YES	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	5%	E																							
Manufacture of rail rolling stock constituents	CCM 3.19	6	3%	YES	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	1%	E																							
Manufacture, installation and servicing of high, medium and low-voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	7	3%	YES	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	2%	E																							
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)																						36	15%																							
Of which Enabling																						39	15%																							
Of which Transitional																						0%	0%																							T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																																														
Manufacture of renewable energy technologies	CCM 3.1 et CCA 3.1	0	0%	EL	EL	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	EL	EL	EL	EL	EL	EL	EL	EL	EL	EL	EL	0%																								
Manufacture of automotive and mobility components	CCM 3.18	3	1%	EL	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	0%																								
Manufacture of rail rolling stock constituents	CCM 3.19	3	1%	EL	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	4%																								
Manufacturing of aircraft	CCM 3.21	6	2%	EL	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	2%																								
Manufacture of electrical and electronic equipment	CE 1.2	17	7%	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	2%																								
Manufacture of other low carbon technologies	CCM 3.6 and CCA 3.6	128	54%	EL	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	61%																								
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																						157	67%																							
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)																						193	82%																							
CapEx of Taxonomy-non-eligible activities																						42	18%																							
TOTAL (A. + B.)																						235	100%																							

2.3.7.3. OpEx

Financial year Y	2024		Substantial Contribution Criteria							DNSH criteria ("Do No Significant Harm")							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year Y-1 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	OpEx (3)	Proportion of OpEx year Y (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water Pollution (7)	Circular economy (8)	Biodiversity (9)	Climate change mitigation (11)	Climate change adaptation (12)	Water Pollution (13)	Circular economy (14)	Biodiversity (15)	Minimum safeguards (16)	Minimum safeguards (17)				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1 and CCA 3.1	0*	0%*	YES	YES	N/E/L	N/E/L	N/E/L	N/E/L	YES	YES	YES	YES	YES	YES	0%	E		
Manufacture of batteries	CCM 3.4 and CCA 3.4	0*	0%*	YES	YES	N/E/L	N/E/L	N/E/L	N/E/L	YES	YES	YES	YES	YES	YES	0%	E		
Manufacture of automotive and mobility components	CCM 3.18	0*	0%*	YES	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	YES	YES	YES	YES	YES	YES	0%	E		
Manufacture of rail rolling stock constituents	CCM 3.19	0*	0%*	YES	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	YES	YES	YES	YES	YES	YES	0%	E		
Manufacture, installation and servicing of high, medium and low-voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	0*	0%*	YES	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	YES	YES	YES	YES	YES	YES	0%	E		
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0*	0%*	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
Of which Enabling		0*	0%*	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	E		
Of which Transitional		0*	0%*							0%	0%	0%	0%	0%	0%	0%		T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of rail rolling stock constituents	CCM 3.19	0*	0%*	EL	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L							0%*			
Manufacture of aircraft	CCM 3.21	0*	0%*	EL	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L							0%*			
Manufacture of electrical and electronic equipment	CE 1.2	0*	0%*	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L							0%*			
Manufacture of other low carbon technologies	CCM 3.6 and CCA 3.6	0*	0%*	EL	N/E/L	N/E/L	N/E/L	N/E/L	N/E/L							0%*			
OpEx of Taxonomy-eligible but environmentally unsustainable (non-taxonomy-aligned) activities (A.2.)		0*	0%*	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			

* Total amount of OpEx, non significant.

2.3.7.4. Activities related to nuclear power and fossil gas

Nuclear energy related activities

The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
---	----

The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
--	----

The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
---	----

Fossil gas related activities

The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
--	----

The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
---	----

The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO
---	----

3. SOCIAL INFORMATION

3.1. Own workforce (ESRS S1)

3.1.1. Interests and perspectives of stakeholders (SBM-2)

The methods of dialogue with the Group's employees are defined in ESRS 2 SBM-2 and in the present chapter in S1-2.

Mersen employees consist of those with permanent contracts, fixed-term contracts, or apprenticeship contracts.

Mersen also employs interns. The Group can also employ temporary workers or consultants as external labor.

3.1.2. Material impacts, risks, and opportunities and their interaction with the strategy and business model (SBM-3).

Information on the resilience of the strategy and the economic model, as well as the list of Integrated Risks and Opportunities (IRO) covered by requirements, is provided in ESRS 2 SBM-3.

3.1.2.1. Description of material impacts

The Group has identified positive impacts on its own operations related to the following issues:

- Diversity, inclusion, and equal opportunities.
- Training and skills management
- Safety and well-being of employees

And a negative impact related to the issue of respect for human rights and fundamental freedoms, due to potential lack of vigilance in certain countries where the protection of freedoms can be more easily violated, particularly the freedom of association and collective bargaining.

3.1.2.2. Description of material risks and opportunities

The risks and opportunities identified in its own operations are as follows:

- Risk: Workplace accidents and occupational illnesses
- Opportunity: Increase in employee engagement.

The process for evaluating impacts, risks, and opportunities is detailed in ESRS 2 SBM-3.

3.1.2.3. Effects of Integrated Risks and Opportunities (IROs) on the strategy and business model.

Positive impact: Diversity, inclusion, and equal opportunities.

Present in more than 30 countries across 4 continents, Mersen has made the diversity of origins, backgrounds, cultures, and ways of thinking within its teams one of its daily strengths. Diversity has long been embedded in the values and HR policy of the Group, which considers a wide variety of profiles as a wealth for the company as well as a lever for engagement and sustainable performance. This makes the Group a diverse and inclusive organization. This diversity enables the Group to better understand the needs of its clients on a global scale. This strong understanding of different cultures is important as it allows the Group to strengthen its current markets (due to its proximity to clients) and to identify new opportunities. An inclusive culture is essential for the Group to better integrate into its international markets while respecting local values and customs. This is why the vast majority of the Group's sites are managed by local managers.

Moreover, as the Group operates in highly diverse markets and technologies, the diversity of its teams leads to more creative and innovative solutions, enhancing its competitive advantage and increasing its organizational resilience. Its diverse teams are therefore better equipped to handle complex and constantly evolving environments.

The Group also aims to increase the presence of employees with disabilities within its teams at all levels of the organization. The inclusion of workers with disabilities helps change employees' perceptions of disability, whether intellectual or psychosocial.

Our diversity, inclusion, and equal opportunity policies influence our business model through three main pillars:

- Governance and leadership: Diversity is overseen at the highest level by the Executive Committee and a dedicated committee composed of the Human Resources management, Internal Communications, and three members of the Executive Committee. The diversity issue is integrated into the variable compensation of executives.
- Performance objectives: Key Performance Indicators (KPIs) are used to monitor progress (see S1-5).
- Stakeholder engagement: The Group works with its employees, clients, suppliers, and communities to promote an inclusive and accessible environment.

The impact related to the issue of diversity, inclusion, and equal opportunity affects all the Group's employees. Mersen also strives to uphold its values in its relationships with all its stakeholders (interns, temporary staff, external workforce, clients, suppliers).

Employee communities advocating for diversity have been organized in several of the Group's operating countries (notably China, India, Brazil, the United States, Mexico, Canada, and France).

The Group strengthens its authentic, ethical, and inclusive corporate culture through action plans based on internal surveys and entropy reduction. These issues are integrated into managers' objectives through the *Open Manager* management framework, with annual targets tied to bonus calculations, encouraging inclusive management and overall performance centered on the 3Ps (*People-Planet-Profit*). At the same time, the Group is developing its employer brand, rolling out a digital program accessible to everyone, and launching the Mersen Care program. Finally, it is implementing diversity policies aimed at pay equity and increasing the number of women and employees with disabilities.

Positive impact: Training and skills management

Skills management and the ongoing training of employees represent a positive impact for the Group. Operating in complex, highly technological sectors, Mersen owes much of its success to the expertise of its teams and the know-how of its employees.

To retain its talents and attract new ones, while adapting to the technical and technological changes in its markets, the Group implements a human resources policy focused on the continuous development of skills. An approach that translates into a forward-looking vision of jobs and the necessary developments, enabling Mersen to maintain the competitive edge that defines it.

The *Skills Development Policy*, the *Performance Management Policy*, and the *Professional Development Policy* influence the business model across the following areas: strengthening individual and collective skills plans, proactive management of key competencies, implementing training programs tailored to the specific needs of our activities, and supporting employees through internal mobility and career development paths.

Workforce planning and skills forecasting (GPEC) offer several benefits for employees. By anticipating changes in professions and skills, this approach allows employees to foresee changes and adapt, thereby reducing the risks associated with skills obsolescence. It enables them to envision the future with more confidence and take proactive steps for their professional development.

Continuing in this dynamic of training and skills development for its employees, Mersen also places particular emphasis on training in ethics and safety. Indeed, beyond the enhancement of technical and professional skills, ethics and safety training helps to strengthen a corporate culture based on integrity, responsibility and prevention. These training sessions are systematically included in the on-boarding process for new employees and are accessible to all teams. This initiative positively impacts operational performance and strengthens team engagement by fostering a healthy, safe work environment aligned with the company's core values.

This impact applies to all the Group's employees, who all have access to the Mersen Academy platform. Employees who do not have computer equipment or a professional email address can access it using a login that can be used on their personal devices or on terminals provided in the workshops.

Positive impact: Employee safety and well-being

The Group is committed to ensuring a work environment conducive to the well-being, health, and safety of all its employees. This commitment is reflected in two programs: its health and safety management system and the Mersen Care program (see S1-1). The safety and well-being of employees are priorities for the Group because they positively contribute to the success of its business model. Mersen places the physical and mental health and safety of all its employees above any economic, commercial, or operational considerations. It is a value both desired and experienced in the engagement surveys that the Group conducts regularly.

The Group strengthens preventive measures for health and well-being while providing tailored support for its employees. By addressing their specific needs, it fosters a healthy working environment, thereby enhancing their engagement and sense of belonging. The positive impact related to the issue of employee safety and well-being extends to all the Group's employees, temporary workers, and subcontractors at our sites. It constitutes a potential short-term impact.

Negative Impact: Respect for human rights and fundamental freedoms

Respect for human rights and fundamental freedoms is an integral part of Mersen's strategy and business model. Integrated transversally across all our activities, it thus strengthens the creation of sustainable economic value while minimizing negative impacts on stakeholders (clients, suppliers, employees, subcontractors, etc.). The Group's commitment is based on dedicated policies (Code of Ethics, Responsible Purchasing Charter, Human Rights Policy, Anti-Slavery Policy, Children's Rights Policy), and robust governance (see (ESRS G1) and an operational integration of due diligence mechanisms.

SOCIAL INFORMATION

4

Non-compliance with regulations related to human rights is a potential and systemic negative impact if Mersen fails to exercise vigilance in protecting employees in countries identified as less protective in terms of fundamental freedoms.

Non-compliance with human rights is considered a potential medium-term negative impact.

Risks: Work-related accidents and occupational diseases

The prevention of work accidents and occupational diseases aims to avoid work-related incidents affecting its employees. The first step is to identify hazards and risks, and the second is to provide solutions for their elimination or mitigation, as well as collective and individual protection.

Since zero risk does not exist, the Group has identified potential impacts, especially in terms of reputation, operations, and finances. However, the number of workplace accidents has significantly decreased over the past 10 years and remains at a very low level thanks to the health and safety management policy implemented and deployed across all its industrial facilities.

Mersen has defined a growth plan through to 2029, based on significant growth in its key markets. The implementation of this plan requires significant industrial investments. In this context, the risk to people's health and safety could increase, given the tight schedule for these investments.

However, the risk of 'workplace accidents and occupational diseases' has not required any current or future adjustments to the Group's cash flows.

Opportunity: Increase in employee engagement.

A strong and healthy work culture

Our diverse and inclusive organization fosters a positive work environment, boosting the motivation, satisfaction, and thus the engagement of our employees. A strong commitment to equal opportunities further strengthens the bond of trust with our employees and their sense of pride. This employee engagement has been measured since 2016 through an annual survey, which includes the measurement of the entropy indicator. Entropy measures the proportion of our energy that is wasted due to dysfunctions, frictions, or internal conflicts.

An authentic Employer Promise

Mersen's employer brand is built on this authentic and strong corporate culture and represents the Group's promise to its current and future employees. It is structured around three pillars:

- *Be part of the progress* (Faire partie du progrès):
- *Be part of the challenge* (Faire partie du challenge):
- *Be part of the family* (Faire partie de la famille):

Contribute to the world of tomorrow, have opportunities for growth, and feel valued: these pillars form the foundation of our global positioning Be part of the changing world and can be summarized by the tagline: Mersen: authentically industrial and humane.

The promise contained within our employer brand plays a role in the engagement and well-being of our employees. It fosters a sense of belonging and long-term commitment.

Digital inclusion for all

To ensure team engagement and motivation, as well as fairness, Mersen has decided to extend access to various HR applications within the Group to all its employees.

The technical solution, implemented in 2023 and widely deployed in 2024, now allows access to HR applications through a unique identifier, from both company devices and personal IT tools (mobile phones, PCs, tablets):

- *MersenONE*: A Group intranet that provides access to Group and business information.
- *Mersen People*: Provides access to individual employee files. This is now accompanied by the systematic implementation, across all regions of the Group, of annual interviews to take into account the expectations, needs, and well-being of employees.
- *Mersen Academy*: A training platform (Learning Management System) designed to facilitate mandatory Group training and actively participate in its development.

This digital transformation initiative should help strengthen collaboration, the bonds within work teams, the sense of belonging, and the quality of work life.

A diverse and inclusive organization fosters a positive working environment, boosting employee motivation, satisfaction, and, ultimately, their engagement. A strong commitment to equal opportunities further strengthens the bond of trust with our employees and their sense of pride.

The opportunity of 'increased employee engagement' has not required any current or future adjustments to the Group's cash flows.

3.1.2.4. Significant impacts on the workforce resulting from an environmental transition plan

The Group is positioned in markets related to energy transition. This strategic choice provides employees with the opportunity to train for future-oriented careers, while also enhancing their long-term employability. Moreover, once finalized, the Group may consider the impacts of its climate transition plan on its employees.

3.1.2.5. Characteristics of the workforce likely to be negatively affected

The Group identifies the following individuals with specific characteristics who may be negatively affected: workers with disabilities, and workers operating in high-risk environments, particularly industrial sites handling hazardous substances or positions involving high physical demands.

In response to these risks, Mersen adopts a proactive approach to prevention and risk reduction by implementing safety measures: the company provides employees with suitable workstations and protective equipment, establishes strict safety protocols, and conducts management safety tours to assess the effectiveness of the measures in place.

Moreover, the Group places special emphasis on awareness and training, with mandatory modules on safety, best practices, and appropriate actions to take in risky situations. The Group measures the impact of its initiatives through key performance indicators, particularly regarding workplace accidents.

3.1.3. Policies related to own workforce (S1-1)

3.1.3.1. Mersen Care program

The program focuses on the positive impact of 'employee safety and well-being.'

The Mersen Care program aims to strengthen health and well-being prevention initiatives, while providing special support for the most vulnerable employees. It is based on four key pillars:

- **Mental health:** Protect and promote psychological well-being through regular surveys and long-term preventive initiatives.
- **Physical health:** Ensure a healthy working environment with appropriate medical coverage and annual health check-ups in countries where these services are not readily accessible.
- **Working conditions:** Promote a work-life balance through flexible schedules, remote work opportunities, and guaranteed minimum paid leave.
- **Financial well-being:** Ensure common basic social protection, fairness in value sharing, and transparency in remuneration systems.

The program applies to all Mersen Group sites and employees, with special attention given to local and specific needs in each region, particularly in countries like China and Tunisia, where social protection systems are less developed.

The Executive Committee oversees the implementation of Mersen Care.

The objectives and initiatives of Mersen Care are transparently communicated to all employees through internal surveys, reference documents, and the Group's communication platforms. This approach ensures the engagement and understanding of all stakeholders. Regular surveys enable the continuous evaluation and improvement of practices.

In addition to the Mersen Care program, the Charter for better work-life balance, ratified in 2018, illustrates the Group's commitment to providing a flexible and appealing work environment. This Charter will be updated in 2025 to reflect the evolving needs of employees.

3.1.3.2. Policy in favor of gender diversity and pay equity between men and women

This policy allows us to address both the impact of 'diversity, inclusion, and equal opportunities' and the opportunity for 'increased employee engagement'.

Mersen's gender diversity policy is built on four major pillars: recruiting women, developing and enhancing the visibility of female talent, fostering an inclusive culture, and promoting pay equity. The objectives are as follows:

- **Promote the inclusion of women in recruitment processes:** Mersen is committed to promoting increased representation of women in the categories of engineers and executives, as well as within senior leadership, ensuring that every recruitment opportunity is used to integrate more women into key positions within the company.
- **Develop and value female talent to foster internal promotion:** the Group is implementing programs to identify, support, and promote female talent within the organization by offering career development opportunities and increasing their visibility to enable them to access leadership positions.
- **Build an inclusive and equitable culture:** Mersen is committed to creating an inclusive work environment that respects diversity and is free from discrimination. This involves implementing policies against harassment and sexist behavior, as well as encouraging local initiatives to promote gender diversity and equality in everyday practices.
- **Ensure fair remuneration for all:** The Group places particular emphasis on reducing pay gaps between men and women by analyzing potential inequalities and implementing measures to guarantee fair and equitable remuneration, based on skills and performance, regardless of gender.

The program applies to all Mersen employees. Specific initiatives, such as reducing the gender pay gap, were first implemented in France, the United States, and Canada and are gradually being rolled out in other countries.

The program draws inspiration from best practices in gender equality and inclusion, notably from global commitments to combat harassment and sexist behavior. The global anti-harassment policy, implemented in 2021, enforces a zero-tolerance approach to discriminatory behavior and has been adapted to align with local cultural and legal contexts. The Group also relies on external studies and specialized consultants to analyze and rectify unjustified pay gaps between men and women.

The governance of the program is overseen by the Executive Committee, particularly through objectives and guidelines for the representation of women in executive committees and recruitment processes. The implementation of the policy is overseen by the Diversity Committee.

SOCIAL INFORMATION

4

The diversity and inclusion policy is communicated internally through regular communications, training sessions, and specific events. The results of these actions are shared with stakeholders through regularly updated internal channels.

A diversity training module is offered through the Mersen Academy. It is a one-hour program available in six languages. This module is recommended for all employees with the goal of raising awareness of the opportunities offered by a diverse organization.

3.1.3.3. Policy for better integration of people with disabilities

This policy simultaneously addresses the impact of 'diversity, inclusion, and equal opportunities' and the opportunity to 'increase employee engagement.'

It was adopted in 2021 with the objectives of:

- 1. Facilitating the inclusion of people with disabilities:** The Group is committed to improving the inclusion of people with disabilities, both in terms of recruitment and in job retention. This involves collaborating with external partners to give disabled people greater access to career opportunities within the Group.
- 2. Adapting the working environment:** The Group implements measures to adapt the working environment to the needs of employees with disabilities by improving accessibility, organizing work more effectively, and customizing workstations to facilitate their inclusion.
- 3. Raising awareness and combating prejudice:** Mersen is committed to raising awareness of disability-related issues, by debunking prejudices and promoting the exchange of best practices. The objective is to create an inclusive and respectful environment for people with disabilities while addressing fears and misunderstandings on the subject.
- 4. Ensuring equal opportunities:** The policy aims to provide equal opportunities for employees with disabilities in their careers. This includes access to training, opportunities for career advancement, and implementing reasonable accommodations to support their professional development.

The Group's policy for the inclusion of people with disabilities applies to all employees across all the sites where it operates. It includes recruitment, integration, job retention, and the adaptation of working conditions for employees with disabilities, whether their disabilities are visible or invisible.

This policy aligns with both local and international standards regarding the inclusion of people with disabilities and the rights of disabled workers. The Group collaborates with networks and external organizations specializing in promoting the inclusion of

people with disabilities in the labor market, notably The Valuable 500. These partnerships provide access to external expertise and support to enhance the integration of these employees.

The disability policy is monitored by the Human Resources teams, in coordination with site management. The Diversity Committee oversees the implementation of the actions outlined in this policy, and the Executive Committee regularly evaluates these actions to ensure they continue to meet the evolving needs of employees with disabilities.

The policy for the inclusion of people with disabilities is made available to all stakeholders within the Group, both internally and externally. Employees can access the policy through internal communication channels, such as the intranet, and dedicated training sessions are offered to raise awareness about disability-related issues.

3.1.3.4. Training and skills management policies

The Performance Management, Professional Development, and Skills Development policies address the positive impact of 'Training and skills development for employees'.

Performance Management: The policy aims to establish ongoing dialogue between employees and their managers to identify and align professional aspirations with internal opportunities, while setting personal and professional development goals.

Professional Development: The objective is to promote proactive and tailored career management, enabling employees to develop their skills and progress within the organization according to their aspirations, while also addressing the company's strategic needs.

Skills Development: This policy encourages continuous learning, offering each employee development opportunities to enhance their employability and make a meaningful contribution to the company's overall performance.

The performance management, professional development, and skills development policies apply to all employees of the Group, regardless of their role, hierarchical level, or geographical location. These policies aim to ensure that professional development is aligned with individual aspirations and the company's needs.

These policies are inspired by best practices in talent management, particularly the Group's Job and Skills Framework, which precisely defines the roles within the Group and identifies the essential skills required for each. This framework serves as a foundational structure for building employees' development plans and aligning their career paths with the current and future needs of the Group.

These policies are managed by the Human Resources departments, under the supervision of the divisional management committees.

The *Jobs & Skills* Committee, a governance body dedicated to job development issues, plays a central role. Composed of pairs consisting of a senior executive and HR representative for each business line, the committee meets several times a year to define critical roles for the Group's future, monitor necessary skill developments, and ensure alignment of operational needs with deployed training programs. This governance ensures a rigorous anticipation of the skills required in a constantly evolving environment, thereby guaranteeing Mersen's competitiveness and technical excellence.

The policies are communicated to employees through multiple channels, such as the company's intranet portal, on-boarding sessions for new hires, and regular communications from Human Resources. Managers are also trained to communicate and explain these policies, ensuring that they are understood and applied at all levels of the organization.

Managers play a key role in implementing these policies by holding regular discussions with their teams, notably during annual appraisal interviews. Career committees, mentorship programs, and training initiatives are coordinated at both global and local levels to ensure optimal consistency and effectiveness.

3.1.3.5. Health and safety management policy

The Health and Safety Management Policy addresses the following topics:

- Health and safety governance.
- Manager commitment, health and safety indicators, and annual prevention plan.
- Risk assessment, regulatory compliance, prevention plans for service providers, and health protection.
- Golden safety rules.
- Safety training, emergency evacuation procedure.
- Observations, safety inspections, and audits.
- Incident and potentially hazardous event analysis.

This approach addresses the risks of 'workplace accidents and occupational illnesses'.

The Health and Safety Management Policy applies to all employees of the Group, regardless of their role, hierarchical level, or geographical location, as well as to all temporary staff and sub-contractors of the company.

The Health and Safety Management Policy is inspired by the ISO 45001 standard, Occupational Health, and Safety Management System. Some of the Group's industrial sites are certified according to this standard.

The Health and Safety Management Policy is implemented by the Health, Safety, and Environment Committee, chaired by the CEO and composed of members of Mersen's Executive Committee. It defines, updates, and deploys the policy throughout the company.

The Health and Safety Management Policy is communicated to all Mersen employees via the Site Directors, using their own specific methods. Any policy change is communicated accordingly.

3.1.3.6. Human rights policy

The Human Rights Policy addresses the negative impact related to the 'Respect for human rights and fundamental freedoms.' It has been in place since 2021 and outlines Mersen's commitments as a responsible company to protect human rights. Specifically, it addresses the Group's commitments regarding freedom of association and collective bargaining.

This policy is aligned with key international frameworks, including:

- The United Nations Global Compact, to which the Group is a signatory (freedom of association and the right to collective bargaining).
- The United Nations Guiding Principles on Business and Human Rights.
- The International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.
- OECD Guidelines for Multinational Enterprises.

The Human Rights Policy is accessible to all employees on the Group's intranet and website. The Group's commitments to human rights are integrated into the Ethics training module. This training is mandatory for all employees of the Group. All new employees must complete this training within 2 months of their arrival. All Mersen employees must repeat this training every 2 years. (See G1).

The Group regularly conducts audits to ensure compliance with the principles outlined in its Human Rights Policy. The implementation of action plans is monitored through internal control procedures (see paragraph 4.5.5). To date, no violations of human rights have been identified. These processes include regular audits, human rights risk assessments, and mechanisms to ensure compliance with these commitments across all our activities, including within our value chain.

The Human Rights Policy includes provisions against human trafficking, as well as forced and compulsory labor.

To achieve this goal, Mersen has:

- Implemented risk assessment processes to detect and eliminate such practices in our operations and those of our partners;
- Incorporated specific contractual clauses with our suppliers and subcontractors to explicitly prohibit such practices;
- Raised awareness among its teams and business partners about the risks associated with these issues.

SOCIAL INFORMATION

4

The Group ensures respect for equal opportunities, as well as the maintenance and strengthening of multidisciplinary teams. As a member of the United Nations Global Compact, Mersen is actively committed to eliminating all forms of discrimination in employment and occupation worldwide. Mersen regularly exchanges best practices with other companies.

3.1.3.7. Anti-harassment policy

This policy addresses the positive impact of 'employee safety and well-being'.

The Group is committed to protecting employees from all forms of harassment, intimidation, and violence.

In 2021, Mersen drew up a policy aimed at preventing all forms of harassment (including sexual harassment), targeting all stakeholders associated with the company, whether internal or external (employees, suppliers, subcontractors, candidates, clients), and ensuring swift and effective resolution of any incidents. This document outlines the roles and responsibilities of the various stakeholders in cases of suspected harassment, as well as the procedures to be followed, and applicable sanctions that may be imposed.

It has been supplemented with specific procedures in various geographical areas where the Group operates: in France, a charter relating to the prevention and management of moral and sexual harassment, as well as sexist behavior, has been put in place. This policy outlines the process for handling any potential complaints from employees. In North America, a process for reporting harassment incidents was defined and made available as early as June 2015. A similar process has also been in place in China since August 2022 (see G1, paragraph 4.5.1.3).

3.1.4. Processes for engaging with own workers and workers' representatives about impacts (S1-2)

3.1.4.1. Dialogue with employee representatives

The Group has set up a number of forums for dialogue with employee representatives, to address Human Rights issues, particularly topics such as discrimination and harassment. The main forums are:

- **European Works Council (EWC):** The 2023 agreement provides for the representation of countries included within the scope of the European Works Council (EWC) and the exchange of information. Work-related topics can be explored in greater depth at European level if required.
- **French Group Committee:** This committee, composed of employee representatives, meets annually and can hold exceptional meetings at the request of its members.
- **Meetings with trade unions:** The Human Resources Department organizes annual exchange meetings with representative trade unions in France. These exchanges allow for discussions on the expectations and concerns of employees.

By the end of 2024, nearly 3,500 of the Group's employees, representing approximately 50% of the total workforce (excluding acquisitions made during the year), are covered by collective agreements.

3.1.4.2. Dialogue with collaborators

The Group's Human Resources Department is responsible for employee dialogue.

Moreover, employee feedback gathered from the annual surveys, is analyzed by the Group and the HR teams. These surveys include closed questions to assess employee engagement and are supplemented every two years with open questions that allow employees to share their views on current topics, their working conditions, and their expectations.

- This results in action plans, both at the Group level and at the site level, which are communicated as follows. The Group HR Department publishes the overall results and action plans on the Intranet.

Each site is encouraged to disseminate both global and local results on its own platform. Sites must also analyze their own results, draw up action plans as necessary, communicate them, and implement them. The implementation progress of key actions is monitored globally through the involvement of ambassadors and members of the HR teams trained in the Group's methodology.

The information sessions organized by the Group and the Divisions are relayed to each site through monthly or quarterly exchange meetings:

- Either with all employees.
- Or with the management responsible for relaying the information to the teams.

The local pages on the intranet sites also enable the management team to share relevant information and updates.

3.1.4.3. Use of employee feedback

The feedback from these surveys is analyzed and used to guide the Group's strategic and operational decisions. Here are some concrete examples:

- **Employee recognition:** In response to a strong need for recognition expressed by employees, the Group implemented a webinar on this subject in 2023. Additionally, initiatives such as challenges around *International Women's Day* and *Disability Day* have been strengthened to highlight the best initiatives and allow employees who wish to do so to express their views on these topics.
- **Improved communication:** A need for improved communication was identified and addressed by the organization of regular communication sessions, such as the CEO's quarterly presentations to managers and the *roadshows* organized by the *Electrical Power Division*.
- **Accessibility of the intranet:** At the January 2023 meetings, employee representatives requested intranet access for all employees, including those without an email address. This led to the development of access to internal communication through personal smartphones.
- **Training:** In 2024, the Group rolled out access to the Mersen training platform for all its employees.
- **Career development and transmission of knowledge:** In response to strong expectations regarding career development and the transmission of knowledge, the Mersen Group revised and proposed new tools for professional development discussions and experience-sharing at the end of 2024.

3.1.5. Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)

3.1.5.1. Processes for monitoring and remedying negative impacts

Mersen has established a governance structure to monitor and oversee ethics and compliance issues. This governance involves the Executive Management and the Board of Directors, through the Audit and Accounts Committee, thereby ensuring supervision at the highest level. The Risk, Audit, and Compliance Department is specifically responsible for coordinating and driving the Group's ethics and compliance policy. It monitors non-compliance risks, analyzes alerts, and ensures the implementation of the necessary corrective measures.

An Ethics and Compliance Committee, composed of the Group's Chief Executive Officer, the Chief Financial Officer, the Human Resources Director, the Legal Director, and the Director of Risk, Audit and Compliance, meets at least quarterly to examine issues raised and ensure the proper implementation of actions. This committee may also be convened at any time in the event of an alert requiring swift intervention. In addition, the Director of Risk, Audit and Compliance reports annually on all work carried out to the Audit and Accounts Committee. (See ESRS G1).

3.1.5.2. Channels for employees to raise concerns

Mersen has implemented a code of ethics that underscores the collective and individual commitment of Mersen and its employees to establish and foster mutual trust - both within the Group and with all stakeholders in its environment.

The code of ethics outlines the resources available to enable individuals who wish to alert the Group to do so safely and with complete confidentiality. A procedure related to this system and to whistleblowers was revised in 2023 and shared with Managers and the HR network; it is available on the Group's intranet and website. This document outlines the process for handling alerts and provides details on the whistleblower protection framework. Mersen is committed to ensuring that no sanctions will be taken against individuals who report a breach in good faith and to protecting their anonymity in accordance with the regulations applicable to whistleblowers (see paragraph 5 G1-1).

Two main alert channels have been established by the Group:

- a dedicated email address: ethics@mersen.com.
- a contact form available on the Group's website.

The Group's Compliance Director and the Group's Human Resources Director receive these alerts and handle them with due diligence. Alerts received locally and outside of these channels are handled by the site's HR manager.

They alone decide whether to close an alert when they consider that the proposed remedial measure has been effective, and they inform the Ethics and Compliance Committee accordingly.

The Group ensures that its employees are familiar with these channels through a specific communication and training plan (see paragraph 4.5.2 ESRS G1). This was verified during the annual survey conducted in 2023: indeed, on this occasion, 78% of employees stated that they were aware of the Group's ethical alert process, and 96% of them expressed confidence in it.

This testifies to Mersen's commitment to maintaining a high standard of integrity and conduct in the area of human rights.

3.1.6. Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)

Actions related to the impacts, risks, and opportunities concerning the Group's employees are identified through several channels, primarily:

- Internal audits and their effectiveness are verified through internal control.
- Dialogue with employee representatives, in accordance with legal obligations and collective agreements.
- The analysis of employee feedback through internal surveys focusing on satisfaction, engagement, and needs.
- The involvement of dedicated committees (Diversity Committee, HSE Committee, Ethics, and Compliance Committee), which determine the appropriate measures to address any real or potential negative impact on the workforce.

3.1.6.1. Diversity, inclusion, and equal opportunities.

Gender diversity

One of the Group's objectives is to integrate a growing number of women into all positions. To achieve this, the Group has launched a series of initiatives, including recruitment policies, and career path monitoring, among others.

More specifically, the Group has undertaken actions related to gender diversity, such as:

- **Diversity Challenge:** Every year, a challenge is launched to mark International Women's Day. All sites worldwide are invited to participate. Following a vote, the Diversity Committee rewards the three sites/countries that have implemented the most significant actions to promote women and enhance their visibility.
- **Newcomers Event:** Since 2024, a 30-minute workshop on diversity has been offered to participants of the Group's engineers and executives integration seminar. This workshop aims to inspire positive mindset change by challenging stereotypes and emphasizing the importance of creating fair and inclusive environments.

SOCIAL INFORMATION

- **Communication:** A Diversity Newsletter is published three times a year to share updates and best practices in this area.
- **Network:** Since June 2021, Mersen has been a signatory of the United Nations *Women's Empowerment Principles*, thus joining the global community of companies actively working to promote gender equality. The Group has also established the *Women in Mersen (WiN)* network, which provides women within the Group opportunities for visibility and professional development.

Results 2024

A total of 28 sites participated in the Diversity Challenge. The winning site was M'Ghira in Tunisia for the production of a video clip titled 'Oh les femmes'.

A total of approximately 130 people, of whom more than 37% were women, participated in the diversity workshops at the Newcomers Event. Participants gained insight into Mersen's commitment to diversity, dismantling of prejudice, and promoting gender equality, and promoting gender and disability equality.

Regarding internal communication, all Group employees with a Mersen email address receive the Diversity Newsletter via email. All employees can also access the newsletter on the intranet.

Since 2022, representatives from each regional network have been meeting twice a year to share best practices and better coordinate their actions. In 2024, seven WiN networks (France, Europe, North America, China, Turkey, India, and Brazil) were established within the Group, comprising approximately 700 members, both men and women, eager to engage in a collective effort to promote diversity through sharing and mutual support.

The proportion of women in senior leadership positions increased from 23.7% in 2022 to 26.4% in 2024.

The percentage of women engineers and executives increased from 25.3% in 2022 to 27% in 2024.

Disability

The Group aims to increase the presence of employees with disabilities at all levels of the organization and to address both visible and invisible disabilities to improve working conditions. More specifically, the Group has undertaken actions related to its Disability Policy, including:

- **Disability Challenge:** Every year, a challenge is launched to mark International Disability Day. Following a vote, the diversity committee rewards the top three sites/countries that have made the most progress in employing people with disabilities.
- **Network:** Mersen joined the international network *The Valuable 500* in 2021, a global initiative dedicated to the inclusion of people with disabilities in companies. Since 2024, the *Women In Mersen (WiN)* network, which was already responsible for promoting gender diversity, has also been tasked with coordinating actions in support of disability inclusion. Representatives from each regional network meet twice a year to share best practices and better coordinate their actions.

Results 2024

The WiN network also covers disability issues (as noted in the previous paragraph).

In 2024, the number of people with disabilities represents 2.7% of the total workforce, compared to 2.4% in 2022.

3.1.6.2. Training and skills management

Development needs are identified early on during the Performance & Development Reviews (PDR) conducted annually between employees and their managers. These reviews help to diagnose current skills, formalize areas for improvement through individualized development plans, and promote constructive dialogue around employees' professional aspirations.

Career committees, on the other hand, ensure collective and strategic analysis to identify key talents, anticipate critical needs, and promote smooth and coherent internal mobility within the Group. In 2024, the Group introduced a Career Path Review specifically for engineers and managers with 5 to 6 years of tenure.

Results 2024

100% of employees have access to the online training platform 'Mersen Academy', promoting continuous and tailored learning.

3.1.6.3. Employee safety and well-being

In 2024, the Group rolled out its Mersen Care program (see paragraph 3.1.3.1). This program specifically enhances the psychological support program and flexible work arrangements.

Its implementation will be monitored quarterly by the Group HR Department.

Percentage of employees covered, excluding employees from acquisitions 2024	2024	2023
Physical and Mental Health		
Supplementary Retirement Benefits	56	54
Health Insurance / Medical Expenses	87	81
Income Protection	76	74
Life Insurance / Death Benefit	98	100
Working conditions		
Minimum Leave Entitlement	91	71
Financial Well-Being		
Profit-Sharing Program	76	52

3.1.6.4. Respect for human rights and fundamental freedoms

Based on the list of rights set out in the International Charter of Human Rights (International Labor Organization), the Group has mapped risks related to human rights violations. This mapping was done through 13 interviews with HR managers from representative sites across the geographies where the Group operates. This has helped to identify specific areas of action, primarily focusing on pay equity, social protection, and work-life balance in certain geographical regions (Asia, Europe, America).

In 2023, the Group translated these action areas into concrete plans, addressed either at the corporate level (7) or locally (10). By the end of 2023, 6 action plans were fully completed, while the remaining ones were mostly finalized in 2024.

The Group conducted investigations following certain alerts related to non-compliance with human rights. However, none of these were found to be connected to an actual human rights event (cf. 3.1.16).

Moreover, CSR audits conducted with the Group's key suppliers serve as a way to communicate and share the Group's commitments to human rights.

The results of these investigations and audits were presented to the Executive Committee in 2024.

Results

Mersen has never been convicted of any human rights violations.

3.1.6.5. Workplace accidents and occupational diseases

Mersen has implemented an approach centered on identifying and assessing hazards and risks through several established routines. The Group's most significant standards are updated annually in a *Risk Assessment* document for each site, along with a *Job Hazard Analysis* at workstations.

Management Safety Visits are a major preventive tool aimed at observing employees in their workplace and engaging in dialogue with them to identify hazardous acts and conditions and to implement 80% of corrective actions immediately. Since 2019, the Group has implemented initial 2-day training sessions and maintenance and updating of skills every three years for individuals conducting these visits.

In addition, the Group conducts annual audits for each site to monitor the progress of corrective actions if deviations from standards are identified.

Results

By the end of 2024, 85% of industrial sites had updated their Risk Assessments within the last 12 months.

The audit program was 66% completed in 2024.

Management Safety Visits	2024	2023	2022
The number of Safety Visits	7,582	8,033	6,569
The number of Safety Visits per employee and temporary worker	0.96	0.99	0.83
Change in the number of visits per employee and temporary worker	+16%	+7%	

3.1.6.6. Increase in employee engagement

The actions implemented as part of the previously mentioned diversity, safety, well-being, and disability policies have helped strengthen employee engagement. Engagement is also indirectly assessed through the Entropy indicator, which measures the amount of energy spent on unnecessary and non-productive activities. Every two years, employees also express their pride in belonging to the Group.

In parallel with its annual survey, since 2022, the Group has embarked on a certification process with *Great Place to Work* in certain countries. These certifications testify to Mersen's commitment to creating a rewarding work environment, where collaboration, trust, and professional fulfillment are at the heart of our corporate culture.

Results

These actions have had positive effects on employees, as evidenced by the results of the annual employee surveys. The latest survey, conducted at the end of 2024, received 5,986 responses, representing nearly 76% of Mersen's workforce. This participation rate allows the company to rely on representative results. The findings of this survey provide the following indicators:

- A high level of engagement: 88% of employees report being very motivated or fairly motivated, and 88% say they are very satisfied or fairly satisfied.
- An entropy rate of 12% in 2024, a level equivalent to that of 2022. It should be noted that industrial companies have an average entropy of 20%. The lower the rate, the less energy is wasted and greater the commitment.

Additionally, Mersen India has been *Great Place to Work* certified since 2022, and Mersen China since 2023. The Group's headquarters (Paris) as well as the *Shared Service* in the DACH region have also been certified since 2023. At the end of 2024, Mersen Brazil received the certification.

3.1.7. Measures to avoid causing or exacerbating negative impacts

3.1.7.1. Employees

Mersen strives to safeguard the well-being of its employees and verifies this through regular internal audits, which help identify and prevent practices likely to cause negative impacts. The company also encourages social dialogue, providing employees with channels to express their concerns and suggestions. Additionally, training and awareness-raising programs are implemented to promote a corporate culture that respects human rights and well-being in the workplace.

3.1.7.2. Purchasing practices

Mersen ensures that its purchasing practices comply with ethical standards and respect human rights. For this purpose, regular supplier audits are conducted to verify the compliance of practices with the Group's commitments. Each supplier is required to sign a sustainable procurement charter, committing them to strict obligations regarding human rights, the elimination of forced labor, and the fight against child labor. Mersen also closely monitors the performance of its suppliers and implements supplier self-assessment questionnaires to identify any potential negative impacts.

SOCIAL INFORMATION

4

3.1.7.3. Use of data

As part of the implementation of the General Data Protection Regulation (GDPR), the Group has established a dedicated working group to identify and implement the actions necessary to ensure compliance with this regulation.

At the beginning of 2019, a 'Data Protection Officer' was officially appointed for the Group, with the mission of strengthening the initiatives required to ensure compliance. Since that date, the Group has also been supported by a specialized external consultancy, which provides its expertise in the development and implementation of a strategic roadmap. This collaboration aims to effectively structure actions and address all issues related to data protection.

To support the deployment of this approach, the Group relies on a network of local correspondents present in its entities within the European Union.

A quarterly meeting is organized, bringing together local correspondents, the Director of Risk, Audit, and Compliance, as well as a representative from an external firm. This meeting provides an opportunity to review the progress of projects and discuss the implementation of various tools and procedures.

To oversee the deployment of data protection regulations on a global scale, a Data Protection Committee has been established. This committee, led by the Director of Risk, Audit, and Compliance, comprises the following members:

- The Group's Legal Director;
- The Director of Risk, Audit, and Compliance;
- The Group's Information Systems Security Manager;
- The Group's HR Information Systems Manager;
- The Head Office Information Systems Manager;
- A specialized lawyer from a third-party firm.

The role of this committee is to ensure the sustainability of the GDPR program and to prevent risks of non-compliance related to changes in local and regional regulations.

3.1.7.4. Resources mobilized for the management of potential negative impacts

The Group has focused on reducing unjustified gender pay gaps in its main countries of operation in 2024 (China, Germany, United States, Canada, France, Austria).

To determine the extent of the gaps, the Group engaged the consulting firm Mercer, which developed a method for evaluating pay disparities. The initial work was divided between Mersen's HR teams, who provide the data, and Mercer, who prepared the pay gap report.

A country-specific survey was conducted with the goal of reducing these wage gaps to zero.

The analysis of the gaps was conducted based on the following criteria: mitigating the impact of any gap that can be objectively explained. Thus, gaps related to age, tenure, performance, and managerial positioning are neutralized. The gap due to gender is the one that cannot be objectively explained.

For each country concerned, the adjustment effort is planned over three years. This allows for measuring year-on-year variations in the observed gaps.

In 2024, across all the countries concerned, 277 female employees had their salaries adjusted (representing 6.5% of the total workforce but 23% of the female workforce). This represented a cost of nearly €500,000 in 2024.

3.1.8. Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)

The reference year is 2022, the target is 2027, and the scope concerned includes the entire Group.

3.1.8.1. Diversity, inclusion, and equal opportunities.**Objective**

- Promote equal opportunities and diversity.

Targets

- Increase the proportion of female engineers and executives by 4 points. This feminization rate stood at 25.3% at the end of 2022.
- Achieve 27% representation of women in senior leadership positions. This feminization rate stood at 23.7% at the end of 2022. (*Definition: members of the Group's Executive Committee, members of the management committees of Divisions and Activities, senior executives, and directors reporting to the CEO, the Group's Chief Financial Officer, and the Group's Human Resources Director*).
- Increase the number of employees with disabilities by 25%. At the end of 2022, the number of employees with disabilities stood at 174.

3.1.8.2. Safety and well-being of employees**Objectives**

- Promote a social policy for everyone
- Develop and strengthen the culture of health and safety within the Group.

Targets

- Expand social protection to include 100% of employees benefiting from coverage for total and permanent disability resulting from illness or accident, complementing the death insurance already implemented since 2024.
- Standardize profit-sharing schemes to ensure 100% of sites (excluding JVs) offering such schemes. Adopt a minimum leave threshold across all countries
- Maintain the LTIR \leq 1.8 and the SIR \leq 60.
- Increase the number of management safety visits per employee by 30%

The Group's target-setting process was based on:

- Benchmarks with companies of similar size to determine their targets.
- Feedback from the diversity committee and the HSE committee.
- External studies, including 'Whistling Vivaldi' by Claude Steele, which addresses, among other things, the performance deficit caused by the feeling of belonging to a minority.
- Feedback from employees through satisfaction surveys.

The monitoring of targets is carried out during CSR committees.

3.1.9. Characteristics of the undertaking's employees (S1-6)

3.1.9.1. Information on the workforce by gender

	Number of employees (end -2024 headcount)	Number of employees (end -2024 headcount)
Male	4,792	4,718
Female	2,664	2,803
Others	10	13
Not declared	0	0
Total employees	7,466	7,534

Including employees of acquisitions made in 2024.

3.1.9.2. Information on the workforce in countries where the company has at least 50 employees, representing at least 10% of its total workforce as of December 31, 2024.

Countries	Men	Women	Others	Not declared	Number of employees
France	1,061	438	0	0	1,499
United States	1,048	260	7	0	1,315
China	713	357	0	0	1,070
Mexico	372	610	0	0	982

3.1.9.3. Information by type of contract and by gender as of December 31, 2024

The information below excludes elements related to the year's acquisitions (211 people in the United States)

Workforce at the end of the period	Woman	Man	Others	Not disclosed	TOTAL
Number of employees	2,631	4,614	10	0	7,255
Number of permanent employees	2,202	4,066	10	0	6,278
Number of temporary employees	429	548	0	0	977
Number of employees with non-guaranteed hours	0	0	0	0	0
Number of full-time employees	2,507	4,549	10	0	7,066
Number of part-time employees.	124	65	0	0	189

3.1.9.4. Workforce movements

During the period, 211 people joined the Group (3 acquisitions made in the United States), 1,311 were hired, and 1,507 left the Group.

	TOTAL
Turnover rate	19.2 %
Total number of employees who left the company	1,507

The turnover rate is calculated as the total number of employees who voluntarily left their job or left due to dismissal, retirement, or death while employed.

The Group's turnover rate is 19.2%. It takes into account significant staff turnover at the Juarez sites and the sites in China, which are related to local practices. Excluding these effects, the turnover rate was 16.8%.

SOCIAL INFORMATION

3.1.10. Diversity metrics (S1-9)

3.1.10.1. Diversity of governing bodies

Mersen defines governing bodies as the members of the Group Executive Committee, the members of the management committees of Divisions and Activities, the senior executives and directors reporting to the Group Chief Executive Officer, the Group Chief Financial Officer, and the Group Director of Human Resources.

	Workforce	%
Men	53	73.6 %
Women	19	26.4 %
TOTAL	72	100.0 %

3.1.10.2. Age distribution

At the end of 2024, the Group had 15% of employees under 30 years old, 56.5% between 30 and 50 years old, and 28.5% over 50 years old. These figures do not include the workforce of the companies acquired in 2024, which are not yet integrated into the Group's HRIS (Human Resources Information System).

	Men	Women	Others	TOTAL
under 30 years old	640	424	2	1,066
30-50 years old	2,578	1,527	6	4,111
over 50 years old	1,396	680	2	2,078
TOTAL	4,614	2,631	10	7,255

3.1.11. Persons with disabilities (S1-12)

At the end of 2024, the Group had 2.7% of employees recognized as workers with a disability status, of whom 41% were women and 59% were men. These figures do not include the workforce of the companies acquired in 2024, which are not yet integrated into the Group's HRIS (Human Resources Information System).

	Men	Women	Others	TOTAL
Total workforce	4,614	2,631	10	7,255
Workforce of employees with disabilities	113	80	-	193
% of employees with disabilities	2.4 %	3.0 %	0.0 %	2.7 %

3.1.12. Training and skills development metrics (S1-13)

3.1.12.1. Performance review indicator

By 2024, 73% of employees had fully completed a Performance Development Review (PDR).

	Eligible workforce*	Completed evaluations	%
Senior executive	54	50	92.6 %
Engineer & executive	1,634	1,271	77.8 %
Supervisor & technician	1,256	931	74.1 %
Employee & operator	3,515	2,465	70.1 %
TOTAL	6,459	4,717	73.0 %

	Eligible workforce*	Completed evaluations	%
Men	4,123	3,190	77.4 %
Women	2,326	1,519	65.3 %
Others	10	8	80.0 %
TOTAL	6,459	4,717	73.0 %

* The eligible workforce is defined as the employees (permanent and fixed-term contracts) on the payroll at 11/30/2023 + employees (permanent and fixed-term contracts) hired between 12/01/2023 and 11/30/2024 - employees (permanent and fixed-term contracts) leaving between 12/01/2023 and 11/30/2024.

3.1.12.2. Average number of training hours per employee and by gender

	2024	2023
Training hours*	129,090	121,081
In average number of hours per employee	17.2	16.2
including Men	18.0	
including Women	15.9	
including Others	13.6	
including Mersen Academy	2.0	2.4
including France	16.3	9.3
Training expenses (in € million)	6.0	3.5
As a percentage of the payroll.		
Group	2.1	1.4
France	2.1	1.6

* Total development time, recorded from 1/1/24 to 31/12/24, all sites, all formats, including mandatory training, and development actions, recorded on the Mersen Academy platform.

3.1.13 Health and safety metrics (S1-14).

The health and safety management system of the Mersen group covers its entire workforce (100%). Its implementation involves applying the common guidelines described in the system.

Furthermore, the Group's policy allows its industrial sites the autonomy to become certified to the ISO 45001 occupational health and safety management system standard, which the Group has chosen as its normative reference.

Percentage of certified industrial sites	2024	2023
ISO 45001:2015	31 %	32 %
ISO 45001:2015 (sites with more than 125 employees).	41 %	38 %

Accidents (employees, temporary staff, and subcontractors)	Objective	2024	2023
LTIR frequency rate ⁽¹⁾	1.80	2.08	2.78
TRIR frequency rate ⁽²⁾		4.04	5.50
SIR severity rate ⁽³⁾	60	70	68
Number of accidents with and without lost workdays		64	94
Days lost due to accident, death, or occupational disease		1,109	1,157
Deaths due to accident or occupational disease		0	0
Accidents with serious consequences (> 6 months of lost time)		1	1
Number of occupational diseases		3	0

Accidents (employees)	Objective	2024	2023
LTIR frequency rate ⁽¹⁾	1.80	1.91	2.53
TRIR frequency rate ⁽²⁾		3.68	5.05
SIR severity rate ⁽³⁾	60	77	74
Number of accidents with and without lost workdays		50	74
Days lost due to accidents, deaths, and occupational diseases		1,042	1,040
Deaths due to accidents or occupational diseases		0	0
Accidents with serious consequences (> 6 months of lost time)		1	1
Number of occupational diseases		3	0

SOCIAL INFORMATION

Accidents (temporary staff and subcontractors)	Objective	2024	2023
LTIR frequency rate	1.80	3.13	4.35
TRIR frequency rate		6.25	8.26
SIR severity rate	60	30	34
Number of accidents with and without lost workdays		14	20
Days lost due to accidents, deaths, and occupational diseases		67	40
Deaths due to accidents or occupational diseases		0	0
Accidents with serious consequences (> 6 months of lost time)		0	0
Number of occupational diseases		0	0

(1) The LTIR (Lost Time Injury Rate) measures the number of accidents with lost workdays per million hours worked.

(2) The TRIR (Total Recordable Incident Rate) measures the number of accidents with and without lost workdays per million hours worked.

(3) The SIR (Severity Injury Rate) measures the number of days of lost workdays per million hours worked.

3.1.14. Work-life balance metrics (S1-15)

The following indicators are only available for France, excluding the Pontarlier site, which is not connected to the central payroll system.

In 2024, 100% of employees are entitled to family leave 3.85% benefited from it, of which 24% were women and 76% were men.

3.1.15. Compensation metrics (S1-16)

3.1.15.1. Gender pay

In 2024, the gender pay gap between male and female employees is as follows:

Gross hourly wage in euros	Ratio
Men	23.95
Women	14.99
Pay gap 2024*	37.4 %

* Gender pay gap: $(\text{Average gross hourly pay of male employees} - \text{Average gross hourly pay of female employees}) / \text{Average gross hourly pay of male employees} \times 100$

3.1.15.2. Pay ratio of the highest-paid individual compared to the median pay of all employees

2024 gross remuneration in euros

Highest-paid employee	1,701,852
Median total remuneration	30,943
2024 Ratio*	55

* $\text{Total annual remuneration for the highest-paid individual in the company} / \text{Median total annual remuneration (excluding the highest-paid individual)}$.

3.1.16. Incidents, complaints and severe human rights impacts (S1-17)

In 2024, 6 alerts were received concerning human rights (harassment). After investigations, 2 were substantiated.

No serious incidents or fines were reported.

3.2. Workers in the value chain (ESRS S2)

3.2.1. Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

For further information on double materiality analysis and risk identification, please refer to ESRS2.

Mersen is a global group with operations in over 30 countries. Because of the large number of suppliers and the diversity of their countries of origin, the Group is unable to carry out a detailed analysis of the characteristics of all workers in the upstream value chain. However, it is particularly attentive to the issue of child labor or forced labor in high-risk countries (Latin America, India).

Outside its own operations, Mersen interacts with:

- Workers in the upstream value chain, including employees of its BOM (Bill Of Material)⁽¹⁾ tier-1 suppliers,
- Workers on indirectly sourced items,
- Employees of service companies working at Mersen.

Given the number of customers and their diversity in terms of size, geography and sector, the downstream value chain is not currently included in the analysis. Furthermore, the degree of risk associated with workers in the downstream value chain is considered low.

The (actual or potential) material impacts, risks and opportunities in relation to ESRS S2 are:

- **Widespread positive impact:** Mersen has a positive impact on its value chain through initiatives to help suppliers and service providers enhance their sustainability efforts.
- **Isolated negative impact:** failure to respect fundamental human rights freedoms (with particular regard to forced labor, child labor, working hours and health and safety conditions) could be potentially problematic depending on the degree of risk associated with the countries in question or with the suppliers based in these countries. Nevertheless, the impact is considered to be limited and isolated.
- **Opportunity:** Create a responsible supply chain. A responsible supply chain represents a financial opportunity for Mersen, as it gives us access to markets with demanding CSR requirements. It helps to improve resource management and limits legal, financial and reputational risks. It also provides access to new markets by meeting customers' CSR requirements and attracting investors who are increasingly attentive to sustainability criteria. Lastly, by securing its supplies, Mersen strengthens its long-term competitive performance.

3.2.2. Policies related to value chain workers (S2-1)

The Chief Executive Officer and the Executive Committee are responsible for the effective application of all the codes and policies set out below, which apply throughout the Group.

3.2.1.1. Code of Ethics

The **Code of Ethics** restates the collective and individual commitment of Mersen and its employees to establish and build on mutual trust both within the Group and with all our stakeholders. It applies to all Mersen employees, irrespective of the country in which they work or their position, as well as to the Chief Executive Officer and the members of the Board of Directors, and formalizes the Group's reciprocal commitments to:

- its employees;
- its external stakeholders;
- civil society.

The full Code is available on the Mersen website.

3.2.1.2 Purchasing Policy

The **Group's Purchasing Policy** sets out guidelines for purchasing and supplies. It is underpinned by the following commitments:

- having suppliers commit to a Purchasing Charter;
- analyzing CSR risks and implementing contingency plans;
- managing the supplier base and supply chain to mitigate the Group's environmental impact and taking action to reduce greenhouse gas emissions from the products and services it purchases.

It is available on the Group's intranet. This document refers to the Code of Ethics and the Purchasing Charter for a Sustainable Supply Chain.

It is intended for the Mersen procurement community.

(1) The BOM includes all the items that make up the manufactured product. This includes all raw materials, components and packaging.

SOCIAL INFORMATION

4

3.2.1.3 Purchasing Charter

The **Purchasing Charter for a Sustainable Supply Chain** formalizes relations with suppliers and sets the standard for virtuous collaboration.

The framework states the Group's requirements and promotes the implementation of best practices – including on social and environmental issues. It covers the Group's commitments to promoting and respecting human rights, protecting children, ensuring health and safety, developing human potential, maintaining a culture of integrity, protecting data and information, respecting rights and complying with regulations, protecting the environment and communities, and developing a global supply chain with lower environmental impact. It reaffirms Mersen's commitment to preventing slavery and protecting children's rights throughout the Group's supply chain.

The Group's Purchasing Charter for a Sustainable Supply Chain is sent out to all suppliers, who are asked to sign it as a proof of their commitment. It is available on the Group's website. It refers to all the Mersen charters and policies available on its website, including the one on human rights.

By sharing its purchasing charter with all its suppliers, the Group initiates a dialog with them on sustainability issues.

3.2.1.4 CSR questionnaire

In 2019, the Group drew up a **CSR questionnaire** with a detailed self-assessment grid to help suppliers better integrate CSR and Compliance into their practices and measure their performance. It includes items bearing on CSR policy and related practices, ethical risks, nondiscrimination, safety policy and environmental policy.

It is sent to the tier-1 suppliers that make up 80% of the BOM, encouraging them to formalize some of their practices, or initiate an improvement plan.

The Group carries out internal audits of suppliers whose CSR practices it considers to be insufficiently effective, and may specify improvement plans based on the audit results. As a minimum requirement, the Group checks that the supplier complies with local legislation on workers' rights. This internal audit process motivates supplier progress on sustainability matters.

The CSR supplier self-assessment questionnaire includes questions on "respect for human rights".

On this matter, Mersen subscribes fully to the values of the United Nations Global Compact, to which it is a signatory, and notably its principles on human rights and labor standards. In 2021, the Group rounded out these general principles by drawing up its own "Human Rights Policy" which sets out its commitments in terms of:

- lawful work, particularly the Group's zero tolerance policy on child labor and forced labor;
- freedom of association and the right to collective bargaining;
- working conditions;
- equal opportunities;

- relations with local communities;
- human resources and governance strategies.

This questionnaire may be reviewed in the future, in the light of assessment results and of changes to the supplier panel.

3.2.3. Processes for engaging with value chain workers about impacts (S2-2)

Mersen carries out internal audits of those of its suppliers that do not have CSR practices in line with Group requirements (see S2-4). This provides a basis for engaging in dialog with the managers of these suppliers. The CSR assessment questionnaire forms the basis of discussion with suppliers to ensure it is understood, to review supplier practices covered by each section of the questionnaire, and to collect evidence of supplier initiatives. The questionnaire covers the following topics:

- CSR policy
- Business ethics risks
- Overall compliance with the UNGC
- Safety policy
- Environmental issues
- CSR practices

Internal audit reports are presented at quarterly reviews to the Purchasing Committees of each segment. The number and scheduling of internal audits is set annually by each segment's purchasing department.

3.2.4. Channels for value chain workers to raise concerns (S2-3)

To ensure that concerns are identified and reported, the Group has set up two reporting channels accessible to all internal (employees) or external (e.g., customers and suppliers) stakeholders:

- The ethics hotline, an anonymous and secure reporting system, accessible round the clock by email: ethics@mersen.com;
- a contact form accessible from the Group's website (www.mersen.com).

Mersen's Ethics Charter is available on its website, and is therefore accessible to everyone. There is also an alert form enabling anyone to report any inappropriate behavior.

The Purchasing Charter for a Responsible Supply Chain specifically refers to the ethics line and the protection for whistleblowers.

The process for monitoring alerts is set out in ESRS G1, paragraph 4.5.1.

3.2.5. Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S2-4)

3.2.5.1. Supplier support

Supplier support priority goes to the suppliers that make up 80% of the Bill of Material (BOM). Mersen asks these suppliers to complete a CSR self-assessment questionnaire,

the responses to which are processed in the B2Mersen Supplier Relationship Management (SRM) system, which outputs a CSR rating of 0 to 100. For scores under 25, purchasing teams conduct an audit leading to an improvement plan. Suppliers with a rating higher than 25, but lower than 50, may be inspected on site, which may subsequently lead to a more in-depth audit.

Where appropriate, action plans are monitored by the sites concerned. Audit reports are archived on the B2Mersen platform.

In 2024, the Group updated its Purchasing Charter to introduce tighter control on certain aspects, including those on respect for human rights.

In early 2025, the CSR questionnaire was reviewed to make it clearer and more detailed, and to take into account the results of previous assessments. This should make it easier to understand the issues involved, especially for smaller suppliers who are less familiar with them.

Questions on child labor, compliance and safety cover the following aspects in particular:

- Compliance with international regulations on child labor, forced or compulsory labor and discrimination in employment or occupation
- Measures to promote diversity and the inclusion of people with disabilities
- Assessment of occupational risks, monitoring of workplace accidents, and implementation of a health and safety management system
- Compliance with environmental regulations

On this basis, the Group will be conducting a fresh campaign directed at its suppliers in 2025, to improve its understanding of their CSR maturity

3.2.5.2. Failure to respect fundamental freedoms

In line with the Taxonomy Regulation, a human rights risk map was created in 2022. A specific upstream value chain risk was identified in 2023, on the "Right of children to be protected from economic and social exploitation". Action plans were drawn up accordingly, to further improve human rights awareness across all our sites. These were partially completed in 2023 and continued in 2024.

3.2.5.3. Responsible supply chain

Mersen's approach on supply chain responsibility involves regular dialog with suppliers, particularly on sustainability issues. This helps improve the Group's ratings in customer assessments, and supports the development of the circular economy and the use of recycled materials, which is also conducive to the development of new markets and suppliers.

In 2024, Mersen did not identify any proven cases of severe breaches of workers' rights among its business partners (child labor and forced labor in particular), whether through the alert system or through internal audits.

3.2.5.4. Monitoring of initiatives

Management of significant impacts comes under the responsibility of the Group's purchasing function.

Mersen's Purchasing function is structured by segment, purchasing category and region, covering the entire global scope. Key Category Managers (KCMs) are responsible for a set of strategic product categories organized by key account, while local purchasing is managed by purchasing teams at Mersen sites worldwide.

The purchasing function consists of around 100 people mainly working in the various businesses for which developing a responsible supply chain is one of their purchasing objectives. This is taken into account when calculating the annual bonuses of eligible employees.

The segment Heads of Purchasing are responsible for overseeing, implementing and updating the Group's Purchasing Policy. They report to the segment Executive Vice Presidents, who are members of the Group's Executive Committee. They submit a report and propose action plans to Executive Management twice a year.

3.2.6. Taking action on material impacts on value chain workers and effectiveness of those actions (S2-5)

The CSR self-assessments have made it possible to assign "Supplier CSR" ratings, with results and the related improvement plans monitored in the B2Mersen SRM. For ratings under 25, an internal audit is conducted to sound out the supplier, then appropriate improvement plans are run and tracked, to increase the rating. Suppliers with a rating higher than 25, but lower than 50, will be invited to a meeting, which may subsequently lead to an internal audit.

In 2022 (base year), the Group focused on the 364 suppliers accounting for 80% of the Bill Of Materials. At the end of 2022, 27 suppliers (7.4% of the total) had ratings under 25.

In 2024, across the same scope (suppliers making up 80% of the Bill Of Materials in 2024), 8 of the 454 suppliers (1.8%) had scores under 25. Under the new 2027 CSR roadmap, the goal is to have less than 5% of suppliers with a rating of 25 or lower by 2027.

3.3. Consumers and end-users (ESRS S4)

3.3.1. Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

Mersen is a recognized expert in two main areas: advanced materials and electrical specialties. The Group holds leading positions in these sectors, developing innovative, high-quality and tailor-made solutions that are appreciated by customers operating in a wide range of markets.

Among these markets, electric vehicles (EVs) represent a strategic focus for medium-term development. Mersen offers two key product ranges here:

- Bus bars, which perform interconnection for battery cells and power electronics circuitry.
- Fuses, which protect equipment and users against electrical hazards.

As part of the double materiality assessment process set out in ESRS 2 IRO-1, one material risk was identified for end-users of our products: risk arising from a safety or security defect in the products sold. This risk specifically concerns our fuses for the electric vehicle market, identified as a critical area in this assessment.

3.3.1.1. Relationship between risks and dependencies on consumer/end-user impacts

Product safety and security is a real strategic challenge for Mersen. As a supplier of critical components for electric vehicles (EVs), the company has major safety responsibilities. A safety flaw in its products could entail major risks for end-users, plus significant repercussions for the company. Fuses, in particular, play a fundamental role in the safety and reliability of electric vehicles. A failure in this area can therefore have serious consequences:

For users:

- **Risk to physical safety:** a fault in the electrical system could cause a serious road accident for the driver of the vehicle.
- **Loss of confidence in electric vehicles:** incidents such as these can hinder consumer take-up of electric mobility, slowing market development.
- **Reputational impact:** users often associate safety problems with vehicle manufacturers, but suppliers such as Mersen might also be blamed.

For Mersen:

If Mersen products were found to be defective, the company could suffer substantial impacts:

- **Legal liability:** Mersen could be held liable for property damage or personal injury, resulting in costly legal proceedings.
- **Reputational damage:** a major flaw could tarnish Mersen's image.
- **Loss of customers:** carmakers and battery manufacturers could turn to competitors considered more reliable.
- **Financial impact:** product recalls, compensation or production stoppages ensuing as a result of a safety defect can lead to significant financial losses.

3.3.1.2. Relationship between risks/opportunities, strategy and business model

To confront these issues, Mersen puts safety at the core of its strategy, adopting several preventive approaches:

- **Innovation and rigorous testing:** Mersen invests in research and development to ensure that its products meet the toughest safety standards, by means of extensive testing under extreme conditions.
- **High quality standards:** Mersen's production processes comply with international certifications (ISO, IEC), to ensure product reliability.
- **Close collaboration with customers:** Mersen integrates automakers' specifications to its solutions, ensuring safety requirements are met.
- **Regulatory watch and compliance:** Mersen closely monitors regulatory developments in the electric vehicle sector to anticipate new requirements.

3.3.1.3. Types of end-user concerned by the identified risk

As an upstream supplier in the electric vehicle value chain, Mersen is far removed from endusers, who are mainly the drivers of these vehicles. Because of this distance, and the fact that electric vehicles are still an emerging market, the Group has only limited visibility today on how possible malfunctions might affect different end-user profiles.

3.3.2. Policies related to consumers and end-users (S4-1)

3.3.2.1. Fuse quality and safety procedure

All Mersen EV sites are certified to IATF 16949, a standard specific to the automotive sector. This means that they have documented processes on product safety in product management and manufacturing processes (IATF §4.4.1.2 Product Safety, VDA – German Association of the Automotive Industry and AIAG – Automotive Industry Action Group). These include:

- identification of legal and regulatory product safety requirements (VDA QMC Customer specific requirements);
- identification of characteristics having a bearing on product safety (VDA QMC Special characteristics);
- identification and production checks on items having a bearing on product safety, at the production stage at which these items are manufactured (internal procedure EVP06);
- special approvals of design & process FMEAs and monitoring plans;
- definition of responsibilities, escalation process and information flow, including management and customer notification (global procedure EVP00);
- identification by the organization or customer of training for personnel involved in producing products or carrying out processes relevant to safety;
- pre-implementation approval required for product or process modifications, including an assessment of potential safety impacts;
- product safety requirements extending throughout the entire supply chain;
- product traceability throughout the supply chain.

Safety/regulatory requirements are thus included in all the processes involved in the Mersen EV quality management system.

As required by some automotive customers, a Product Safety and Compliance Representative (PSCR) is appointed at each EV site following external qualification by the VDA QMC. The PSCR is the guarantor of product integrity, safety and compliance within the company, from the development phase through to end-of-life.

3.3.2.2. Environmental compliance procedure

The Group has an environmental compliance procedure to ensure the environmental safety and compliance of product lines (fuses and fusegear) sold within the European Union with regard to environmental regulations and directives, and to manage communication with the European market accordingly.

Mersen's various functions, and the **R&D** and **Purchasing** functions in particular, are responsible for compliance on product safety and environment matters. The R&D function is involved in the monitoring of products developed and modified, while the Purchasing function ensures that suppliers provide the required declarations of conformity.

Internal organization

- **R&D** is responsible for compliance with environmental standards including REACH, RoHS and WEEE. The **Environmental Compliance Manager** oversees the drafting of compliance declarations and supporting documentation, ensuring that they are accessible to all concerned within the company.
- The site **Health, Safety and Environment Manager** ensures that Safety Data Sheets are available and kept up to date.
- **Purchasing** is responsible for ensuring that Mersen's suppliers (particularly tier-1 suppliers) provide the necessary declarations concerning chemical substances, compliant with regulatory requirements.
- The **Marketing** Department also plays a role in compliance, by investigating and responding to market and customer expectations regarding product performance and compliance, and providing detailed information on product composition where necessary.

Communication with direct customers

Mersen sales teams provide customers with safety data sheets, declarations of conformity (REACH, RoHS) and detailed information on product composition, as requested.

3.3.2.3. Strategic human rights commitments, and alignment with international provisions

Customers have direct access to Mersen's human rights policy, anti-corruption code of conduct, code of ethics and ethics hotline.

3.3.3. Processes for engaging with consumers and end-users about impacts (S4-2)

Mersen's electric vehicles (EV) business places the Group in a leading OEM position (under contract to automakers) or a second-tier OEM position (under contract to OEMs that integrate our product(s) into systems that will equip electric vehicles). Mersen's operations necessarily involve regular work with both types of customer, through which we address the particular issues facing electric vehicle manufacturers and the needs that they must meet in order to satisfy their end customers.

3.3.3.1. Types of interaction with customers

Customer interaction involves regular visits:

- Close customer reach through regular interaction and frequent visits to customer sites, for a thorough understanding of their needs and expectations.
- Customer visits to Mersen's production facilities, at supplier audits or meetings with prospects, for a strong business relationship and to clearly demonstrate the credibility of the Mersen brand.
- Annual customer surveys, to gauge customer satisfaction, ensure a full understanding of their needs, and gather information on market dynamics and intentions, to inform our product plan and align our strategies.

SOCIAL INFORMATION

3.3.3.2. Customer viewpoint

The customer's viewpoint is of crucial importance for Mersen. During the product development phase, the customer is actively involved in product design, through regular exchanges between the customer and a team comprising members from engineering and sales functions. These interactions provide essential input for fine-tuning product specifications.

Once the product is validated, a sale contract is drawn up, detailing:

- Specifications on quality conditions.
- Procedures to follow in the event of non-compliance encountered before or after assembly, with details on who to contact in the sales team to deal with any such instance.

3.3.4. Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (S4-3)

3.3.4.1. Management of ethics-related incidents

Though the Mersen Group does not interact directly with the end-users of its products, it does have a whistleblowing system for transparent communication with its direct customers. This features a whistleblower protection policy and an ethics hotline open to all stakeholders, including customers. This hotline, accessible from the Mersen website, provides a secure means of reporting any ethical issues or incidents. For details of the procedure and associated corrective actions, see the section on ESRS G1-1.

3.3.4.2. Specific channels for direct input of customer concerns

In addition, customers can use a contact form available on the Group's website to submit complaints directly to the customer service department. This channel facilitates transparent communication to improve the quality of business interactions.

3.3.4.3. Complaint handling mechanisms

Defect reports are handled by the sales department or by the quality engineer, depending on the nature of the non-compliance, in accordance with the clauses of the sale contract. Management of non-compliance in products for the electric vehicle market complies with IATF, ISO 9001 and ISO 14001 standards.

3.3.5. Taking action on material impacts on consumers and endusers, and approaches to managing material risks and pursuing material opportunities related to consumers and endusers, and effectiveness of those actions (S4-4)

3.3.5.1. 2024 and future actions

In 2024, the Group updated its range of fuses to extend their protection range. It has also extended its production capacity in China, and in the short term plans to expand bus bar production at the Saint-Bonnet site in France, and potentially in the United States.

To strengthen customer relations, in 2024 the Group made a total of 70 visits to customers in Europe, China, Mexico and the United States, in addition to hosting some 30 visits to its production sites in these regions.

3.3.5.2. Results obtained

Through these visits, the Group developed its understanding of the specific needs and expectations of customers in the electric vehicle (EV) market, this being a crucial factor in the launch phase.

Investments in and development of the EV market offering will help support the Group's strategic growth plan in this segment.

3.3.5.3. Risk mitigation measures

Group strategy makes full allowance for the risk of product safety and security defects, as outlined in the section on S4 SBM-3. This risk, identified in the risk map updated in 2024, is managed in accordance with the internal risk management procedure, ensuring close alignment with sustainability issues.

3.3.6. Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S4-5)

The Group has not yet set specific targets for managing the material risk identified, due to its recent entry into the electric vehicle market and the low volume of user feedback available at this stage. During this introductory phase, the Group will be closely observing and analyzing the specific needs and challenges of this sector, in order to set appropriate and relevant objectives for the future.

4. BUSINESS CONDUCT (ESRS G1)

4.1. The role of the administrative, management and supervisory bodies (GOV-1)

4.1.1. Organization of ethics and compliance within the Group

The highest levels of Mersen are involved in ethics and compliance governance, including Executive Management and the Board of Directors through its Audit and Accounts Committee.

The Risk, Audit and Compliance Department develops and coordinates the Group's ethics and compliance policy effectively and sustainably.

It is tasked with (i) identifying and assessing any risks of non-compliance with laws or regulations that could damage the image, culture or financial stability of the Group, (ii) implementing appropriate procedures and processes to minimize such risks, (iii) informing and raising the awareness of Group employees of the main risks and (iv) managing the "ethics hotline."

It supports the development of the Group's ethics culture and dedicated tools, and ensures that action plans are properly implemented. In the event of an ethical and/or compliance related alert, the Committee is tasked with analyzing the situation and deciding on the measures to be taken. The Ethics and Compliance Department also works with:

- the Human Resources Department to prevent illicit work and harassment, protect whistleblowers, ensure compliance with labor laws and train employees;
- the Legal Department to ensure that regulations are interpreted properly;
- Internal Audit, which takes compliance issues into account in its audit program and guidelines, and verifies that the related procedures are properly applied;
- specialized committees (CSR, MAR⁽¹⁾, HSE⁽²⁾, etc.) that deal with compliance.

Work on ethics and compliance is supervised by an Ethics and Compliance Committee comprising the Group's Chief Executive Officer, the Chief Financial Officer, the Vice President, Human Resources, the General Counsel and the Vice President Group, Risks, Audit and Compliance and the Group Compliance Officer. It meets quarterly. It can also meet on an as-needed basis, particularly in the event of an ethics alert.

The VP Group, Risks, Audit and Compliance reports to the Audit and Accounts Committee on his ethics and compliance work at least once a year.

4.1.2. Policy monitoring procedures

The Ethics and Compliance Committee oversees policy implementation and periodically assesses emerging risks.

The Group measures the effectiveness of its policies through internal audits and compliance assessments. The results are regularly reported to the Ethics and Compliance Committee and integrated into a continuous improvement methodology.

The internal control process ensures that concerns about unlawful conduct or conduct in breach of the code of conduct are managed rigorously, transparently and appropriately. It is essential to strengthening the Group's culture of integrity and meeting stakeholder expectations. This is a key control point in the internal control manual, and each subsidiary manager is required to sign an annual internal control paper to confirm that it is properly implemented.

Regular reports on trends and outcomes in whistleblowing are submitted to the Ethics and Compliance Committee and the Executive Committee, and a report is submitted to the Audit and Accounts Committee at least once a year.

Our internal policies and processes respond to input from the whistleblowing mechanism in order to prevent the recurrence of non-compliant behavior. This gave rise to an update of the procedure in 2023.

Mersen monitors the application and effectiveness of its policies through specific key performance indicators (KPIs) including:

- Number of ethics incidents reported and resolved;
- Employee participation rate in Code of Conduct training;
- Supplier CSR ratings.

4.1.3. Responsibilities on ethical business policies

4.1.3.1. Strategic responsibility

The Executive Committee handles overall supervision of business conduct and corporate culture policies. This involves:

- Validating the strategic orientations and priorities on business conduct and corporate culture;
- Monitoring key performance indicators and ensuring they are consistent with Mersen's commitments.

The Audit and Accounts Committee ensures that appropriate ethics and compliance processes are in place. This involves annual reports from the VP Group, Risks, Audit & Compliance.

(1) Market Abuse Regulation.

(2) Health, Safety, Environment.

BUSINESS CONDUCT

4.1.3.2. Executive responsibility

Operational implementation of policies is overseen by the Ethics and Compliance Committee, whose main role is to:

- Supervise the implementation of policies in all business units and subsidiaries;
- Guarantee mobilization of the human and financial resources needed to achieve the objectives set;
- Ensure coordination between the various departments concerned (legal, HR, compliance, internal control);
- Review periodic progress reports and approve any necessary corrective measures.

4.1.3.3. Operational coordination

The VP Group, Risks, Audit & Compliance is responsible for:

- Employee awareness and training on policies and best practices;
- Follow-up on reported incidents and coordination of internal investigations;
- Communication of policy updates to all internal and external stakeholders.

To ensure consistency in policy implementation, regular reports are submitted to the Ethics and Compliance Committee and, once a year, to the Audit and Accounts Committee.

4.2. Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)

The material impacts (actual or potential), risks and opportunities in relation to ESRS G1 were initially derived from a selection of CSR topics that may apply to Mersen, including:

- Business ethics;
- Political influence and lobbying activities;
- Over-regulation;
- Responsible supply chain.

The impacts were assessed with the help of internal stakeholders knowledgeable about the subject matter, via questionnaires and workshops. Impact materiality was assessed according to four parameters: magnitude, scope, irremediable nature (in the event of a negative impact) and probability of occurrence. Risks were assessed according to their severity, while opportunities were assessed according to the magnitude of their effects, their likelihood of occurrence and their evolution over time.

The matter of political influence and lobbying activities was found to be non-material.

4.2.1. Impacts

The Group has a real positive impact in terms of business ethics, particularly on employees, who can qualify for whistleblower status and rely on a support structure to protect them. This encourages employees to report situations that are potentially dangerous for both the company and themselves.

The Group also has a real and positive impact in terms of responsible supply chain management, thanks to its responsible practices in selecting suppliers (Tier 1) and its sustainable sourcing policy. It is a reflection of the strong partnerships between Mersen and its suppliers in ensuring sustainable sources of supply.

The Group exerts a positive influence on its supply chain through its purchasing policy and its dedicated charter for responsible procurement. In addition, its whistleblower protection policy covers the upstream and downstream value chains.

There is, however, a potential negative impact related to the failure of our suppliers and subcontractors to respect human rights. It should be noted that the Group has a very broad supplier base and that the biggest supplier accounts for less than 1% of purchases.

4.2.2. Risks and opportunities

Risks identified as material were linked to the issues of business ethics and over-regulation. These risks are primarily:

- Employee non-compliance with internal ethical rules. This risk is effectively managed through such guidelines as the Code of Ethics, the Anti-Corruption Code and the manual on anti-competitive practices, as well as various procedures relating to conflicts of interest, donations, patronage, gifts and hospitality, in accordance with France's Sapin II law;
- Failure or lack of due diligence in the face of increased environmental and social regulations, leading to local non-compliance;
- Non-compliance with international regulations, sanctions, embargoes, export controls. The risk of non-compliance with international regulations related to sanctions, embargoes and export controls is managed through a rigorous procedure (OFAC rules, embargoes, dual-use exports and export controls).

The assessment did not identify any opportunities related to the business conduct topic.

4.3. Corporate culture and business conduct policies (G1-1)

Mersen's business conduct and corporate culture policies aim to establish and maintain high standards of ethics, accountability and transparency throughout all of the organization's activities. Global management of these policies is governed by the following rules.

4.3.1. Promoting corporate culture

Mersen fosters a culture of integrity and accountability at all levels of the organization. Our core values permeate every aspect of our business:

- people first: health & safety, respect, people development;
- cross collaboration: trust, open-mindedness, collective intelligence;
- innovate for our customers: deep understanding of customers & markets, customer orientation, co-development;
- one step ahead: continuous improvement, open to challenges, balanced achievement.

This enables us to build lasting trust-based relationships with our stakeholders.

The Mersen group's development owes a great deal to the trust and confidence we inspire in all stakeholders, particularly our employees, customers and suppliers, investors and banks, and shareholders. This is reflected through values and ethics that are shared by all of its employees and applied responsibly, at all levels, from site management and human resources to financial transparency, anti-corruption and, of course, an ambitious sustainable development policy.

Mersen's regulatory environment is becoming increasingly complex. This is particularly apparent with regulations concerning competition law, anti-corruption, export control, embargoes, economic sanctions and other restrictions imposed by certain countries.

Mersen's corporate governance policy is in line with the legislative and regulatory provisions applicable to listed companies in France and the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies to which the Company refers. Executive Management has a strong commitment to the respect for business ethics; it takes an active part in the compliance program and monitors its proper application through dedicated governance.

4.3.2. Activities covered by business conduct and corporate culture policies

Mersen's business conduct and corporate culture policies apply to all operational activities, including:

- Internal processes (human resources, purchasing, sales, R&D, etc.);
- Innovation projects and strategic initiatives;
- Interactions with customers and tier-1 suppliers.

These policies specify the behaviors expected at every stage of our activities, and ensure that our practices are consistent with our ethical, environmental and social commitments.

4.3.3. Upstream and/or downstream value chain

Upstream:

The policies apply to our tier-1 suppliers, subcontractors and direct supply-chain partners. They include specific criteria on human rights, anti-corruption and environmental sustainability.

Mersen issues its "Purchasing Charter for a Responsible Supply Chain" to its partners, who are invited to sign it and implement practices in line with our ethical commitments.

Downstream:

The principles set out in our policies also extend to our customers and distributors, especially as regards anti-corruption measures and the final destination of goods (sensitive products and compliance with embargoes).

For some products there are compliance requirements on product usage, to limit negative impacts on end-users.

4.3.4. Geographical scope

Mersen's business conduct and corporate culture policies apply to all legal entities and all operations in countries covered by Mersen, directly or indirectly.

Particular attention is paid to areas considered subject to risk, such as countries with weak regulatory frameworks or more exposed to risks of corruption or human rights violations.

Specific assessments are carried out to adapt our policies to local contexts while respecting our global commitments.

BUSINESS CONDUCT

4.3.5. Stakeholders affected

Under our business conduct and corporate culture policies, Mersen recognizes the importance of stakeholder interests. These policies aim to balance the expectations and address the concerns of internal and external stakeholders, while ensuring alignment with our ethical, social and environmental commitments.

Stakeholders affected by the policies include:

Employees:

All Group employees, as key players in the implementation of our corporate culture, are subject to the rules set out in our policies. Specific training courses are offered to help employees better understand and commit to these policies.

Suppliers and subcontractors:

Our suppliers and subcontractors are invited to sign our "Purchasing Charter for a Responsible Supply Chain" as proof of their commitment. Strategic suppliers have completed a CSR self-assessment questionnaire.

Direct customers:

Verifications are carried out across all our customers to check the final destination of our products. In addition, customers are required to sign a certificate of compliance declaring that neither any entity of their corporate groups, nor their directors, officers or managers, are or have been listed on a sanctions list at any time, or have acted on behalf of or on the instructions of a person listed on a sanctions list.

Investors and regulators:

Mersen's business conduct and corporate culture policies meet investors' expectations on responsible governance and compliance with local and international regulatory frameworks.

Local communities:

In all the areas where the Group operates, it takes measures to minimize negative impacts and foster positive relations with communities.

Authorities:

The authorities are interested in our legal and regulatory compliance with, for example, the requirements of the Sapin II anti-corruption law or the General Data Protection Regulation.

4.3.6. Description of policies

Mersen's business conduct and corporate culture policies are set out below:

4.3.6.1. Code of Ethics**Objectives and scope**

Mersen has implemented a Code of Ethics which sets out the collective and individual commitment of Mersen and its employees to establish and build on mutual trust both within the Group and with all our stakeholders. It applies to all Mersen employees, irrespective of the country in which they work or their position, as well as to the Chief Executive Officer and the members of the Board of Directors, and formalizes the Group's reciprocal commitments to:

- its employees;
- its external stakeholders;
- civil society.

Third-party standards or initiatives

Mersen's Code of Ethics aligns fully with the principles of the United Nations Global Compact, to which Mersen has been a signatory since 2009. The first two of these principles call on businesses to "support and respect the protection of international human rights within their sphere of influence" (principle 1) and "ensure that their companies are not complicit in human rights abuses" (principle 2).

4.3.6.2. Anti-Corruption Code of Conduct**Objectives and scope**

Under France's Sapin II law, Mersen applies a code of conduct that clearly specifies the behaviors expected of our employees, managers and business partners. Its aim is to prevent and sanction non-compliant behavior such as corruption, harassment or conflicts of interest.

The code covers key areas including:

- specific rules for public officials;
- gifts and hospitality;
- donations, patronage and sponsorship;
- facilitation payments;
- third-party due diligence;
- conflicts of interest;
- accounting records and internal controls.

Third-party standards or initiatives

Our procedures specify the application of Transparency International's recommendations on reinforcing the fight against corruption and on transparency and ethics in business relationships.

4.3.6.3. Personal data protection

Objectives and scope

Mersen runs robust policies that comply with the GDPR (General Data Protection Regulation) and other applicable legal frameworks. These policies include:

- Collection and processing of data only within the legally defined framework, with the clear and informed consent of the parties concerned;
- Security measures to protect data against unauthorized access, loss or misuse, through mature and rigorous system security.

Third-party standards or initiatives

Mersen complies with local and regional regulations, including the GDPR (General Data Protection Regulation), for the management of personal data, through the appointment of a data protection correspondent in each subsidiary.

4.3.6.4. Export Control Manuals

Objectives and scope

In compliance with international and local trade and export regulations, Mersen applies rigorous procedures to ensure that our products, services and technologies are not used inappropriately or in violation of the law.

Mersen has provided its subsidiaries with export control manuals covering:

- classification of products and services in accordance with applicable export control lists;
- verification of business partners to prevent transactions with entities or individuals subject to sanctions;
- approval and documentation process for all sensitive exports.

These manuals meet several strategic and operational objectives, including:

- Guaranteeing legal compliance;
- Preventing operational risks;

- Ensuring the consistency of practices throughout the Group;
- Developing stakeholder responsibility;
- Protecting the Company's reputation and competitiveness.

Third-party standards or initiatives

Our export control policies are based on:

- Export control lists issued by the relevant authorities, notably in Europe and the United States;
- International regulations, such as the Arms Trade Treaty and restrictions regarding countries under sanctions.

4.3.6.5. Measures to protect whistleblowers on its workforce against retaliation, in accordance with applicable legislation transposing Directive (EU) 2019/1937 of the European Parliament and of the Council

Under France's Sapin II law (no. 2016-1691 of December 9, 2016) and the "Waserman law" of March 21, 2022 on improving whistleblower protection, Mersen implements strict measures to protect whistleblowers, as specified in the whistleblowing procedure updated in October 2023 and notified to all subsidiary directors. These measures are as follows:

- Protection against retaliation, including a zero-tolerance policy against any form of retaliation, including dismissal, demotion or discrimination;
- Guaranteed confidentiality: whistleblowers' identities are strictly protected, and access to information on them is restricted;
- Whistleblowers are kept regularly informed of the progress in and the outcomes of investigations into their reports. Details on training on the whistleblowing procedure are given in G1-3, section 4.5.2.

Mersen's procedure for prompt and objective handling of alerts is outlined under G1-3, section 4.5.1.3.

4.4. Management of relationships with suppliers (G1-2)

4.4.1. Payment terms

Group sites comply with local regulations on payment terms (LME law in France).

The Accounting and Management Control Department, which reports to the Group Finance Department, is responsible for ensuring that payment terms are met. To do this, it uses input from internal control and site financial controllers.

The Group conducts its business according to ambitious responsible development values and goals. It is committed to improving its social and environmental practices in order to bring responsibly developed products to market. This commitment is expressed in its Sustainable Procurement Charter, which covers both its internal practices and those of its suppliers.

Mersen's Sustainable Procurement Charter is outlined in ESRS S2 section 3.2.1.3. It covers:

- Suppliers' commitments on respect for human rights, prevention of child labor, personnel safety and protection, and healthy working environments;
- Our procedure for selecting suppliers through CSR assessments;
- Conditions on meeting sustainability criteria to obtain preferred supplier status.

The charter is issued to all the Group's suppliers, who are asked to sign it.

Mersen suppliers and subcontractors commit to applying the highest standards of business and personal ethics and to following all applicable laws and regulations in the countries where they operate.

Mersen's whistleblowing procedures are accessible to all suppliers.

4.4.2. Compliance with conflict minerals regulations

Pursuant to European Regulation (EU) 2017/821 on conflict minerals and the equivalent US legislation (section 1502 of the Dodd Frank Act), the Group is strengthening its processes to track conflict minerals throughout the supply chain in order to identify and assess supply risks related to minerals from conflict-affected areas.

Moreover, the Group's Purchasing Charter for a Sustainable Supply Chain sets out the commitments that suppliers have to make concerning the sourcing of tantalum, tin, tungsten and gold (and any other substances that could be added to the list of conflict minerals in the future) used in products they supply to the Group.

Conflict Minerals Reporting Templates (CMRTs) are available on Mersen's website. Corrective measures may be put in place if necessary.

To the best of its knowledge, the Group does not use materials from conflict zones.

4.4.3. Export control

Actions on compliance with international sanctions and embargo regulations are set out in an export control policy.

In the conduct of its business, Mersen must comply with all applicable export control regulations and sanctions programs throughout its value chain. A compliance program has been drawn up for the people responsible for these controls in each of the Group's operating units. Key personnel are trained in export control regulations, and carry out all the necessary verifications before accepting orders. The Group has also appointed expert advisors for each activity, who are available to answer any technical questions that site personnel might have on these matters.

Due to the potentially serious consequences of non-compliance with any law regarding export control or sanctions, Mersen sites must have a full understanding of their obligations in order to ensure full compliance. Export regulations apply to sales and purchases, whether directly with customers or suppliers, or indirectly through distributors, agents, etc.

4.5. Prevention and detection of corruption and bribery (G1-3)

4.5.1. Mechanisms for managing concerns on conduct that is unlawful or in breach of the code of conduct

4.5.1.1. Purpose of whistleblowing mechanisms

Mersen is committed to maintaining an ethical and transparent working environment, in which concerns about unlawful conduct or conduct in breach of the Code of Ethics and Anti-Corruption Code of Conduct can be reported and dealt with effectively, confidentially and fairly. In this regard it operates mechanisms designed to:

- Rapidly identify behavior liable to harm Mersen's ethics, compliance or reputation;
- Protect employees and stakeholders against any form of retaliation;
- Foster a strong ethics and compliance culture.

A procedure relating to this system and whistleblowers was reviewed in 2023 and distributed to managers and the HR network. It is available on the Group's intranet and corporate website. It describes the process for handling reports and the protection measures for whistleblowers. Mersen is committed to ensuring that no disciplinary measures are taken against whistleblowers acting in good faith, and to preserving their anonymity in accordance with the regulations applicable to whistleblowers.

4.5.1.2. Available whistleblowing mechanisms

To ensure that concerns are identified and reported, the Group has set up two reporting channels accessible to all internal (employees) or external (e.g., customers and suppliers) stakeholders:

- the ethics hotline, an anonymous and secure reporting system, accessible round the clock by email: ethics@mersen.com;
- a contact form accessible from the Group's website (www.mersen.com).

Only the Group Compliance Officer and Group Vice President for Human Resources are authorized to receive these reports and are required to deal with them with due care.

4.5.1.3. Report handling process

Reception and recording

All reports received through the above channels are stored on a secure and confidential server, complying with legal requirements, including those of the GDPR (General Data Protection Regulation).

Each report is assigned a unique reference to ensure transparent and rigorous follow-up.

Preliminary assessment

An initial analysis is performed to assess the seriousness and validity of the reported concern.

Reports considered unfounded or outside the scope of our business conduct policies are documented and closed without further action, and the person submitting the alert notified accordingly where appropriate.

In-depth investigation

Reports requiring investigation are handled by a specific team as set out in the whistleblowing procedure.

Resolution and corrective action

If unlawful behavior or breach of the code of conduct is confirmed, corrective or disciplinary measures are taken immediately.

In certain cases, serious incidents may be reported to the relevant authorities, in accordance with our legal obligations.

4.5.2. Training system - Strategy on training in business conduct and identification of at-risk functions

4.5.2.1. Ethics training

A specific communication and training plan has been rolled out throughout the Group to raise awareness of the ethical behavior to be adopted and to prevent undue internal and external solicitations. Initial training was taken by all employees from 2018. The Code of Ethics e-learning module was updated and expanded in 2021. It is aimed at all employees. Newcomers are required to complete the module. Employees with a Mersen computer are required to take it once every two years. For other employees, a new system has been introduced under the new Mersen People HRIS to enable them to connect to the platform.

All employees receive initial training on the whistleblowing process and the role, rights and protection of whistleblowers.

BUSINESS CONDUCT

4

4.5.2.2. Training on competition law

Through the Group's training program on compliance with competition law, employees exposed to competition law risks develop a sound understanding of how competition law applies to the day-to-day conduct of Mersen's business.

The program provides guidelines on compliance with competition law and identifies situations in which Mersen employees should seek advice and prior approval from the Group Legal Department before acting.

This training was updated in 2024. It is now available on the Group's e-learning platform, Mersen Academy. It is mandatory for the categories of people with the greatest exposure to the issue, mainly people in the sales and purchasing functions (around 1,300 people).

4.5.2.3. Anti-corruption training

An anti-corruption training course first implemented in 2018 is given to all employees directly exposed to these issues due to their departments (e.g., sales, procurement, finance) or position (management staff). This training course went online in 2020, on the Mersen Academy e-learning platform. It is compulsory for all newcomers joining the Group in one of the aforementioned positions that are the most exposed to corruption risks.

The aim of the course is to build awareness on corruption risks, legal obligations, and best practices to prevent and combat corruption.

Training covers the following points:

- Definition of key concepts regarding corruption, including the difference between active and passive corruption, and the different forms of corruption (bribery, influence peddling, favoritism, conflicts of interest, etc.);
- Legal and regulatory frameworks, with priority given to France's Sapin II law (which applies to all Mersen entities), the FCPA in the United States, and the UK Bribery Act, and on criminal and civil sanctions and liabilities;
- Prevention, control, detection and response mechanisms, including instructions on responses to suspicion and reports.

On completion, employees fill out a questionnaire to assess what they have learned, requiring a minimum of 80% to pass the training.

By 2024, 98% of employees targeted by this training had passed their course.

4.5.2.4. Training on protection of whistleblowers

Communication, awareness-raising and training for managers and employees are essential in explaining Mersen's Ethics and Compliance policy.

The mandatory ethics training includes provision of the Code of Ethics, with details on the ethics hotline and the associated whistleblowing form accessible on the Group's website (www.mersen.com).

The MersenOne Group intranet gives each employee easy access to all of the Group's charters, codes and policies.

Mersen's whistleblowing procedure, updated in October 2023, facilitates prompt, independent and objective investigation into incidents concerning business conduct, including cases of corruption and bribery.

The VP Group, Risks, Audit and Compliance and the VP Human Resources are the only persons authorized to receive reports via the channels provided for this purpose (ethics line and form on the Mersen corporate website) and to process them with all due diligence.

By virtue of their duties within the Group, they are well acquainted with the notions of confidentiality, neutrality and impartiality in the handling of reports, and in 2019 attended forensic audit training by an external firm on best practices in investigation.

If a report proves too complex to process internally, the Ethics and Compliance Committee is contacted to approve an external forensic audit, under direct supervision by the VP Group, Risks, Audit and Compliance. This can apply to reports on business conduct, including incidents of corruption and bribery.

4.6. Confirmed incidents of corruption or bribery (G14)

The Anti-Corruption Code of Conduct presents the rules to be implemented and respected in order to combat corruption at all levels and in all countries where Mersen is present.

A map of the Group’s corruption risks was established in 2023, with a particular focus on the support functions.

Corruption risk mapping is performed each year for certain corruption-sensitive countries (based on the Transparency International classification). Mapping has been performed for eight countries since 2020.

There have been no cases of corruption or bribery in 2024. One case of conflict of interest is currently being analyzed.

An action plan is developed to improve the control of risks. This is monitored by the Group’s Risk, Audit and Compliance department and has been presented to the Ethics and Compliance Committee.

For 2024, it includes:

- Full review of the Group’s Code of Ethics and Anti-Corruption Code;
- Additional training for employees on anti-corruption measures and relationships with third parties of potential risk;

- Dynamic assignment of anti-corruption training for the employees most exposed, under Mersen’s new Learning Management System;
- Update of the gifts and hospitality procedure and provision of an “expense claim” procedure;
- Reminder on the rules governing calls to tender, through an update to the Purchasing Charter for a Sustainable Supply Chain;
- Updated conflict of interest procedure and global centralization of all declarations;
- Systematic assessment of third parties and partners, including intellectual service providers (except regulated professions) and NGOs, by an update to the third-party control system.

	2024
Number of convictions	0
Amount of fines for violation of anti-corruption and anti- bribery laws	€0

4.7. Payment practices (G1-6)

Detailed information on supplier and customer payment terms is published for the parent company Mersen SA only (see chapter 3, section 13.2).

At Group level, details of trade receivables are published in note 11 of chapter 6. Payment terms are not consolidated at Group level but monitored locally.

REPORT BY THE STATUTORY AUDITOR RESPONSIBLE FOR THE CERTIFICATION OF SUSTAINABILITY INFORMATION AND VERIFICATION OF THE DISCLOSURE REQUIREMENTS UNDER ARTICLE 8 OF REGULATION (EU) 2020/852 YEAR ENDED DECEMBER 31, 2024

This is a translation into English of the Statutory Auditor's report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852 of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and the H2A guidelines on "Limited assurance engagement – Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852".

To the Shareholders of Mersen SA,

This report is issued in our capacity as Statutory Auditor responsible for the certification of sustainability information. It covers the sustainability information and the information required by Article 8 of Regulation (EU) 2020/852, relating to the financial year ended December 31, 2024 and included in Chapter 4 of the Group's management report.

Pursuant to Article L.233-28-4 of the French Commercial Code (*Code de commerce*), Mersen is required to include the abovementioned information in a separate section of its management report. This information has been prepared in the context of the first-time application of the aforementioned articles, a context characterized by uncertainties regarding the interpretation of the legal texts, the use of significant estimates, the absence of established practices and frameworks, in particular for the double materiality assessment, and an evolving internal control system. It provides an understanding of the impact of Mersen's activity on sustainability matters, as well as the way in which these matters influence the development of its business, performance and position. Sustainability matters include environmental, social and corporate governance matters.

Pursuant to II of Article L.821-54 of the aforementioned Code, our responsibility is to carry out the procedures necessary to issue a conclusion, expressing limited assurance, on:

- compliance with the sustainability reporting standards adopted pursuant to Article 29^{ter} of Directive (EU) 2013/34 of the European Parliament and of the Council of December 14, 2022 (hereinafter ESRS for European Sustainability Reporting Standards) of the process implemented by Mersen to determine the information reported, and compliance with the requirement to consult the social and economic committee provided for in the sixth paragraph of Article L.2312-17 of the French Labor Code (*Code du travail*);
- compliance of the sustainability information included in Chapter 4 of the management report with the requirements of Article L.233-28-4 of the French Commercial Code, including with the ESRS; and
- compliance with the requirements set out in Article 8 of Regulation (EU) 2020/852.

This engagement is carried out in compliance with the ethical rules, including those on independence, and quality control, prescribed by the French Commercial Code.

It is also governed by the H2A guidelines on limited assurance engagements on the certification of sustainability information and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852.

In the three separate parts of the report that follow, we present, for each of the parts covered by our engagement, the nature of the procedures we carried out, the conclusions we drew from these procedures and, in support of these conclusions, the elements to which we paid particular attention and the procedures we carried out with regard to these elements. We draw your attention to the fact that we do not express a conclusion on any of these elements taken in isolation and that the procedures described should be considered in the overall context of the formation of the conclusions issued in respect of each of the three parts of our engagement.

Finally, where it was deemed necessary to draw your attention to one or more items of sustainability information provided by Mersen in the group management report, we have included an emphasis of matter paragraph hereafter.

The limits of our engagement

As the purpose of our engagement is to provide limited assurance, the nature (choice of techniques), extent (scope) and timing of the procedures are less than those required to obtain reasonable assurance.

Furthermore, this engagement does not include assurance on the viability or the quality of Mersen's management; in particular, it does not provide an assessment of the relevance of the choices made by Mersen in terms of action plans, targets, policies, scenario analyses and transition plans, that extends beyond compliance with the ESRS reporting requirements.

It does, however, allow us to express conclusions regarding the process for determining the sustainability information to be reported, the sustainability information itself, and the information reported pursuant to Article 8 of Regulation (EU) 2020/852, as to the absence of identification or, on the contrary, the identification of errors, omissions or inconsistencies of such importance that they would be likely to influence the decisions that readers of the information subject to this engagement might make.

Our engagement does not cover any comparative data.

Compliance with the ESRS of the process implemented by Mersen to determine the information reported

Nature of the procedures carried out

Our procedures consisted in verifying that:

- the process defined and implemented by Mersen has enabled it, in accordance with the ESRS, to identify and assess its impacts, risks and opportunities related to sustainability matters, and to identify the material impacts, risks and opportunities that are disclosed in Chapter 4 of the management report; and
- the information provided on this process also complies with the ESRS.

Conclusion of the procedures carried out

On the basis of the procedures we carried out, we did not identify any material errors, omissions or inconsistencies regarding the compliance of the process implemented by Mersen with the ESRS.

Emphasis of matter

Without qualifying the conclusion expressed above, we draw your attention to the information provided in Chapter 4 of the management report, particularly in sections 1.1.2.2 "Limitations due to first-time application (BP-2)" and 1.4.1.2 "Methodological limitations (IRO-1)", which set out the approach for reporting on the value chain.

Elements that received particular attention

The elements to which we paid particular attention concerning the compliance with the ESRS of the process implemented by Mersen to determine the information reported are presented below.

- Concerning the identification of impacts, risks and opportunities

Information concerning the identification of impacts, risks and opportunities can be found in Chapter 4, sections 1.4.1 "Description of the processes to identify and assess material impacts, risks and opportunities" and 1.4.2 "Disclosure Requirements in ESRS covered by the undertaking's sustainability statement" of the Group's management report.

We reviewed the entity's process for identifying actual and potential impacts (positive and negative), risks and opportunities ("IROs") in relation to the sustainability issues set out in paragraph AR 16 of ESRS 1 "Application requirements" and, where applicable, those specific to the entity, as presented in section 1.3.3.5 "Company-specific matters" of the Group's management report.

In particular, we assessed the approach taken by the entity to determine its impacts and dependencies, which may be a source of risks or opportunities, including any stakeholder engagement undertaken.

We also assessed the completeness of the activities included in the scope used to identify IROs.

We reviewed the map drawn up by the entity of the IROs identified, including a description of their distribution in the entity's own operations and value chain, as well as their time horizon (short, medium or long term), and we assessed the consistency of this map with our knowledge of the entity and, where applicable, with the risk analyses carried out by Group entities.

We assessed:

- the hybrid approach used by the entity to gather information on subsidiaries;
 - the way in which the entity considered the list of sustainability topics listed in ESRS 1 (AR 16) in its assessment;
 - the consistency of the actual and potential impacts, risks and opportunities identified by the entity through the available sector analyses;
 - the consistency of the actual and potential impacts, risks and opportunities identified by the entity, in particular those that are specific to it, because they are not covered or insufficiently covered by the ESRS, with our knowledge of the entity;
 - how the entity has taken different time horizons into consideration, particularly with regard to climate matters;
 - whether the entity has taken into account the risks and opportunities that may arise from both past and future events as a result of its own operations or business relationships, including the actions undertaken to manage certain impacts or risks;
 - whether the entity has taken account of its dependencies on natural, human and/or social resources in identifying risks and opportunities.
- Concerning the assessment of impact materiality and financial materiality

Information on the assessment of impact materiality and financial materiality is provided in Chapter 4, section 1.4.1 "Description of the processes to identify and assess material impacts, risks and opportunities" of the Group's management report.

Through interviews with management and inspection of the available documentation, we obtained an understanding of the impact materiality and financial materiality assessment process implemented by the entity, and assessed its compliance with the criteria defined by ESRS 1.

In particular, we assessed the way in which the entity has established and applied the materiality criteria defined by ESRS 1, including those relating to the setting of thresholds, in order to determine the material information disclosed:

- in respect of indicators relating to material IROs identified in accordance with the relevant topical ESRS;
- in respect of information that is specific to the entity.

Compliance of the sustainability information included in Chapter 4 of the management report with the requirements of Article L.233-28-4 of the French Commercial Code, including with the ESRS

Nature of the procedures carried out

Our procedures consisted in verifying that, in accordance with legal and regulatory requirements, including the ESRS:

- the disclosures provided provide an understanding of the general basis for the preparation and governance of the sustainability information included in Chapter 4 of the management report, including the general basis for determining the information relating to the value chain and the exemptions from disclosures used;
- the presentation of this information ensures its readability and understandability;
- the scope chosen by Mersen for providing this information is appropriate; and
- on the basis of a selection, based on our analysis of the risks of noncompliance of the information provided and the expectations of users, this information does not contain any material errors, omissions or inconsistencies, i.e., that are likely to influence the judgment or decisions of the users of this information.

Conclusion of the procedures carried out

Based on the procedures we carried out, we did not identify any material errors, omissions or inconsistencies regarding the compliance of the sustainability information included in Chapter 4 of the management report with the requirements of Article L.233-28-4 of the French Commercial Code, including the ESRS.

Emphasis of matter

Without qualifying our conclusion, we draw your attention to the information provided in Chapter 4 of the management report and more specifically in section 1.1.2 "Disclosures in relation to specific circumstances (BP-2)", which contains information on sources of uncertainty, methodological limitations related to certain indicators and undisclosed or partially disclosed information, in particular the limits of the scope and calculation of Scope 3 GHG emissions, product life and recyclability rates and the definition and scope of indicators relating to payment terms.

Elements that received particular attention

The elements to which we paid particular attention concerning the compliance of the information disclosed with the ESRS are presented below.

Information provided in application of the environmental standard ESRS E1

The information disclosed with regard to climate change (ESRS E1) is set out in Chapter 4, section 2.1 "Climate change" of the Group's management report.

Our audit procedures mainly consisted in:

- on the basis of interviews with management and people concerned, in particular the Operational Excellence Department, assessing the policies, actions and targets (in terms of sales intensity) in place as implemented by the entity, and whether these cover the following matters: climate change mitigation, climate change adaptation, energy efficiency, renewable energy;
- on the basis of a document review and reconciliation with energy data, assessing renewable electricity purchase agreements in place as well as volumes covered by these agreements;
- on the basis of a document review, assessing the greenhouse gas emission reduction/avoidance projects in place supported by the entity and related to carbon credits.

With regard to the information reported on energy consumption and the greenhouse gas emissions statement:

- we obtained an understanding of the reporting and control procedures implemented by the Group for the data used for Scopes 1 and 2, and on a selection of the data used for Scope 3, with a view to ensuring the conformity of the information published;
- we obtained an understanding of the greenhouse gas emissions protocol used by the Group to measure its emissions, and assessed its application;
- with regard to Scopes 1 and 2, we reviewed the application of energy consumption reporting procedures at a selection of sites, and we reconciled the underlying data used to measure greenhouse gas emissions with underlying documentation using sampling techniques;
- with regard to Scope 3 emissions, we assessed:
 - the justification for the inclusions and exclusions of the various categories and the transparency of the information provided in this respect,
 - the information gathering process, in particular for category 1 (purchases of goods and services) and category 2 (capital goods), and the methodological choices made;
- we assessed the appropriateness of the emission factors used and the calculation of the relevant conversions, as well as the calculation assumptions, taking into account the inherent uncertainty related to the state of scientific or economic knowledge and the quality of the external data used;

- we gained an understanding of the main changes in activities during the year that could have an impact on the greenhouse gas emissions statement;
- we performed analytical procedures;
- we checked the mathematical accuracy of the main calculations used to establish this information.

Information provided in application of social standards (ESRS S1)

Disclosures regarding the company's own workforce (ESRS S1) can be found in Chapter 4, section 3.1 "Own workforce" of the Group's management report.

We performed the following procedures on this information:

- on the basis of interviews conducted with management or people we deemed appropriate:
 - we gained an understanding of the process for collecting and compiling qualitative and quantitative information for publication in the sustainability report,
 - we examined the available underlying documentation,
 - we carried out procedures to verify the correct consolidation of this data,
 - we assessed whether the policies, actions and targets as described and implemented by the entity cover the following matters: human rights, diversity and inclusion, health and safety, social protection, and pay;
- we assessed the appropriateness of the disclosures provided in section 3.1 "Own workforce" of the Social section of the sustainability information included in the Group's management report, and their overall consistency with our knowledge of the Group.

We also:

- assessed the scope of the information provided;
- defined and performed analytical procedures adapted to the information under review;
- examined the supporting documentation against relevant information using sampling techniques.

We checked the mathematical accuracy of the calculations used to establish this information, where applicable.

Compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852

Nature of the procedures carried out

Our procedures consisted in verifying the process implemented by Mersen to determine the eligible and aligned nature of the activities of the entities included in the consolidation, in a context where the complexity of European regulations concerning pollutants and the extent of the debates concerning the DNSH pollution methodology (Appendix C) and all other derogations make it challenging for companies to exhaustively identify pollutants and collect the related data.

They also involved verifying the information reported pursuant to Article 8 of Regulation (EU) 2020/852, which involves checking:

- compliance with the rules governing the presentation of this information to ensure that it is readable and understandable;
- on the basis of a selection, the absence of material errors, omissions or inconsistencies in the information provided, i.e., information likely to influence the judgment or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we carried out, we did not identify any material errors, omissions or inconsistencies in relation to compliance with the requirements of Article 8 of Regulation (EU) 2020/852.

Elements that received particular attention

We established that there were no such elements to address in our report.

Neuilly-sur-Seine, March 28, 2025

One of the Statutory Auditors

Grant Thornton
French member of Grant Thornton International

Antoine Zani
Partner

4 BIS

OTHER SUSTAINABILITY INFORMATION

1. CSR RATINGS	196
2. PROGRESS ON THE 2022-2027 ROADMAP	197
3. BIODIVERSITY PROTECTION	198
4. WATER CONSUMPTION	199
5. INFORMATION SYSTEMS PROTECTION	200
6. A RESPONSIBLE TAXPAYER	201

The information presented in this section is not material within the meaning of the CSRD and has not been verified by our sustainability auditor. Our various stakeholders nevertheless still require such information, particularly within the scope of ESG questionnaires.

CSR RATINGS

1. CSR RATINGS

Mersen's social responsibility performance is regularly assessed by various rating agencies, using a variety of methods and criteria. These assessments contribute to the identification and analysis of areas for improvement.

- Mersen once again had its non-financial performance assessed by EcoVadis in 2024 and maintained its score of 73 from 2023. In 2022, it achieved a score of 72, and in 2021 67. With this score, the Group confirmed its "Gold" level of recognition, placing it in the top 5% of companies.



- In June 2024, Mersen once again received an "AA" rating in the MSCI rankings, as in the 2023 and 2022.



- For 2024, the Group obtained a "B" rating in the annual assessment of transparency and leadership on climate issues and a "B-" rating in the assessment of water security conducted by global environmental body CDP. This was an improvement on the "C" ratings obtained by the Group in both assessments in 2023. Mersen was one of more than 24,800 companies and organizations assessed globally, underscoring the Group's commitment to contributing to the transition to a more environmentally friendly economy.



2. PROGRESS ON THE 2022-2027 ROADMAP

Priority commitments	Ambition	2027 target	2024 achievements
Responsible partner	Improve social and environmental practices throughout our value chain	<ul style="list-style-type: none"> Less than 5% of suppliers with a CSR score of less than 25 Maintain a minimum of 85% of external purchases with local suppliers 	Eight suppliers with a CSR rating below 25 (1.8%) 95% (includes substantial investments)
Limit the environmental impact of our sites	Decarbonize and mitigate the impact of climate change	<ul style="list-style-type: none"> Reduce GHG emissions intensity by 35% (Scopes 1 and 2) versus 2022 Increase the share of renewable electricity to 80% Increase the share of waste recycled to 80% Lower water consumption intensity by 15% versus 2022 Draw up a formal water conservation plan for all sites exposed to water stress 	GHG emissions intensity: 77 (-36% versus 2022) 76% Waste recycling rate: 71.2% Water consumption intensity: -6% versus 2022 Achieved for 5% of sites
Developing human capital	Promote equal opportunity and diversity	<ul style="list-style-type: none"> Increase by four points the percentage of women engineers and managers (29%) Reach 27% of senior management positions held by women 	27% 26.4%
	Promote a social responsibility policy for all	<ul style="list-style-type: none"> Increase by 25% the number of employees with disabilities Provide social protection with a universal indemnity in the event of death in service 	193 (+11% versus 2022) 98% of employees covered
	Develop and consolidate the health and safety culture within the Group	<ul style="list-style-type: none"> Standardize profit-sharing schemes Adopt a minimum amount of paid leave in all countries Keep LTIR* ≤ 1.8 and SIR* ≤ 60 Increase the number of management safety visits per employee by 30% 	76% of employees 91% of employees LTIR*: 2.08 SIR*: 70 MSV* per employee = 0.96 (+15% versus 2022)
Develop a culture of ethics and compliance	Instill ethical behavior	<ul style="list-style-type: none"> Compulsory ethics training every 2 years and initial training for new hires 	98% of new hires with a PC
	Protect data and systems	<ul style="list-style-type: none"> Compulsory cybersecurity training (for employees with a PC) 	80% of targeted employees

* See glossary at the end of the document.

BIODIVERSITY PROTECTION

3. BIODIVERSITY PROTECTION

The Group is committed to protecting biological biodiversity so as to ensure the protection and survival of animal and plant species, genetic diversity and natural ecosystems. This commitment is based on the prevention, management and repair of damage to natural systems resulting from the Group's activities and their emissions and waste.

In 2021, the Group identified its production sites (both former and current) and their proximity to protected areas in a biodiversity map. As of end-2024, three sites are located within one or more protected areas, and ten are located within a kilometer of one. All sites have received detailed information on their positions and their responsibility with respect to biodiversity. This inventory does not take into account acquisitions made during the year.

No site reported biodiversity loss in 2024.

Country	City	Protected area	Surrounds	WDPA reference	Category (IUCN or other)	Main usage	Owner/Lessee	Type of protected area
Germany	Husum	Adjacent	Standortübungsplatz Husum	555517811	Natura 2000	Plant	Owner	Land
Germany	Maulburg	Adjacent	Dinkelberg und Röttler Wald	555623537	Natura 2000	Plant	Lessee	Land
Brazil	Cabreuva	Inside	Apa Cabreuva	555576351	V	Plant	Lessee	Land
Canada	Vaudreuil-Dorion	Adjacent	Lac Saint-Louis (Rivière des Outaouais) Water Fowl Gathering Area	555567530	IV	Plant	Owner	Land
South Korea	Asan-Si	Adjacent	Chungcheonnamdo Asansi Eumbongmyeon 2	555637530	IV	Plant (activity discontinued)	Owner	Land
Spain	San Feliu De Llobregat	Adjacent	Serra de Collserola	555523642	Natura 2000	Plant	Owner	Land
France	Bazet & Lannemezan	Adjacent	Echez water system		ZNIEFF type I	Plant	Owner & lessee	Fresh water
France	La Mure	Inside	Bas-marais du Villaret		ZNIEFF type I	Plant	Owner	Fresh water
France	La Mure	Inside	Lacs et zones humides du pays Matheysin		ZNIEFF type I	Plant	Owner	Fresh water
France	La Mure	Inside	Prairie humide de la citadelle		ZNIEFF type II	Plant	Owner	Land
France	Pagny-sur-Moselle	Adjacent	Les Pres et Gravieres de Pagny-sur-Moselle		ZNIEFF type I	Plant	Owner	Land
France	Pagny-sur-Moselle	Adjacent	Boisements humides et Gravieres d'Arnaville		ZNIEFF type I	Plant	Owner	Land
France	Pagny-sur-Moselle	Adjacent	Coteaux calcaires du Rupt de Mad au Pays Messin		ZNIEFF type II	Plant	Owner	Land
France	Pagny-sur-Moselle	Adjacent	Lorraine		Natural Park/5	Plant	Owner	Land
France	Saint-Loup-de-Naud	Inside	Ancienne tourbière de la Vouizie		ZNIEFF type I	Plant not operated by Mersen	Owner	Fresh water
France	Saint-Loup-de-Naud	Inside	Rivière du Dragon		Natura 2000	Plant Not operated by Mersen	Owner	Fresh water
Tunisia	M'Ghira	Adjacent	Sebkhet Sejoumi	903086	Ramsar	Plant	Lessee	Land
USA	Louisville	Adjacent	Beargrass Creek Greenway at Irish Hill	555602449	V	Plant	Lessee	Land
USA	Newburyport	Adjacent	Ram Island State Wildlife Sanctuary – Salisbury	555655682	VI	Lab/R&D Former factory	Lessee	Sea
USA	Newburyport	Adjacent	Carr Island	55551004	V	Lab/R&D Former factory	Lessee	Land

WDPA: World Database on Protected Areas.

IUCN: International Union for Conservation of Nature.

4. WATER CONSUMPTION

The Group uses water primarily to cool equipment used in heating processes (firing and impregnation of graphite and graphitization). When the systems do not have a reuse loop, the water is treated

and discharged into the sewage system in accordance with regulatory requirements. Discharges are subject to rigorous inspection to avoid any risk of pollution.

Water consumption savings intensity in cu.m/€m sales	2024	2023	2022	2024-2022 change
Total water consumption	860,462	790,425	764,352	+12.5%
- o/w sourced from water suppliers	817,730	733,800	669,872	
- o/w sourced from surface water	1,656	1,649	3,852	
- o/w sourced from underground water	41,075	54,976	90,628	
- o/w sourced from seawater	0	0	0	
- o/w sourced from water produced	0	0	0	
Sales (€m)	1,243.6	1,211.0	1,114.8	
SAVINGS INTENSITY	647(1)	653	686	-6%

(1) The Columbia site (USA) suffered major water leaks during the reporting year, mainly due to extreme metrological conditions. This exceptional event resulted in an estimated overconsumption of 56,000 m³. Repair and safety work will be completed in 2025. In order to measure the progress made by all other sites, the economic intensity has been corrected for this exceptional overconsumption to stand at 647 m³/M€ of sales, a reduction of 6% compared with 2022.

Aware of its responsibility and in accordance with its commitments made in 2018, the Group updated the water stress map of its production sites in 2024, drawing on the latest version of the Aqueduct Water Risk Atlas (Aqueduct 4.0) prepared by the World Resources Institute. The degree of water stress corresponding to

the gap between natural supply and human demand is determined by ecoregion. Using baseline water stress as a metric, the Group rated sites considered to be water-stressed as "High" or "Extremely high", regardless of their water use volume.

Country	Site	Level of water stress
China	Yantai	Extremely High
Mexico	Juarez	Extremely High
India	Bangalore	Extremely High
China	Harbin	Extremely High
China	Changxing	Extremely High
China	Kunshan	Extremely High
China	Songjiang	Extremely High
Tunisia	M'Ghira	Extremely High
Chile	Recoleta	Extremely High
South Africa	Johannesburg	Extremely High
South Africa	Cape Town	Extremely High
India	Pune	Extremely High
United States	Metamora	Extremely High
United States	Columbia	High
China	Xianda	High
China	Pudong	High
Canada	Toronto	High
Turkey	Gebze	High
Italy	Malonno	High
Australia	Reservoir	High
Canada	Mississauga	High

Rated according to their water consumption.

5. INFORMATION SYSTEMS PROTECTION

The Group endeavors to protect its information systems from attacks intended to damage its systems or to manipulate, block or steal data through simulated cyber attacks and awareness-building campaigns for all of its employees.

The Risk Department is responsible for overseeing information systems security, and specifically (i) ensuring the security of the IT systems and protecting data confidentiality, and (ii) ensuring the security of IT infrastructure and applications to safeguard the continuity of operations.

5.1. Organization – information systems governance

An Information Systems Security Manager reports on a dotted-line basis to the Risk and Compliance Department. Their role is to:

- verify that the information systems security policy is implemented properly;
- lead the information systems' network of correspondents on all aspects of security;
- propose analysis and improvement tools for optimum control of the existing systems;
- develop an information systems security culture.

The Information Systems Security Manager organizes at least two meetings per year with the Risk and Compliance Department, the Chief Financial Officer and the Group Chief Information Officer to review the security of the Group's information systems.

Since 2016, the Information Systems Security Manager has reported each year to the Audit and Accounts Committee on the cyber risks facing the Group and the corresponding policy implemented.

5.2. References

Launched in 2013, Mersen's information systems security policy is based on industry best practices and standards, particularly ISO 27001 and NIST SP 800-171.

The underlying objective of the policy is to protect Mersen's data and ensure optimal availability of IT tools and systems, while adapting the level of protection to be in line with the requirements of the Group's various businesses and minimizing user constraints to every extent possible.

5.3. Approach

A centralized IT infrastructure enables Mersen to strengthen its information systems' security. This involves:

- Centralized management of security solutions and incident handling;
- Centralized management of computer networks;
- Centralized applications in two certified data centers;
- Centralized configuration of user and mobile workstations, including enhanced security;
- User access security with multi-factor authentication (MFA), based on a single directory;
- A ban on BYOD (bring your own device);
- A security policy covering all information systems, including manufacturing;
- A 24/7 Security Operation Center (SOC).

5.4. Audit and risk mapping of information systems

Each employee has a role to play in safeguarding the Group's IT assets, and Management encourages projects that seek to reduce IT risks in correlation with business-specific risks.

The overall policy is underpinned by an audit manual that lists the main domains to be controlled, as well as technical documents and best practices that are available on the Group's intranet.

The policy evolves over time in line with changing information security threats. It is focused on the implementation of preventive actions and mechanisms.

Risks are identified and monitored based on a regularly updated risk map as well as the findings of audits regularly carried out either on site or remotely. The Information Systems Security Department audited 22 sites in 2024.

The SOC is connected to the Group's incident management tool to enable monitoring, archiving and a better analysis of alerts.

5.5. Training

IT staff and advanced users have had access to an e-learning module since 2016. Information letters are regularly issued in several languages to keep IT teams and users updated about potential risks and best practices. Specific training sessions are also held on a regular basis.

The cybersecurity training module is mandatory for users.

6. A RESPONSIBLE TAXPAYER

As an international Group operating worldwide, Mersen is keenly aware of the important role that tax plays in countries' economies.

The Group is committed to being exemplary when it comes to tax matters, and takes particular care to comply with all of the applicable national and international tax laws and regulations.

Mersen has always sought to build and maintain good relations with the tax authorities and ensures that its business is conducted in a spirit of mutual trust and transparency.

The Group's overall tax policy is designed to be responsible and effective, in line with Mersen's business and strategy, while ensuring legal certainty and safeguarding the Group's reputation. It also helps preserve the value generated for the Group and its shareholders.

In particular, Mersen does not engage in transactions that are purely tax driven or which are artificially structured. It may, however, benefit from tax incentives in some countries that are available to all companies and are therefore not specific to Mersen.

6.1. Organization and governance

The Group's Finance Department is responsible for coordinating and managing Mersen's tax situation. In this role, the Finance Department makes sure that the most relevant tax options are chosen in full compliance with the applicable laws and regulations. It also ensures that all taxes and provisions for tax risks are properly accounted for in the consolidated financial statements.

The Finance Department reports to the Audit and Accounts Committee on the Group's tax situation and its main tax risks at least once a year.

The Finance Department draws on the expertise of the Group Tax Department. The Group's Tax Director reports directly to the Group's Chief Legal Officer and on a dotted-line basis to the Chief Financial Officer.

He is responsible for applying the Group's tax policy, especially for cross-border transactions, and for advising the Group's various companies on tax matters. He also provides specialist tax advice for all acquisition and divestment projects and on any other industrial operations. The Tax Director can be assisted by external consultants and advisors where required.

6.2. Mersen's geographic locations

At December 31, 2024, no Mersen Group companies were located in a state or territory considered to be non-cooperative by France or the European Union.

6.3. Country-by-country reporting (CbCR)

In accordance with the applicable laws and regulations, Mersen reports to the French tax authorities on a country-by-country basis.

However, it does not publicly disclose this information for reasons of confidentiality with respect to its main competitors as the CbCR contains sensitive industrial and commercial information that could be used by competitors.

To the best of Mersen's knowledge, at December 31, 2024 none of the Group competitors mentioned in the Universal Registration Document had publicly disclosed its CbCR.

6.4. Variable compensation related to tax performance

None of the performance objectives of the operations or finance staff of the Group's sites or businesses relate specifically to reducing the amount of tax paid or recorded in the accounts. The objective based on operating margin before non-recurring items – which applies to everyone who receives variable compensation – is set on a pre-tax basis. By contrast, Group cash level targets take into account the amount of taxes paid.

The Group Chief Financial Officer and certain managers from the Group Finance Department may have performance objectives related to the Group's tax rate, in line with the budget, or changes in tax losses in certain countries. Some finance managers are given objectives for improving their performance in terms of tax monitoring or managing tax risks or related to the documentation process for transfer pricing.

A RESPONSIBLE TAXPAYER

The Group's effective tax rate (ETR) for the past three years

	2024	2023	2022
Group ETR	26%	23%	24%

The Group's ETR primarily reflects the tax rates applicable in the countries where the Group conducts business.

In 2024, this rate took into account non-recurring expenses linked to the adaptation plans which will not give rise to tax savings in some jurisdictions.

6.5. Cross-border transactions

Mersen takes care to ensure that its intra-group transactions comply with the arm's length principle set out in the OECD's Transfer Pricing Guidelines and in the bilateral tax agreements signed by the countries where the Group operates. One of the roles of Mersen's Tax Department is to ensure that this principle is properly applied.

Transfer pricing documentation is prepared for cross-border transactions and provided to the local tax authorities whenever required.

6.6. Tax risks and audits

The Finance Department endeavors to eliminate risks resulting from uncertainties or complexities in interpreting tax laws and regulations, with the assistance of external consultants or advisers where necessary. Mersen places particular importance on rigorously complying with both the letter of the law and the objectives sought by the legislators.

However, given the scale of its operations and the volume of its tax obligations, the Group's tax positions may be contested by the tax authorities due to differences of interpretation. In such cases, the Finance Department is responsible for defending the Group's interests.

The Group carries out tax due diligences whenever it acquires a company but may nevertheless be exposed to unidentified risks.

Mersen is subject to tax audits, which may be carried out in any of its host countries.

The main tax disputes are managed by the Group Tax Department, in conjunction with external consultants or advisers when necessary. The Group's principal tax risks are presented on a regular basis to the Audit and Accounts Committee.

5 INFORMATION ABOUT THE COMPANY, THE SHARE CAPITAL AND SHARE OWNERSHIP

1. GENERAL INFORMATION ABOUT THE COMPANY	204
2. GENERAL INFORMATION ABOUT THE SHARE CAPITAL	206
3. SHARE REPURCHASE PROGRAM	210
4. SHARE OWNERSHIP	213
5. DIVIDENDS	216
6. MERSEN AND THE STOCK MARKET	217

GENERAL INFORMATION ABOUT THE COMPANY

1. GENERAL INFORMATION ABOUT THE COMPANY

1.1. Corporate name and legal form

MERSEN

Limited liability company (*société anonyme*) with a Board of Directors, governed by French law.

1.2. Registered office

Tour Trinity
1 bis place de la Défense
92400 Courbevoie, France
Tel: +33 (0)1 46 94 54 00
Website: www.mersen.com/en

Information on the Company's website does not form part of this Universal Registration Document unless it is incorporated by reference.

1.3. Date of incorporation and term of existence (Article 5 of the Articles of Association)

The Company was first incorporated on January 1, 1937 and shall terminate on December 31, 2114, unless it is extended or dissolved in advance by decision of an Extraordinary General Meeting.

1.4. Corporate purpose (Article 3 of the Articles of Association)

The purpose of the Company in France and in all other countries is to carry out all operations concerning the research, manufacture, processing, use and sale of:

- carbon-based products, articles or equipment, whether or not they are combined with other materials;
- metal powders, articles made from these powders, special alloys and articles made from these alloys;
- electro-mechanical and electronic products;
- all industrial products, namely metallurgical, mechanical, plastic and elastomer products;
- all other products, articles or equipment that may be related to the above products:
 - by using the latter to make the former,
 - by developing research activities, or
 - through manufacturing processes, industrial applications or distribution networks.

Within the scope of the corporate purpose defined above, the Company may carry out all operations related to:

- raw materials, prepared materials, components and elements, spare parts and semi-finished products, finished products and equipment, combinations of equipment, assemblies of all kinds and sizes combining equipment;
- all work;
- all techniques.

The Company may also indirectly carry out operations related to its technical, industrial and commercial activities. To this end, it may form any companies and groups of companies, acquire holdings in any companies and partnerships, contribute assets to the capital and subscribe to the shares of any company, and purchase or sell any shares, partnership shares or corporate rights.

In general, the Company may carry out any industrial, commercial, financial, security or real estate operations related directly or indirectly to these activities.

It may also acquire any interest, in any form whatsoever, in any French or foreign companies or organizations.

1.5. Registration

RCS NANTERRE B 572 060 333 – APE CODE: 70-10Z.

Legal Entity Identifier (LEI): QQXDLNM5DTBULYMF5U27.

1.6. Access to the Company's corporate documents

Corporate documents, particularly the Articles of Association, financial statements and reports to General Meetings by the Board of Directors and the Statutory Auditors, may be consulted at the registered office, under the conditions and during the periods prescribed by law, by contacting:

Thomas Baumgartner
Chief Financial Officer of Mersen

Tour Trinity
1 bis place de la Défense
92400 Courbevoie, France

All shareholder documents are also available on the "Investors" page of the Company's website.

1.7. Fiscal year (Article 26 of the Articles of Association)

The Company's fiscal year commences on January 1 and ends on December 31.

1.8. Disclosure thresholds (Article 11 ter of the Articles of Association)

The Company's Articles of Association stipulate that any person, acting alone or in concert, who acquires, in any manner whatsoever within the meaning of Article L.233-7 *et seq.* of the French Commercial Code (*Code de commerce*), either directly or indirectly through companies that they control within the meaning of Article L.233-3 of the French Commercial Code, a stake of 1% or more in the share capital or voting rights is required, within five days of the transaction and irrespective of their delivery, to disclose to the Company, by recorded delivery letter with acknowledgment of receipt, the total number of shares or securities giving access to the share capital or voting rights that they hold. Should their stake drop below the 1% threshold, it must be disclosed in the same manner and within the same deadline. This obligation shall apply whenever the share capital or voting rights held increases or falls by at least 1%.

If a disclosure does not meet the terms and conditions above, the shares in excess of the threshold that should have been disclosed shall be stripped of voting rights at any General Meeting held in the two years following the date on which proper notification is made, at the request, during the Meeting, of one or more shareholders holding at least 1% of the share capital or voting rights.

In addition to the above disclosure obligation, any crossing of share ownership thresholds, as provided by law, must be disclosed.

1.9. Shareholders' meetings (Article 25 of the Articles of Association)

Shareholder meetings shall be convened subject to the conditions provided for by law and shall deliberate in accordance with quorum and majority voting requirements determined by law.

The meetings may be held at the Company's headquarters or at another location indicated in the notice calling the meeting.

The owners of registered shares have the right to attend the General Meeting or to be represented by proxy or to vote by post, regardless of the number of shares they hold, provided that their shares are fully paid up and registered in an account in their name by 12:00 am, Paris time, two days before the date of the meeting, or in a registered share account held by the Company, or in the bearer securities account held by an authorized intermediary. Shareholders may also, by decision of the Board of Directors at the time of convening the General Meeting, participate and vote at General Meetings by video conference or by any means of telecommunication that enables them to be correctly identified, in accordance with the law.

Meetings shall be chaired by the Chairman of the Board of Directors or, in his or her absence, by the Vice-Chairman of the Board of Directors and, if this is not possible, by a member of the Board of Directors specially delegated for the purpose by the Board of Directors. Failing this, the Meeting shall elect its own Chairman.

Minutes of the meetings shall be taken and copies thereof shall be certified by the Chairman of the Board of Directors, the Vice-Chairman of the Board of Directors, the secretary of the Board of Directors or by a signing officer authorized for the purpose.

1.10. Provisions that would delay, defer or prevent a change in control

There are no provisions in the Articles of Association that would delay, defer or prevent a change in control of the Company.

2. GENERAL INFORMATION ABOUT THE SHARE CAPITAL

2.1. Conditions in the Articles of Association governing changes in the share capital and shareholder rights

None. Changes in the share capital and the respective rights of the various categories of shares are made in accordance with the provisions laid down in law.

2.3. Valid authorizations and delegations

The table below summarizes valid financial authorizations and delegations granted to the Board of Directors by the General Meeting (in particular pursuant to Articles L.225-129-1 and L.225-129-2 of the French Commercial Code), and sets out the use of each one during the year.

2.2. Structure and amount of share capital

The Company's share capital is made up of ordinary shares. Each share has a nominal value of €2.

At December 31, 2024, the share capital amounted to €48,836,624, divided into 24,418,312 ordinary shares.

Ordinary shares are freely negotiable (Article 13 of the Articles of Association). The rights attached to these shares are defined in Article 15 of the Articles of Association:

1. The rights and obligations attached to each share are those defined under the law, the regulations and the Articles of Association, notably as regards the right to participate in General Meetings and vote on resolutions, communication rights, and subscription and allocation rights in the event of a capital increase.
2. Each share gives the right, through the ownership of assets in the Company, to a share in its profits and liquidation bonuses, in proportion to the number of shares in existence, after consideration of any capital that is depreciated, not depreciated or fully paid up, and the nominal amount of the shares as applicable.

Each share gives the right, during the life of the Company or during its liquidation, to an equal nominal value and, excluding any provisions linked to the date of entitlement to dividends, to payment of the same net sum in the event of an allocation or repayment. Similarly, no distinctions are made between shares for any tax exemptions or reductions, or for any taxation owed by the Company as a result of said allocation or repayment.

Summary of valid financial delegations and authorizations and their use

Type of delegation/ authorization	Date of the General Meeting	Duration of authorization/ delegation	Initial limit	Use in FY 2024
Delegation to increase the share capital by capitalizing reserves, income and/or additional paid-in capital ⁽¹⁾	5/16/2024 <i>Seventeenth resolution</i>	26 months	Maximum nominal value of capital increases: €50 million	None
Delegation to increase the share capital with preferential subscription rights for existing shareholders ⁽¹⁾	5/16/2024 <i>Eighteenth resolution</i>	26 months	Maximum nominal value of capital increases: €22 million ⁽²⁾ Maximum nominal value of debt securities: €300 million ⁽⁵⁾	None
Delegation to increase the share capital without preferential subscription rights but with a priority subscription period for existing shareholders ⁽¹⁾	5/16/2024 <i>Nineteenth resolution</i>	26 months	Maximum nominal value of capital increases: €9.5 million ⁽³⁾ Maximum nominal value of debt securities: €300 million ⁽⁵⁾ Maximum discount of 10%	None
Delegation to increase the share capital without preferential subscription rights for existing shareholders by way of a public offer in the context of a public exchange offer ⁽¹⁾	5/16/2024 <i>Twentieth resolution</i>	26 months	Maximum nominal value of capital increases: €4.8 million ⁽⁴⁾ Maximum nominal value of debt securities: €300 million ⁽⁵⁾	None
Delegation to increase the share capital without preferential subscription rights for existing shareholders by way of a private placement ⁽¹⁾	5/16/2024 <i>Twenty-first resolution</i>	26 months	Maximum nominal value of capital increases: €4.8 million ⁽⁴⁾ Maximum nominal value of debt securities: €300 million ⁽⁵⁾ Maximum discount of 10%	None
Delegation to increase the share capital in return for contributions in kind ⁽¹⁾	5/16/2024 <i>Twenty-third resolution</i>	26 months	Limited to 10% of the share capital ⁽⁴⁾	None
Delegation to increase the share capital for employees of Mersen group companies outside France who are not members of a company savings plan ⁽¹⁾	5/16/2024 <i>Twenty-fourth resolution</i>	18 months	€500,000 ⁽⁴⁾⁽⁸⁾	None
Delegation to increase the share capital for employees who are members of a company savings plan ⁽¹⁾	5/16/2024 <i>Twenty-fifth resolution</i>	26 months	€500,000 ⁽⁴⁾⁽⁸⁾	None
Authorization to grant free shares to certain employees ⁽¹⁾	5/16/2024 <i>Twenty-seventh resolution</i>	38 months	128,340 shares	Grant of 122,250 shares ⁽⁶⁾
Authorization to grant free shares to senior executives and corporate officers ⁽¹⁾	5/16/2024 <i>Twenty-eighth resolution</i>	38 months	120,540 shares	Grant of 120,221 shares ⁽⁶⁾
Authorization to grant free shares to certain employees (high-potential managers or managers with strategic expertise) ⁽¹⁾	5/16/2024 <i>Twenty-ninth resolution</i>	38 months	16,800 shares	Grant of 14,220 shares ⁽⁷⁾

(1) This resolution may not be used during public offers.

(2) This amount is deducted from the overall ceiling of €22 million set by the General Meeting of May 16, 2024 for share issues (twenty-sixth resolution).

(3) This amount is deducted from the overall ceiling of €22 million and the sub-ceiling of €9.5 million set by the General Meeting of May 16, 2024 (twenty-sixth resolution).

(4) This amount is deducted from the overall ceiling of €22 million and the sub-ceilings of €9.5 million and €4.8 million set by the General Meeting of May 16, 2024 (twenty-sixth resolution).

(5) This amount is deducted from the overall ceiling of €300 million set by the General Meeting of May 16, 2024 for issues of debt securities (twenty-sixth resolution).

(6) Three-year vesting period, subject to continued presence and performance conditions.

(7) Three-year vesting period, subject to continued presence conditions.

(8) The twenty-fourth and twenty-fifth resolutions share the same ceiling.

The twenty-second resolution of the General Meeting of May 16, 2024 allows the Board of Directors, in the event of oversubscription, to decide to increase the number of securities to be issued when increasing the capital, while keeping within the authorized ceilings.

GENERAL INFORMATION ABOUT THE SHARE CAPITAL

2.4. Changes in the share capital

Date	Type of transaction	Share capital after transaction	Issue premium (in €)	Total number of shares after the transaction
1/23/2019	Issue of 129,905 new shares through the exercise of subscription options in 2018	41,536,236	2,075,670	20,768,118
5/18/2019	Issue of 10,600 ordinary shares and issue of 1,172 category D shares, each with a nominal value of €2	41,559,780	N/A	20,779,890
1/29/2020	Issue of 78,654 new shares, each with a nominal value of €2, through the exercise of subscription options in 2019	41,717,088	1,348,433	20,858,544
1/29/2020	Cancellation of 317 category B shares	41,716,454	N/A	20,858,227
5/17/2020	Issue of 737 category E shares	41,717,928	N/A	20,858,964
6/10/2020 11/27/2020	Conversion of 1,172 category C shares into category A shares	41,717,928	N/A	20,858,964
8/2020	Issue of 5,100 new shares through the exercise of subscription options	41,728,128	105,519	20,864,064
5/20/2021	Issue of 55,831 new shares through the exercise of subscription options	41,839,790	1,155,143.39	20,919,895
5/20/2021	Cancellation of 109,894 treasury shares	41,620,002	N/A	20,810,001
9/1/2021	Issue of 11,206 new shares to cover conversion requests for category D shares	41,642,414	N/A	20,821,207
5/17/2022	Issue of 16,752 category A shares	41,675,918	N/A	20,837,959
5/17/2022	Issue of 203 category E shares	41,676,324	N/A	20,838,162
5/19/2022	Issue of 6,742 new shares to cover conversion requests for category E shares	41,689,808	N/A	20,844,904
9/17/2022	Conversion of 940 category E shares into category A shares	41,689,808	N/A	20,844,904
5/10/2023	Issue of 3,573,408 new shares (capital increase)	48,836,624	92,908,608	24,418,312

2.5. Securities conferring rights to the share capital

■ Free performance shares (executives program)

The total number of shares that may vest under the 2022 executives plan is 88,200, of which 56,535 for members of the Executive Committee (including 13,230 for the Chief Executive Officer)⁽¹⁾.

The total number of shares that may vest under the 2023 executives plan is 86,100, of which 69,300 for members of the Executive Committee (including 12,600 for the Chief Executive Officer).

The total number of shares that may vest under the 2024 executives plan is 120,540, of which 96,701 for members of the Executive Committee (including 17,321 for the Chief Executive Officer).

■ Free shares (managers and high potentials program)

The total number of shares that may vest under the 2022 plans is 116,698⁽¹⁾.

The total number of shares that may vest under the 2023 plans is 110,450.

The total number of shares that may vest under the 2024 plans is 145,140.

■ Summary

At December 31, 2024, the total number of free shares that could potentially vest corresponded to 667,128 new shares, each with a par value of €2, representing 2.7% of the Company's capital at that date.

There are no other instruments or securities conferring rights to the Company's share capital.

2.6. Voting rights

To account for the entry into force of Act No. 2014-384 of March 29, 2014, the Company submitted a resolution to the May 19, 2015 Extraordinary General Meeting to eliminate double voting rights so that shareholders could discuss and decide on this issue. The resolution was rejected. Double voting rights are now attached to all shares that fulfill both of the following conditions: (i) have been held in registered form for at least two years and (ii) are fully paid up, in accordance with Article L.22-10-46 of the French Commercial Code.

The theoretical number of voting rights stood at 27,076,887 at December 31, 2024.

Taking into account double voting rights as well as treasury shares, which do not have voting rights (see section 3.3 below), the theoretical number of voting rights stood at 27,010,172 at December 31, 2024.

2.7. Voting right certificates

None.

2.8. Investment certificates

None.

2.9. Shares pledged

None.

2.10. Shareholders' agreement

The Company is not aware of any shareholders' agreements or other agreements concerning its share capital whose implementation could lead to a change in control of the Company at a later date.

(1) Following the May 2023 capital increase, the number of shares was increased by around 5%.

SHARE REPURCHASE PROGRAM

3. SHARE REPURCHASE PROGRAM

3.1. Program authorized by the General Meeting of May 16, 2024

At the Combined General Meeting of May 16, 2024, the Company was authorized to trade in its own shares on the stock exchange in accordance with Articles L.22-10-62 and L.225-210 *et seq.* of the French Commercial Code in order to:

- perform secondary market-making or improve the liquidity of the Mersen share by engaging an investment services provider under a liquidity agreement that complies with practices approved by French law. For the purposes of the program, the number of shares taken into account to calculate the abovementioned limit corresponds to the number of shares acquired, less the number of shares re-sold;
- hold the acquired shares in treasury and subsequently remit them as part of an exchange offer or in consideration for any acquisitions;
- cover stock option and/or free share plans (or similar plans) allocated to Group employees and/or corporate officers, share allocations under company or group savings plans (or similar plans) or company profit-sharing plans and/or any other forms of share allocations to Group employees and/or corporate officers;
- cover securities conferring rights to the allocation of shares in the Company, in accordance with applicable regulations;
- cancel the acquired shares, in accordance with the authorization granted or to be granted by the Extraordinary General Meeting.

The maximum purchase price has been set at €65 per share. This price is set subject to adjustments related to any transactions affecting the Company's share capital. Based on the aforementioned maximum purchase price and the number of shares making up the share capital at the date of the authorization, the aggregate maximum amount of the purchases may not exceed €158,719,015.

This authorization replaced the authorization granted by the General Meeting of May 16, 2023.

These share purchases, allocations or sales may be entered into and paid for by any means, including as part of a liquidity agreement entered into by the Company with an investment services provider.

3.2. Liquidity agreement

In March 2005, the Company signed a liquidity agreement with Exane BNP Paribas in compliance with the charter of ethics drawn up by the French Association of Financial and Investment Firms (Association française des marchés financiers – AMAFI). This liquidity agreement was renewed each year by tacit approval. The Company signed a new agreement with Exane on January 23, 2019, which was updated on January 1, 2022, in order to comply with the new AMAFI recommendations.

The funds and shares made available pursuant to this agreement and credited to the liquidity account on February 25, 2005 comprised €2,200,000 and no shares.

In January 2023, the resources (cash and financial instruments) allocated to the implementation of the agreement were reviewed. Based on market data at December 31, 2022, the cash resources have been adjusted to ensure they remain proportional and adapted to the aims of the agreement, in accordance with Article 4, paragraph 6 of Decision no. 2021-01 of June 22, 2021 issued by the French Financial Markets Authority (Autorité des marchés financiers – AMF). Consequently, €700,000 were withdrawn on January 31, 2023.

On October 23, 2023, Exane, BNP Paribas Arbitrage and Mersen entered into an agreement setting out the transfer to BNP Paribas Arbitrage of all Exane's rights and obligations under the liquidity agreement.

At December 31, 2024, the following funds and shares appeared in the liquidity account (close-out day):

- 51,647 shares
- €358,400

3.3. Trading in its own shares by the Company in 2024

In 2024, the Company only purchased shares under the liquidity agreement.

Number of treasury shares held by the Company at December 31, 2023	228,754
Number of shares allocated to the performance-based free share plan	-178,216
Number of shares purchased under the liquidity agreement	191,609
Number of shares sold under the liquidity agreement	-175,432
Number of treasury shares held by the Company at December 31, 2024	66,715

The Company did not use any derivatives.

Breakdown by objective of treasury shares held at December 31, 2024

	Number of treasury shares and percentage of share capital
Allocation or transfer of shares to employees and/or corporate officers under company savings plans and the allocation of shares, specifically the allocation of free shares or stock purchase options	15,268 0.0%
Allocation of shares in connection with the conversion or exchange of securities (including debt securities) conferring rights to the Company's share capital	0 0%
Purchase for holding purposes and subsequent remittal as part of an exchange offer or in consideration for any acquisitions	0 0%
Cancellation of shares through a reduction in the share capital in accordance with the French Commercial Code	0 0%
Market-making via a liquidity agreement	51,447 0.2%

The carrying amount of the treasury shares is €1,509 thousand (par value of shares: €2).

3.4. Description of the share repurchase program submitted for shareholders' approval at the Combined General Meeting of May 16, 2025

Prepared in accordance with Articles 241-1 *et seq.* of the General Regulation of the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) and Articles L.22-10-62 *et seq.* and L.225-210 *et seq.* of the French Commercial Code, this description is intended to present the objectives and terms and conditions of the renewal of the share repurchase program.

3.4.1. Summary of the principal characteristics of the operation

- Mersen's ordinary shares, admitted for trading on Euronext Paris, Compartment B (ISIN code: FR0000039620).
- Maximum percentage of the share capital authorized for repurchase by shareholders at the General Meeting: 10%.
- Maximum acquisition price per share: €50.
- Duration of the program: the authorization is valid for 18 months as of the General Meeting of May 16, 2025, i.e., until November 15, 2026.

3.4.2. Objectives of the program

Shares may be acquired in order to:

- perform secondary market-making or improve the liquidity of the Mersen share by engaging an investment services provider under a liquidity agreement that complies with practices approved by French law. For the purposes of the program, the number of shares taken into account to calculate the abovementioned limit corresponds to the number of shares acquired, less the number of shares re-sold;
- hold the acquired shares in treasury and subsequently remit them as part of an exchange offer or in consideration for any mergers, demergers, asset contributions or acquisitions;
- cover stock option and/or free share plans (or similar plans) allocated to employees and/or corporate officers of the Group, including intercompany partnerships and related companies, as well as any share allocations under company or group savings plans (or similar plans) or company profit-sharing plans and/or any other forms of share allocations to employees and/or corporate officers of the Group, including intercompany partnerships and related companies;
- cover securities conferring rights to the allocation of shares in the Company, in accordance with applicable regulations;
- cancel the acquired shares, in accordance with the authorization granted or to be granted by the Extraordinary General Meeting.

SHARE REPURCHASE PROGRAM

3.4.3. Legal framework

The share repurchase program is compliant with the provisions of Articles L.22-10-62 *et seq.* and L.225-210 *et seq.* of the French Commercial Code. It will be submitted to the approval of the shareholders at the Combined General Meeting of May 16, 2025, deliberating in accordance with quorum and majority voting requirements for Ordinary General Meetings.

The corresponding resolution to be proposed by the Board of Directors is as follows:

Having considered the Board of Directors' report, the General Meeting authorizes the Board of Directors for a period of 18 months and in accordance with Articles L.22-10-62 *et seq.* and L.225-210 *et seq.* of the French Commercial Code, to purchase ordinary shares in the Company on one or more occasions and at the times that it deems appropriate. The number of ordinary shares held by the Company under this authorization may not be greater than 10% of the Company's capital at the date of the General Meeting and may be adjusted as necessary to take into account any capital increases or reductions that may occur during the term of the program.

This authorization supersedes the authorization granted to the Board of Directors by the General Meeting of May 16, 2024 in its fifteenth ordinary resolution.

The shares may be purchased by any means, including by way of block purchases, at the times that the Board of Directors deems appropriate.

The Company does not intend to use options or derivatives.

The Board of Directors may not use this authorization without prior authorization from the General Meeting from the date that a public offer for the Company's shares is filed by a third party until the end of the offer period.

The maximum purchase price has been set at €50 per share. In the event of a transaction affecting the Company's share capital, such as share splits or reverse splits and free share allocations to shareholders, the aforementioned amount will be adjusted in the same proportion (a coefficient of the ratio between the number of shares comprising the share capital before the transaction and the number of shares after the transaction).

The maximum amount of the share repurchase program has been set at €122,091,560.

The General Meeting grants full powers to the Board of Directors to carry out the share repurchase program, determine the conditions and procedures thereof, enter into any and all agreements and carry out all formalities.

3.4.4. Procedures**3.4.4.1. Maximum percentage of the share capital to be acquired and maximum amount payable by Mersen**

Mersen will have the option of acquiring up to 10% of ordinary shares, i.e., 2,441,831 shares. This limit shall be assessed on the date on which shares are acquired, in order to take into account any capital increases or reductions that may occur during the term of the share repurchase program. The number of shares taken into account to calculate the limit corresponds to the number of shares acquired, less the number of shares re-sold during the term of the program for liquidity purposes. As the Company cannot hold more than 10% of its share capital and given that it already held 66,715 shares (or 0.2% of the share capital) at December 31, 2024, the maximum number of shares that it may acquire under the program is 2,375,116 shares (or 9.7% of the share capital), unless it sells or cancels the shares that it already holds.

The Company reserves the right to use the entire authorization. Accordingly, the maximum amount that Mersen may pay, assuming that it acquires shares at the maximum price set by the General Meeting of €50 per share, would be €118,755,800.

In accordance with the law, the amount of the share repurchase program may not exceed the Company's discretionary reserves. The Company's discretionary reserves, as stated under liabilities in the most recent annual financial statements prepared and audited at December 31, 2024, amounted to €391,295,190.

Mersen undertakes to stay below the direct and indirect ownership threshold of 10% of the share capital at all times.

3.4.4.2. Conditions governing repurchases

These shares may be purchased, allocated or transferred at any time (except during a public offer for the Company's shares) and paid by any means, on or off the market, including by acquisition or transfer of blocks of shares, and specifically pursuant to a liquidity agreement entered into by the Company with an investment services provider.

3.4.4.3. Duration of program

These share repurchases may take place only after the approval of the corresponding resolution to be presented to the Combined General Meeting of May 16, 2025 and for a period of 18 months, i.e., until November 15, 2026.

4. SHARE OWNERSHIP

4.1. Share ownership thresholds crossed

In 2024, shareholders disclosed the following threshold crossings:

Amiral Gestion

- April 26: Amiral Gestion disclosed that it had fallen below the threshold of 5% of the share capital and held 1,214,543 shares, i.e., 4.97% of the share capital and 4.48% of the voting rights.
- May 21: Amiral Gestion disclosed that it had exceeded the threshold of 5% of the share capital and held 1,240,949 shares, i.e., 5.08% of the share capital and 4.58% of the voting rights.
- October 17: Amiral Gestion disclosed that it had exceeded the threshold of 5% of the voting rights and held 1,365,666 shares, i.e., 5.59% of the share capital and 5.04% of the voting rights.

Amundi

- November 29: Amundi disclosed that it had fallen below the threshold of 1% of the voting rights and held 269,753 shares, i.e., 0.99% of the voting rights.

BlackRock

- Between January 8 and June 21: BlackRock disclosed that it had exceeded and then fallen below the threshold of 2% of the voting rights or share capital several times and ultimately held 559,968 shares, i.e., 2.29% of the share capital and 2.07% of the voting rights.

Candriam

- July 9: Candriam disclosed that it had exceeded the threshold of 1% of the share capital and held 245,682 shares, i.e., 1.01% of the share capital.
- November 8: Candriam disclosed that it had fallen below the threshold of 1% of the share capital and held 0.9% of the share capital.

Covea

- November 12: Covea disclosed that it had fallen below the threshold of 1% of the share capital and held 223,838 shares, i.e., 0.92% of the share capital.

CDC Croissance

- November 5: CDC Croissance disclosed that it had fallen below the threshold of 4% of the voting rights and held 1,076,352 shares, i.e., 3.97% of the share capital. This led to the CDC Group (CDC Croissance and Bpifrance Participations) falling below the threshold of 22% of the voting rights.
- November 21: CDC Croissance disclosed that it held 1,025,356 shares; the CDC Group (CDC Croissance and Bpifrance Participations) had therefore fallen below the threshold of 15% of the share capital.

Dimensional Fund Advisors

- January 11: Dimensional disclosed that it had exceeded the threshold of 3% of the voting rights and held 812,628 shares, i.e., 3.33% of the share capital and 3.0% of the voting rights.

- February 2 and 6: Dimensional disclosed that it had fallen below and then exceeded the threshold of 3% of the voting rights and held 812,414 shares, i.e., 3.33% of the share capital and 3.0% of the voting rights.

HSBC Global AM

- July 5 and 10: HSBC Global AM disclosed that it had exceeded the thresholds of 1% of the share capital and voting rights and held 272,608 shares, i.e., 1.11% of the share capital and 1.0% of the voting rights.
- October 10 and 15: HSBC Global AM disclosed that it had fallen below the thresholds of 1% of the share capital and voting rights and held 224,129 shares, i.e., 0.92% of the share capital and 0.83% of the voting rights.

Invesco

- January 9: Invesco disclosed that it held 696 shares, i.e., 0% of the share capital and voting rights.

Janus Henderson

- February 1 and 14: Janus Henderson disclosed that it had exceeded and then fallen below the threshold of 5% of the share capital and held 1,219,306 shares, i.e., 4.99% of the share capital and 4.5% of the voting rights.
- June 19: Janus Henderson disclosed that it had exceeded the threshold of 5% of the share capital and held 1,244,235 shares, i.e., 5.09% of the share capital and 4.59% of the voting rights.
- October 1: Janus Henderson disclosed that it had exceeded the threshold of 5% of the voting rights and held 1,430,377 shares, i.e., 5.86% of the share capital and 5.06% of the voting rights.

La Banque Postale Asset Management

- May 2: La Banque Postale AM declared that it had exceeded the threshold of 2% of the share capital and held 2.58% of the share capital.
- October 11: La Banque Postale AM declared that it had fallen below the threshold of 2% of the share capital and held 1.85% of the share capital.
- December 3: La Banque Postale AM declared that it had fallen below the threshold of 1% of the share capital and held 0.99% of the share capital.

Sycomore Asset Management

- April 24: Sycomore AM disclosed that it had fallen below the threshold of 2% of the share capital and held 488,317 shares, i.e., 1.99% of the share capital and 1.80% of the voting rights.
- July 3: Sycomore AM disclosed that it had exceeded the threshold of 2% of the share capital and held 504,356 shares, i.e., 2.07% of the share capital and 1.86% of the voting rights.
- November 17: Sycomore AM disclosed that it had fallen below the threshold of 2% of the share capital and held 487,894 shares, i.e., 1.99% of the share capital and 1.80% of the voting rights.

SHARE OWNERSHIP

4.2. Changes in share ownership

	Dec. 31, 2024			Dec. 31, 2023			Dec. 31, 2022		
	Number of shares	% of the share capital	% of the exercisable voting rights	Number of shares	% of the share capital	% of the exercisable voting rights	Number of shares	% of the share capital	% of the exercisable voting rights
Shareholders									
Free float, o/w									
- French institutional investors	9,049,900	37.1%	41.8%	11,310,585	46.3%	50.5%	9,450,543	45.3%	50.3%
- International institutional investors	10,343,400	42.3%	38.3%	9,056,886	37.1%	33.8%	8,290,292	39.8%	35.7%
- Individual shareholders	4,546,371	18.6%	18.4%	3,541,253	14.5%	14.7%	2,588,509	12.4%	12.8%
- Employee shareholders	411,926	1.7%	1.5%	280,834	1.2%	1.0%	283,996	1.4%	1.2%
Treasury shares	66,715	0.3%	-	228,754	0.9%	-	231,564	1.1%	-
TOTAL	24,418,312	100%	100%	24,418,312	100%	100%	20,844,904	100%	100%

The Chief Executive Officer and the members of the Board of Directors own 2,698,761 shares (of which 2,627,244 held by Bpifrance Participations and 63,252 by the Chief Executive Officer), i.e., a total of 11.05% of the share capital.

To the best of the Company's knowledge, at the date of publication of this document, the following shareholders hold more than 5% of the Company's share capital and voting rights:

	Shares	% of the share capital	Voting rights exercisable at GM	% of voting rights exercisable at GM
Bpifrance Participations	2,627,244	10.8%	4,870,014	18.0%
Janus Henderson	1,458,900	6.0%	1,458,900	5.4%
Amiral Gestion	1,449,000	5.9%	1,449,000	5.4%

To the best of the Company's knowledge, no other shareholder directly or indirectly, alone or in concert, holds more than 5% of the share capital or voting rights.

There has been no material change in share ownership or voting rights since December 31, 2024.

No shareholders' agreement is in place. No public tender or exchange offer, nor any guaranteed share price offer, has been made in respect of the Company's shares over the past three years. The Company has not initiated any such offers for other companies over the same period.

4.3. Trading in the Company's shares during the year by senior managers as defined in Article L.621-18-2 of the French Monetary and Financial Code (Code monétaire et financier)

	Transaction	Number	Weighted average price
Olivier Legrain	Purchase of shares	623	32.1
Christophe Bommier	Vesting of free shares	5,928	
Christophe Bommier	Sale of shares	2,030	38.9
Sylvie Guiganti	Vesting of free shares	1,133	
Eric Guajioty	Vesting of free shares	5,928	
Eric Guajioty	Sale of shares	5,928	39.1
Gilles Boisseau	Vesting of free shares	5,928	
Estelle Legrand	Vesting of free shares	5,928	
Luc Themelin	Vesting of free shares	11,857	
Thomas Farkas	Vesting of free shares	5,928	
Thomas Baumgartner	Vesting of free shares	5,928	
Delphine Jacquemont	Vesting of free shares	661	
Thomas Farkas	Sale of shares	363	39.9

4.4. Terms of shareholder participation in General Meetings

The terms of shareholder participation in General Meetings are governed by the applicable regulations.

The right to participate in General Meetings is therefore subject to the shares having been registered by book entry in the shareholder's name or in the name of the intermediary appointed on his or her behalf at least two working days prior to the General Meeting by 12:00 am, Paris time. The entry must have been made either in the registered share accounts held by the Company or in the bearer share accounts held by the authorized intermediary.

Book entries in bearer share accounts must be justified by a shareholding certificate issued by the authorized intermediary.

If shareholders are unable to personally attend the meeting, they may choose an alternative from the following three options: (i) appoint a natural or legal person of their choice as a proxy under the conditions laid out in Articles L.225-106 and L.22-10-39 of the French Commercial Code; (ii) send a proxy form to the Company without appointing a specific proxy representative; or (iii) vote by correspondence.

DIVIDENDS

5. DIVIDENDS

Dividend payments are time-barred as prescribed by law, namely five years after their payment. After this time, payments are made to the French State. It is specified that there is no dividend payment restriction.

Historically, Mersen's Board of Directors has chosen to propose a dividend payout based on the Group's net income whereby, barring specific circumstances, the payout ratio is equal to between 30% and 40% of the Group's net income for the year, potentially adjusted for non-recurring items.

In the third resolution of the Combined General Meeting of May 16, 2024, the shareholders approved the payment of a gross cash dividend of €1.25 per ordinary share in respect of 2023.

In the third resolution of the Combined General Meeting to be held on May 16, 2025, the shareholders will be asked to approve the payment of a gross cash dividend of €0.90 per ordinary share in respect of 2024.

Year-end	No. of shares at year-end	Dividend per share at year-end (in €)	Share price (in €)			Overall yield based on share price at year-end
			High	Low	Last	
2020	20,864,064	0.65	35.30	12.38	24.75	2.8%
2021	20,821,207	1.00	37.25	23.25	36.90	2.7%
2022	20,844,904	1.25	38.75	26.45	37.75	3.3%
2023	24,418,312	1.25	44.55	29.85	35.20	3.6%
2024	24,418,312	0.90	40.25	18.80	20.60	4.4%

6. MERSEN AND THE STOCK MARKET

Mersen endeavors to meet the value creation targets of its shareholders and to promote a broader understanding of the Group by providing clear, regular and transparent information.

6.1. Share price performance and trading volumes

6.1.1. Share-related data

- Listing: Euronext Paris.
- Market: Eurolist Compartment B.
- Indices: SBF 120, CAC Mid 60, CAC Mid&Small, Tech Croissance.
- Eligible for SRD (deferred settlement) and PEA (equity savings plans).
- ISIN code: FR0000039620.

6.1.2. Market data

	Number of shares traded	Share capital traded on a monthly basis (in € millions)	Average daily number of shares traded*	Price		
				High (in €)	Low (in €)	Average ^(a) (in €)
2023^(b)						
January	475,858	18.13	21,630	39.72	36.27	37.91
February	621,699	25.49	31,085	43.46	39.15	41.15
March	991,064	38.61	43,090	44.03	35.36	39.72
April	593,375	22.10	32,965	39.72	35.45	37.41
May	522,189	19.34	23,736	39.00	35.25	37.19
June	555,517	22.18	25,251	42.20	35.65	39.70
July	539,897	22.33	25,709	44.55	38.85	40.88
August	374,009	15.53	16,261	44.05	39.85	41.47
September	594,599	22.88	28,314	42.25	35.75	39.02
October	610,312	20.45	27,741	38.15	29.85	34.54
November	676,807	22.18	30,764	34.25	30.45	33.06
December	610,388	20.61	32,126	36.00	31.85	34.08
2024						
January	996,887	32.25	45,313	35.50	30.30	32.69
February	632,575	22.66	30,123	37.95	33.65	35.80
March	681,420	24.71	34,071	39.50	34.80	35.87
April	557,453	19.70	26,545	36.80	33.70	35.21
May	645,917	24.87	29,360	40.25	34.55	38.31
June	687,343	24.10	34,367	39.05	31.85	35.28
July	841,751	28.27	36,598	35.70	30.90	33.49
August	497,726	15.29	22,624	32.25	29.10	30.80
September	830,795	23.40	39,562	31.35	26.85	28.12
October	1,795,471	43.61	78,064	29.05	21.10	24.90
November	1,298,681	26.53	61,842	22.30	19.58	20.54
December	1,263,588	25.48	63,179	21.65	18.80	20.27
2025						
January	1,382,989	28.47	62,863	22.60	19.14	20.23
February	1,287,782	27.63	64,389	22.75	20.55	21.50

Source: Euronext.

(a) Average closing price.

(b) 2023 data prior to the capital increase have been restated.

* On Euronext only.

MERSEN AND THE STOCK MARKET

(Share price in €)	February 2025	January 2025	2024	2023
At end of period	21.00	21.85	20.60	35.20
High/Low	22.75/20.55	22.60/19.14	40.25/18.80	44.55/29.85
YoY change			-42.9%	-2.7%
SBF 120 change			-2.3%	+13%
Market capitalization at end of period (in € millions)	513	534	503	860
Average monthly number of shares traded*	3,330,369	3,980,776	2,534,491	2,131,322
Average daily number of shares traded*	166,518	180,944	118,390	100,692

* On all trading platforms.

Over the summer, news of possible delays in the launch of electric vehicles had a negative impact on EV and semiconductor securities, leading to a fall in Mersen's share price. More generally, the lack of confidence in mid-caps on the whole also brought the share price down.

The full-year guidance was reviewed in late October, which in turn led to a review of financial analysts' target share prices. Then, on December 5, the Group held a Capital Market Day where it reassured the markets of the Group's ability to seize current end-market trends.

6.2. A trust-based relationship with shareholders

Mersen maintains a trust-based relationship with its shareholders built on transparency and communicates through various channels to give them a better understanding of the Group, its strategy, businesses and fundamentals.

The Group's investor relations strategy is predicated on an active program of information meetings and presentations, including:

- meetings with institutional investors in Europe and North America;
- meetings and themed conferences run for the benefit of financial analysts and journalists from the economic and financial press;
- information and discussion meetings with individual shareholders in France and a twice-yearly shareholders' newsletter.

In addition, the website provides extensive information on products and markets. All regulatory information and presentations of results are available in the Investors section.

6.3. Indicative timetable for the Group's financial communication

Sales

Q4 2024 sales – January 29, 2025

Q1 2025 sales – April 24, 2025

Q2 2025 sales – July 31, 2025

Q3 2025 sales – October 23, 2025

Results

2024 annual results – March 13, 2025

2025 half-year results – July 31, 2025

Annual General Meeting

Paris – May 16, 2025

6.4. Person responsible for the financial information

Thomas Baumgartner
Chief Financial Officer

MERSEN
Tour Trinity
1 bis place de la Défense
92400 Courbevoie, France

6 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME	220
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	221
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	222
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	224
CONSOLIDATED STATEMENT OF CASH FLOWS	225
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	226
STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	270

NB: comments related to changes in the Group's operations, results and debt are presented in the Management Report (Chapter 3) of this Universal Registration Document.

CONSOLIDATED STATEMENT OF INCOME

<i>In millions of euros</i>	Note	2024	2023
Sales	19	1,243.6	1,210.9
Cost of sales		(857.8)	(825.5)
Total gross income		385.8	385.4
Selling and marketing expenses		(89.4)	(86.1)
Administrative and research expenses		(163.1)	(158.5)
Amortization of revalued intangible assets		(1.4)	(1.2)
Other operating expenses		(0.8)	(2.4)
OPERATING INCOME BEFORE NON-RECURRING ITEMS		131.1	137.3
Non-recurring expenses		(23.5)	(8.0)
Non-recurring income		0.0	2.1
NON-RECURRING INCOME AND EXPENSES	18	(23.5)	(5.9)
OPERATING INCOME	19/21	107.5	131.4
Financial expenses		(24.9)	(19.3)
Financial income		0.9	0.0
Net financial expense	22	(24.0)	(19.3)
Income before tax		83.5	112.1
Current and deferred income tax	23	(22.0)	(26.2)
NET INCOME		61.5	85.9
Attributable to:			
- Mersen shareholders		59.0	81.6
- Non-controlling interests		2.5	4.3
NET INCOME FOR THE PERIOD		61.5	85.9
Earnings per share	24		
Basic earnings per share <i>(in euros)</i>		2.43	3.50
Diluted earnings per share <i>(in euros)</i>		2.37	3.42

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In millions of euros</i>	Note	2024	2023
NET INCOME FOR THE PERIOD		61.5	85.9
Items that will not be subsequently reclassified to income			
Financial assets at fair value through "Other comprehensive income"		0.1	0.0
Remeasurements of the net defined benefit liability (asset)		7.4	(1.7)
Tax impact on remeasurements of the net defined benefit liability (asset)		(1.6)	0.3
		5.8	(1.4)
Items that may subsequently be reclassified to income			
Change in translation adjustments		26.5	(25.7)
Change in fair value of hedging instruments		(4.3)	(0.9)
Tax impact on change in fair value of hedging instruments		0.8	0.1
		22.9	(26.5)
INCOME AND EXPENSES RECOGNIZED IN OTHER COMPREHENSIVE INCOME		28.8	(28.0)
TOTAL COMPREHENSIVE INCOME		90.3	57.9
Attributable to:			
- Mersen shareholders		86.8	54.9
- Non-controlling interests		3.5	3.0
TOTAL COMPREHENSIVE INCOME		90.3	57.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

<i>In millions of euros</i>	Note	Dec. 31, 2024	Dec. 31, 2023
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	6	298.1	257.7
Other intangible assets	8	66.2	50.7
Property, plant and equipment			
Land	8	40.0	28.6
Buildings	8	152.8	103.6
Machinery, equipment and other tangible assets	8	327.8	280.5
Property, plant and equipment in progress	8	228.7	149.2
Right-of-use assets	8/16	59.7	50.6
Non-current financial assets			
Equity interests	9	2.7	2.6
Other financial assets		3.5	3.7
Non-current tax assets			
Deferred tax assets	23	24.8	21.3
Long-term portion of current tax assets		6.7	5.9
TOTAL NON-CURRENT ASSETS		1,211.0	954.5
CURRENT ASSETS			
Inventories	10	307.8	299.2
Trade receivables	11	176.7	168.8
Contract assets	11	1.9	3.2
Other operating receivables		27.0	27.5
Short-term portion of current tax assets		4.5	12.0
Current financial assets	15	19.8	27.1
Current derivatives	4	1.4	4.1
Cash and cash equivalents	15	51.3	37.4
Assets held for sale		0.0	1.6
TOTAL CURRENT ASSETS		590.4	581.0
TOTAL ASSETS		1,801.4	1,535.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

<i>In millions of euros</i>	Note	Dec. 31, 2024	Dec. 31, 2023
EQUITY			
Share capital	12	48.8	48.8
Retained earnings and other reserves		732.6	673.5
Net income for the period		59.0	81.6
Cumulative translation adjustments		9.8	(15.8)
EQUITY ATTRIBUTABLE TO MERSEN SHAREHOLDERS		850.2	788.2
Non-controlling interests		32.2	29.5
TOTAL EQUITY		882.4	817.7
NON-CURRENT LIABILITIES			
Non-current provisions	13	7.0	7.0
Employee benefit obligations	14	32.4	40.4
Deferred tax liabilities	23	53.8	46.7
Long- and medium-term borrowings	15	349.5	256.2
Non-current lease liabilities	16	48.9	40.1
TOTAL NON-CURRENT LIABILITIES		491.6	390.5
CURRENT LIABILITIES			
Trade payables		80.9	83.8
Contract liabilities	13	68.8	64.2
Other operating payables	13	118.9	120.6
Current provisions	13	15.7	6.8
Current lease liabilities	16	15.4	13.8
Short-term portion of current tax liabilities		4.6	4.3
Miscellaneous liabilities	13	21.2	11.7
Current financial liabilities	15	83.3	7.0
Current derivatives	4	9.9	1.4
Bank overdrafts	15	8.7	13.7
TOTAL CURRENT LIABILITIES		427.4	327.3
TOTAL EQUITY AND LIABILITIES		1,801.4	1,535.5

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Attributable to Mersen shareholders				Total	Non-controlling interests	Total equity
	Share capital	Additional paid-in capital, retained earnings and other reserves	Net income/(loss)	Cumulative translation adjustments			
AT JANUARY 1, 2023	41.7	543.3	67.7	8.6	661.3	32.7	694.0
Prior-period net income/(loss)		67.7	(67.7)		0.0		0.0
Net income for the period			81.6		81.6	4.3	85.9
Change in fair value of derivative hedging instruments, net of tax		(0.8)			(0.8)		(0.8)
Financial assets at fair value		0.0			0.0		0.0
Remeasurements of the net defined benefit liability (asset) after tax		(1.5)			(1.5)	0.0	(1.5)
Translation adjustments				(24.4)	(24.4)	(1.3)	(25.7)
Total other comprehensive income (loss)	0.0	(2.2)	0.0	(24.4)	(26.7)	(1.3)	(28.0)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	0.0	(2.2)	81.6	(24.4)	54.9	3.0	57.9
Dividends paid		(30.2)			(30.2)	(6.2)	(36.4)
Treasury shares		0.2			0.2		0.2
Capital increases	7.1	89.8			97.0		97.0
Stock options and free shares		4.1			4.1		4.1
Hyperinflation		0.9			0.9		0.9
AT DECEMBER 31, 2023	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			59.0		59.0	2.5	61.5
Change in fair value of derivative hedging instruments, net of tax		(3.5)			(3.5)		(3.5)
Financial assets at fair value		0.1			0.1		0.1
Remeasurements of the net defined benefit liability (asset) after tax		5.6			5.6	0.1	5.7
Translation adjustments				25.6	25.6	0.9	26.5
Total other comprehensive income	0.0	2.2	0.0	25.6	27.8	1.0	28.8
COMPREHENSIVE INCOME FOR THE PERIOD	0.0	2.2	59.0	25.6	86.8	3.5	90.3
Dividends paid		(30.5)			(30.5)	(0.5)	(30.9)
Treasury shares		(0.3)			(0.3)		(0.3)
Stock options and free shares		5.1			5.1		5.1
Disposal of Mersen Hatan Electrical Carbon (Harbin) Co. Ltd					0.0	(0.4)	(0.4)
Hyperinflation		1.0			1.0		1.0
AT DECEMBER 31, 2024	48.8	732.6	59.0	9.8	850.2	32.2	882.4

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In millions of euros</i>	Note	2024	2023
Operating activities			
Income before tax		83.5	112.1
Depreciation and amortization	21	74.5	65.4
Additions to/(reversals of) provisions		6.8	(3.3)
Net financial expense	22	24.0	19.3
Capital gains on asset disposals	21	0.6	1.0
Other		8.5	6.5
Cash generated by operating activities before change in working capital requirement		197.8	201.0
Change in working capital requirement		9.1	3.2
Income tax paid		(12.9)	(25.0)
NET CASH GENERATED BY OPERATING ACTIVITIES		194.0	179.3
Investing activities			
Investments in intangible assets	8	(12.3)	(11.0)
Investments in property, plant and equipment	8	(204.3)	(176.3)
Changes in scope of consolidation		(66.4)	2.1
Disposals of assets and other		3.1	1.6
NET CASH USED IN INVESTING ACTIVITIES		(279.9)	(183.7)
NET CASH USED IN OPERATING AND INVESTING ACTIVITIES		(85.9)	(4.4)
Financing activities			
Capital increases	12	0.0	95.9
Sales/(purchases) of treasury shares		(0.5)	0.2
Dividends paid		(30.9)	(36.4)
Interest payments		(16.6)	(13.8)
Repayment of lease liabilities	16	(16.0)	(13.7)
Increase in borrowings and debt	15	311.4	416.4
Decrease in borrowings and debt	15	(150.7)	(465.6)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		96.7	(17.1)
Net increase/(decrease) in cash and cash equivalents		10.7	(21.5)
Cash and cash equivalents at beginning of period	15	37.4	59.2
Impact of currency fluctuations on cash and cash equivalents held		3.2	(0.3)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15	51.3	37.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF THE NOTES TO THE FINANCIAL STATEMENTS

Note 1	COMPLIANCE STATEMENT	227
Note 2	SIGNIFICANT EVENTS OF THE YEAR	227
Note 3	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND METHODS	227
Note 4	FINANCIAL RISK MANAGEMENT	235
Note 5	BUSINESS COMBINATIONS RECOGNIZED DURING THE YEAR	240
Note 6	GOODWILL	241
Note 7	ASSET IMPAIRMENT TESTS	241
Note 8	PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	242
Note 9	EQUITY INTERESTS	243
Note 10	INVENTORIES	243
Note 11	TRADE RECEIVABLES	244
Note 12	EQUITY	245
Note 13	PROVISIONS, OPERATING PAYABLES, MISCELLANEOUS LIABILITIES AND CONTINGENT LIABILITIES	246
Note 14	EMPLOYEE BENEFITS	248
Note 15	NET DEBT	251
Note 16	RIGHT-OF-USE ASSETS AND LEASE LIABILITIES	254
Note 17	FAIR VALUE OF FINANCIAL INSTRUMENTS	256
Note 18	NON-RECURRING INCOME AND EXPENSES	257
Note 19	SEGMENT REPORTING	258
Note 20	PAYROLL COSTS AND HEADCOUNT	260
Note 21	OPERATING INCOME	260
Note 22	NET FINANCE EXPENSE	261
Note 23	INCOME TAX	261
Note 24	EARNINGS PER SHARE	263
Note 25	DIVIDENDS	263
Note 26	RELATED PARTY DISCLOSURES	263
Note 27	OFF-BALANCE SHEET COMMITMENTS	265
Note 28	SUBSEQUENT EVENTS	265
Note 29	CONSOLIDATION SCOPE AT DECEMBER 31, 2024	266
Note 30	APPROVAL OF THE FINANCIAL STATEMENTS	269
Note 31	FEES PAID TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS BY THE GROUP	269

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).

Standards and interpretations effective for annual reporting periods beginning on or after January 1, 2024 are set out in Note 3. The new standards applied with effect from 2024 are presented in Note 3-X. The standards and interpretations yet to be applied appear in Note 3-Y.

The options chosen by the Group are indicated in the chapters that follow.

The consolidated financial statements at December 31, 2024 were prepared by applying the principles for recognizing and valuing transactions set forth in the IFRS standards adopted in the European Union on this date.

For comparison purposes, the 2024 consolidated financial statements include data for 2023, which were prepared using the same accounting rules.

The accounting principles described in Note 3 et seq. were used to prepare the comparative information and the 2024 annual financial statements.

Note 2 Significant events of the year

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 (see Notes 4 and 15).

In the second half of 2024, Mersen acquired the Graphite Machining, Inc. (GMI) group, KTK Thermal Technologies and Bar-Lo Carbon Products, Inc. Details of these acquisitions are provided in Note 5.

Note 3 Summary of significant accounting policies and methods

A - Consolidation scope and methods

The Mersen group's consolidated financial statements include the financial statements of the parent company as well as those of companies controlled by the parent company. The Group's fiscal year-end is the same as the calendar year-end, i.e., December 31.

Income from subsidiaries acquired or sold during the period is included in the consolidated statement of income since the date of acquisition or up to the loss of control, respectively.

All reciprocal transactions and balances are eliminated.

The consolidated financial statements are prepared in euros, which is the Company's functional currency. Unless otherwise stated, amounts are expressed in millions of euros and rounded to the nearest decimal place. Rounding may lead to non-material differences between the reported totals and the sum of the rounded amounts.

The Group's business is not seasonal; both sales and purchases are spread evenly over the year.

B - Presentation of the financial statements

The Mersen group presents its financial statements in accordance with the principles contained in *IAS 1 – Presentation of Financial Statements*.

B1 - Statement of comprehensive income

In view of customary practice and the nature of its business, the Group has opted to present the statement of income using the function of expense method, which consists in classifying expenses according to their function under cost of sales, the cost of commercial activities, administrative activities and Research and Development (R&D).

The Group presents comprehensive income in two statements consisting of a statement of income and a separate statement showing net income and other items of comprehensive income.

B2 - Consolidated statement of financial position

Assets and liabilities linked to the operating cycle and those having a maturity of less than 12 months at the reporting date are classified as current. Other assets and liabilities are classified as non-current.

B3 - Statement of cash flows

The Group prepares the statement of cash flows using the indirect method and as stipulated in *IAS 7 – Statement of Cash Flows*.

The indirect method consists in determining the cash flows relating to the operational activities, for which net income or loss is adjusted for the effects of non-cash transactions and items relating to investment and financing activities.

B4 - Assets held for sale and discontinued operations

In application of IFRS 5, assets and liabilities that are immediately available for sale in their current state, and whose sale is highly probable, are presented on the statement of financial position under assets and liabilities held for sale. Where a group of assets is held for sale as a single transaction and this group of assets represents a distinct component of the entity (business segment or principal and distinct geographical region covered by a single and coordinated disposal plan, or a subsidiary acquired exclusively with a view to resale), we consider the group of assets as a whole, together with the related liabilities. The sale must take place during the year following this presentation of the asset or group of assets.

The non-current assets or group of assets held for sale are stated at the lower of their net carrying amount and the fair value net of disposal costs. Non-current assets presented in the statement of financial position as held for sale are no longer depreciated (or amortized) once they are presented as such.

For groups of assets that meet the definition of discontinued operations, their net income is presented separately from the net income of continuing operations and their cash flows are presented on separate lines in the cash flow statement.

C - Translation of financial statements expressed in a currency other than the euro

The financial statements of the Group's foreign subsidiaries are prepared in their functional currency. The following translation principles apply to all Group subsidiaries whose currency is not that of a hyperinflationary economy.

The statements of financial position of companies whose functional currency is not the euro are translated into euros at the closing exchange rate, with the exception of equity, which is translated at the historic exchange rate. Statements of income are translated at the average exchange rate during the period; the average exchange rate is the approximate value of the exchange rate on the date of the transaction, in the absence of significant fluctuations.

Foreign exchange adjustments resulting from translation are recognized under other items of comprehensive income, and are presented in the currency translation reserve component of equity. However, if the operation involves a subsidiary that is not wholly owned, a foreign exchange difference proportional to the percentage of the holding is assigned to the non-controlling interests. Where a foreign operation is sold and control or significant influence or joint control is lost, the aggregate amount of the corresponding foreign exchange differences is reclassified in income. Where the Group sells part of its equity interest in a subsidiary that includes a foreign operation while retaining control, a proportional share of the aggregate amount of the foreign exchange differences is reallocated to non-controlling interests. Where the Group sells only a part of its equity interest in an

affiliated or proportionally consolidated company that includes a foreign operation abroad, but maintains a significant interest or joint control, the proportional share of the aggregate amount of the foreign exchange differences is reclassified under income.

With the exception of cash that is translated at the closing exchange rate, the cash flow statement is translated at the average exchange rate, unless it is not appropriate to do so.

Statement of financial position translation differences are recorded separately in other comprehensive income under translation adjustments and include:

- the impact of the exchange rate movements on assets and liabilities;
- the difference between income calculated at the average exchange rate and income calculated at the year-end exchange rate.

Goodwill and fair value adjustments resulting from acquisitions of subsidiaries whose functional currency is not the euro are treated as assets and liabilities of the subsidiary. They are therefore stated in the functional currency of the subsidiary and translated at the closing exchange rate.

D - Translation of transactions expressed in a currency other than the functional currency

The recognition and measurement of foreign currency transactions are defined by *IAS 21 – Effects of Changes in Foreign Exchange Rates*.

Foreign currency transactions are translated at the exchange rate effective at the time of the transaction. At the end of the fiscal year, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. The resulting translation adjustments are recognized in the statement of income under foreign exchange gains and losses.

Translation adjustments on foreign currency financial instruments corresponding to hedges of net investments in foreign subsidiaries are recognized in other comprehensive income under translation adjustments.

E - Hyperinflation

The Group applies *IAS 29 – Financial Reporting in Hyperinflationary Economies* to measure and incorporate in its consolidated financial statements the accounts of subsidiaries whose functional currency is that of a hyperinflationary economy:

- non-monetary assets and liabilities expressed on a historical cost basis, as well as components of equity, are restated at the reporting date so that their value reflects changes in inflation since the date of their initial recognition;
- monetary assets and liabilities continue to be recognized at their face value at the reporting date as they are already expressed in terms of the monetary unit current at that date due to the nature of the underlying assets and liabilities;
- gains or losses on the subsidiary's net monetary position are recognized within financial income and expenses in the statement of income to reflect the loss in purchasing power related to holding monetary assets and liabilities during the year.

In accordance with IAS 21, the assets, liabilities, components of equity, income and expenses of subsidiaries whose functional currency is that of a hyperinflationary economy are translated at the closing exchange rate for the period for the purposes of consolidation in the Group's financial statements. The comparative consolidated financial statements are not restated, since the Group's financial statements are presented in the currency of a non-hyperinflationary economy (the euro).

The Group presents the impact of restatements of non-monetary assets and liabilities within consolidated retained earnings and other reserves.

F - Hedging

The recognition and measurement of hedging transactions are defined by IAS 32 and IFRS 9.

F1 - Currency and commodity hedging

A currency derivative is eligible for hedge accounting provided that the hedging relationship was documented from the outset and that its effectiveness over its lifetime has been demonstrated.

Hedging protects against variations in the value of assets, liabilities or firm commitments; it also guards against variations in the value of cash flows (sales generated by the company's assets, for example).

Derivatives are stated at fair value. Changes in the fair value of these instruments are recognized using the following methods:

- changes in the fair value of instruments eligible for the hedging of future cash flows are recognized in other comprehensive income for the effective component of the hedge (intrinsic value); changes in the fair value of these instruments are then recognized in net income and offset changes in the value of the hedged assets, liabilities, or firm commitments as and when they occur. The time value of the hedges is recognized in operating income under other operating expenses;
- changes in the fair value of instruments not eligible for hedging future cash flows are recognized directly in income.

F2 - Interest rate hedging

Interest rate derivatives are valued on the statement of financial position at fair value. Changes in fair value are recognized using the following methods:

- the ineffective component of the derivative instrument is recognized under income as the cost of debt;
- the effective component of the derivative instrument is recognized as:
 - other comprehensive income in the case of a derivative recognized as a cash flow hedge (e.g., a swap to fix a debt carrying a variable interest rate),

- income (cost of debt) in the case of a derivative recognized as a fair value hedge (e.g., a swap turning a fixed interest rate into a variable interest rate). This recognition is offset by changes in the fair value of the hedged debt.

G - Intangible assets

The applicable standards are *IAS 38 – Intangible Assets*, *IAS 36 – Impairment of Assets* and *IFRS 3 – Business Combinations*.

In accordance with *IAS 38 – Intangible Assets*, only items whose future economic benefits are likely to benefit the Group and whose cost can be reliably determined are recognized as intangible assets.

The Group's intangible assets consist primarily of goodwill.

Other intangible assets (software, customer relationships, technology, etc.) with a finite lifespan are recognized at cost less accumulated amortization and impairment. Amortization is recognized as an expense on a straight-line basis over the estimated useful life.

G1 - Goodwill

The Group recognizes business combinations using the acquisition method when an acquired set of activities and assets meets the definition of a business and the Group has obtained control of that business. In order for an integrated set of activities and assets to be considered by the Group as a business, it has to include, at a minimum, an input, and a substantive process that together significantly contribute to the ability to produce goods or services.

Goodwill arising on business combinations corresponds to the fair value of the consideration transferred (including the fair value of any equity interest previously held in the acquired company) plus the amount recognized for any non-controlling interest in the acquired company, less the net amount recognized (usually the fair value) for the identifiable assets acquired and liabilities assumed, with all these items measured at their acquisition-date values. When the difference is negative, the resulting gain is recognized as a bargain purchase in income.

The Group chooses, transaction by transaction, on the date of acquisition, to value any non-controlling interest at either its fair value or its share in the identifiable net assets of the acquired company recognized.

Goodwill is allocated to the Group's cash-generating units (CGU). The Group has defined the following five CGUs:

- Power Transfer Technologies;
- Graphite Specialties;
- Anticorrosion Equipment;
- Solutions for Power Management;
- Electrical Protection & Control.

Goodwill is not amortized. It is subject to an impairment test as soon as indications of impairment appear, and at least once a year. Indications of impairment reviewed at the reporting date include an increase in the weighted average cost of capital, lower-than-expected performance by the CGU to which the goodwill is allocated, or a revision of the business plan to reflect a downgrade of future performance projections.

In accordance with IAS 36, the method used by the Group for testing the impairment of assets consists in:

- developing cash flows after normative taxes on the basis of the Strategic Plan of the relevant CGU;
- calculating a value in use using a method comparable to any business valuation by discounting the cash flows at the Group's weighted average cost of capital (WACC), without taking synergies or restructuring into account;
- comparing this value in use with the carrying amount of the assets to determine whether an impairment loss should be recorded.

The value in use is determined from discounted projections of future operating cash flows over five years, and a terminal value. The discount rate used for these calculations is the weighted average cost of capital after tax.

Any impairment losses recognized against goodwill are irreversible.

G2 - Patents and licenses

Patents and licenses are amortized on a straight-line basis over the legal protection period.

Computer software is amortized on a straight-line basis over its useful life.

G3 - Development costs

In accordance with IAS 38 – *Intangible Assets*, development costs are capitalized where it can be demonstrated:

- that the company has the intention and the financial and technical capacity to see the development project through to its term;
- that the future economic benefits that are attributable to development spending will benefit the company;
- that the cost of this asset can be measured reliably; and
- how the intangible asset will generate probable future economic benefits.

Development costs that do not meet the above criteria are expensed as incurred. Development costs (including for IT) that meet the above criteria are recorded in the statement of financial position. They are amortized on a straight-line basis over their useful life. Expenditure incurred subsequent to an intangible asset being brought into use, in order to enable that asset to generate future economic benefits in excess of its originally assessed standard of performance, is also capitalized. Costs incurred accessing application software hosted on a service provider's infrastructure are treated as a service contract or an intangible asset, depending on the rights conferred.

G4 - Intangible assets acquired in connection with a business combination

Intangible assets also include the technology, trademarks and customer relationships valued at the time of the acquisition of companies in application of *IFRS 3 – Business Combinations*.

Amortization is recognized as an expense on a straight-line basis over the estimated useful life of the intangible assets, other than goodwill, as soon as they are ready to be brought into service. The estimated useful lives for the current period and comparable period for the acquisitions made were as follows:

- trademarks whose useful life is finite up to 30 years
- patents and technology up to 30 years
- customer relationships up to 30 years

To determine whether the useful life of an intangible asset is finite or indefinite, the Group examines the external and internal factors relating to the asset according to the criteria laid down in the standard.

H - Property, plant and equipment

In accordance with *IAS 16 – Property, Plant and Equipment*, only items whose cost can be reliably determined and whose future economic benefits will probably benefit the Group are recognized as property, plant and equipment.

Property, plant and equipment are valued at their historical acquisition cost, less accumulated depreciation and impairments observed, with the exception of land, which was revalued on the date of the IFRS transition date.

Borrowing costs directly attributable to the acquisition, construction and production of qualifying assets are included in the cost of this asset.

Depreciation is calculated on the basis of the rate of consumption of the expected economic benefits for each asset item on the basis of the acquisition cost, where appropriate less a residual value.

The various components of property, plant and equipment are recognized separately if their useful life and therefore their depreciation period are significantly different.

Accordingly, the depreciation method used by the Group is the straight-line method, depending on the projected useful life of the asset.

The periods used are:

- constructions: 20 to 50 years;
- fixtures and fittings: 10 to 15 years;
- equipment and tools: 3 to 10 years;
- vehicles: 3 to 5 years.

These depreciation periods and the residual values are reviewed and adjusted at the end of each annual period; the changes are applied prospectively.

Investment subsidies are recognized at the outset as a deduction from the gross value of the asset.

I - Leases

In accordance with IFRS 16, the Group’s statement of financial position includes right-of-use assets and lease liabilities relating to leases of assets valued at more than USD 5,000 or leases with a term of more than one year.

Right-of-use assets are initially measured at cost and subsequently amortized on a straight-line basis over the reasonably certain term of the lease. Where necessary, right-of-use assets are adjusted for any loss in value.

Lease liabilities are initially recognized at the present value of the lease payments not yet paid at the commencement date of the lease. Subsequent to initial recognition, lease liabilities are remeasured if (i) there is a change in future lease payments resulting from a change in an index or a rate, or (ii) there is a change in the amounts expected to be payable under a residual value guarantee, or (iii) the Group reassesses the probability of it exercising a purchase, renewal or termination option, or (iv) there is a change in an in-substance fixed lease payment.

One of the key assumptions is that specific discount rates are set for each country, calculated according to that country’s default risk and the credit risk of the lessee entity.

The Group estimates the reasonably certain term of its leases based on its past experience.

In the consolidated statement of financial position, the Group presents right-of-use assets on a separate line in non-current assets. Current and non-current lease liabilities are presented on two separate lines of the consolidated statement of financial position and are not included in net debt.

J - Impairment of property, plant and equipment and intangible assets (excluding goodwill)

In accordance with IAS 36 – *Impairment of Assets*, if events or changes in the market environment suggest that there is a risk of impairment, the Group’s property, plant and equipment and intangible assets are subject to a detailed review to determine whether their carrying amount is lower than their recoverable amount, defined as the higher of either their fair value less the cost of disposal and their value in use.

For property, plant and equipment, the main indicators of impairment reviewed by the Group at year-end are physical deterioration or underutilization. For intangible assets other than goodwill, indications of impairment include higher-than-expected costs of developing and modifying information systems or developing new products. The criteria for capitalizing these costs, as defined in IAS 38 (see note 3-G3), are reviewed at each reporting date.

If the recoverable amount of the assets is lower than their carrying amounts, an impairment loss is recognized equivalent to the difference between these two amounts. Impairment losses relating to property, plant and equipment and intangible assets (excluding goodwill) can be subsequently reversed if the recoverable amount becomes higher than the carrying amount (within the limit of the impairment loss originally recognized).

The recoverable amount of an asset is usually determined on the basis of its value in use. This corresponds to the value of the future economic benefits expected from their use and sale. It is calculated in particular by reference to the future discounted cash flows determined in line with economic forecasts and provisional operating conditions used by the Management of the Mersen group.

IAS 36 defines the discount rate to be used as the pre-tax rate reflecting the current market assessments of the time value of money and the risks specific to the asset. It is the rate of return that investors would require if they were to choose an investment whose amount, maturity and risks were equivalent to those of the relevant asset or Cash-Generating Unit (CGU).

K - Financial assets and liabilities

Measurement, recognition and presentation of financial assets and liabilities are defined in *IFRS 9 – Financial Instruments*, *IAS 32 – Financial Instruments: Presentation* and *IFRS 7 – Financial Instruments: Disclosures*.

Financial assets include equity instruments at fair value through other items of comprehensive income, the fair value of hedging instruments/derivatives held as assets, guarantee deposits paid, loans and receivables, contract assets and cash and cash equivalents at amortized cost.

Current and non-current financial assets measured at amortized cost are written down in line with the expected loss model set out in IFRS 9: impairment of trade receivables is calculated based on historical loss rates, adjusted prospectively for future events that factor in both individual credit risks and the economic outlook on the markets in question.

Financial liabilities include borrowings, other financing facilities and bank overdrafts, guarantee deposits received, contract liabilities and the fair value of hedging instruments/derivatives held as liabilities. Unless they have been hedged at fair value, borrowings and other financial liabilities are measured at the amortized cost calculated using the effective interest rate (EIR).

Equity interests

The equity interests in unconsolidated companies are non-current financial assets classified as equity investments that are not held for trading and measured at their fair value.

For each investment, at initial recognition, the Group may make an irrevocable decision to present subsequent changes in the fair value of the investment in other comprehensive income.

The principal activity of the unconsolidated subsidiaries consists in the distribution of products manufactured by the consolidated companies.

Subsidiaries that are considered, individually or on an aggregate basis, to be immaterial, are not included in the consolidation scope.

L - Capital

Ordinary shares are classified as equity instruments. Incidental costs directly attributable to the issuance of ordinary shares or share options are recognized as a deduction from equity, net of tax.

Treasury shares are recorded at their acquisition cost as a reduction in equity. The proceeds of the sale of these securities are posted directly to equity and do not contribute to the income for the fiscal year.

M - Provisions

In accordance with *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*, provisions are recognized if at the end of the year the Group has an obligation to a third party that is likely or certain to result in an outflow of resources corresponding to future economic benefits in favor of this third party.

This obligation may be legal, regulatory or contractual. It may also result from the Group's practices or from public commitments that have created a legitimate expectation in the minds of the third parties concerned that the Group will assume certain responsibilities.

The estimate of the amount shown as provisions corresponds to the outflow of resources that the Group will probably have to cover in order to fulfill its obligation. If this amount cannot be reliably estimated, no provision is recognized; an explanation is then added to the notes to the financial statements.

Contingent liabilities correspond to potential obligations resulting from past events whose existence will only be confirmed by the occurrence of uncertain future events that are partly beyond the control of the company, or correspond to present obligations for which the outflow of resources is not probable. An explanation is then added to the notes to the financial statements.

In the case of restructuring, an obligation is created provided that the restructuring has been announced, or has commenced and is described in a detailed plan, before the closing date.

If the Company has a reliable timetable, liabilities are discounted if the effect of discounting is significant.

N - Inventories

Inventories are initially valued at cost price, which corresponds to their acquisition cost or production cost. The production cost takes into account the normal level of activity of the production tool. Indirect costs taken into account when valuing work in progress and finished products include only those relating to production. Interest expenses are not capitalized.

At the year-end, an impairment loss is recognized in the income statement for any inventories whose realizable value is lower than their cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary for the completion and sale of the inventories concerned. The calculation of the net realizable value of inventories takes into account factors such as their turnover rate and whether they have become technically or commercially obsolete.

O - Sales

Sales include sales of finished products and services relating to these products, sales of scrap, sales of goods purchased and invoiced shipping costs.

They are recognized in accordance with *IFRS 15 – Revenue from Contracts with Customers*, i.e., revenue is recognized once control over a good or service passes to a customer for the amount of consideration to which a seller expects to be entitled once performance obligations have been satisfied.

Given the nature of the products and the Group's general terms and conditions of sale, Group sales are usually recognized once the performance obligation has been satisfied, taking into account the incoterms applied (date the products leave the

Group's warehouse, or delivery date if Mersen is responsible for transporting the products). Revenue is recognized once (i) inherent control over performance obligations has been transferred to the customer, (ii) the consideration is expected to be recovered, and (iii) related costs, the possibility that the goods will be returned and the amount of revenue can all be reliably measured. Discounts and rebates are recognized as a deduction from sales when they can be estimated with sufficient reliability based on contractual terms and conditions and past experience.

For the Advanced Materials segment, income from service agreements and construction contracts is recognized in the statement of income based on the contract's state of progress at the reporting date. Revenue is recognized as and when the performance obligations are satisfied.

Moreover, the Group presents the contract in the statement of financial position as a contract asset or a contract liability depending on the relationship between the entity's performance and the customer's payment:

- contract assets mainly comprise the Group's accrued entitlements to payments for work completed but not billed at the reporting date;
- contract liabilities mainly comprise prepayments received from customers.

Income from associated activities is shown in the statement of income as a deduction from expenses of the same type (selling, general, administrative and research expenses).

P - Employee benefits

Post-employment benefits granted by the Group vary, depending on each subsidiary's legal obligations and policy on the matter. They include defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the Group's obligations are limited to the payment of regular contributions to external organizations that provide administrative and financial management of the plans. The expenses recorded in connection with these plans correspond to the contributions paid during the reference period.

A defined benefit plan is any post-employment benefit plan other than a defined contribution plan. The Group's liability under defined benefit plans is evaluated separately for each plan by estimating the amount of future benefits acquired by the staff in exchange for services rendered during the current period and previous periods. When (i) beneficiaries of defined benefit plans are entitled to benefits when they reach a specified retirement age provided they still form part of the Group at that retirement age, and (ii) the amount of the retirement benefits to which the beneficiaries are entitled depends on the length of service before the retirement age and is capped at a specified number of consecutive years of service, the Group recognizes the related obligation based only on the years before the retirement age for which the beneficiaries' service gives rise to benefit entitlements. The amount of the defined benefit obligation is recognized in the statement of financial position at its present value. The fair value of plan assets is then deducted to determine the net liability (asset). The Group determines the net interest expense (income) on the net liabilities (assets) for the defined benefits for the period, by applying the discount rate used at the beginning of the fiscal year to evaluate the obligation under the net liabilities (assets).

The Group calculates the discount rate with the help of an independent expert, taking into account market practices.

The calculations are performed each year by a qualified actuary, using the projected unit credit method. If calculations of net liabilities result in an asset for the Group, the amount recognized in connection with this asset may not exceed the discounted value of any economic benefit available in the form of a future repayment by the plan or reductions in future contributions to the plan. All the minimum funding requirements that apply to the Group's plans are taken into account to calculate the current value of the economic benefits. An economic benefit is available for the Group if it is realizable during the lifetime of the plan, or on the settlement dates of the plan's liabilities.

Remeasurement of net liabilities (assets) relating to the defined benefits include actuarial differences, the return on the plan assets (other than the amounts taken into account in the calculation of the net interest on the net liabilities (assets)), and the change in the impact of the asset ceiling (other than the amounts taken into account in the calculation of the net interest on the net liabilities (assets), if any). The Group recognizes them immediately as other items of comprehensive income and all the other expenses relating to defined benefit plans are recognized on the statement of income as employee benefit obligations. Actuarial gains and losses on other long-term employee benefits (in particular long-service awards) are recognized in the statement of income.

If the plan benefits change, the impact associated with past services rendered by personnel is recognized immediately in the statement of income at the time of the change. If a plan is reduced, the profit or the loss resulting from the reduction is also recognized immediately on the statement of income on the date of the reduction.

The Group recognizes the profit or loss resulting from the liquidation of a defined benefit plan at the time of the liquidation. The profit or loss resulting from a liquidation is equal to the difference between the discounted value of the liquidated defined benefit liability, calculated on the liquidation date, and the consideration of the liquidation, including any plan assets transferred and any payment made directly by the Group in connection with the liquidation.

Q - Non-recurring expenses

Non-recurring income and expenses correspond to expenses and income not arising during the normal course of the Company's business activities. This section is intended to recognize the impact of major events that may distort operating performance, and does not include any recurring operating costs.

Non-recurring income and expenses particularly include the following items:

- the proceeds of material and non-recurring sales: property, plant and equipment and intangible assets, equity interests, other financial fixed assets and other assets;
- impairment losses recognized on loans, goodwill, and assets;
- certain provisions for litigation and restructuring;
- reorganization and restructuring expenses;
- costs relating to acquisitions as part of a business combination.

R - Operating income

Operating income is shown before net finance expenses, taxes and non-controlling interests.

Operating subsidies are presented as a deduction from costs to which the subsidy relates.

S - Income tax

Income tax comprises current taxes and deferred taxes. It is recognized in profit and loss unless it relates to (i) a business combination or (ii) items recognized directly in equity or other comprehensive income.

S1 - Current taxes

Current tax includes the estimated amount of tax payable (or receivable) in respect of the taxable profit (or loss) for a given year, adjusted for any tax carryforwards from prior years. Current tax payable (or receivable) is determined based on a best estimate of the amount of tax the Group expects to pay (or receive), as well as any related uncertainties. It is calculated on the basis of the tax rates that have been enacted or substantively enacted at year-end.

S2 - Deferred taxes

Accounting restatements or consolidation adjustments may cause temporary differences in the statement of financial position between the consolidated values and the tax values of the assets and liabilities, giving rise to the calculation of deferred taxes.

In accordance with IAS 12, the Group presents deferred taxes in the consolidated statement of financial position separately from other assets and liabilities. Deferred tax assets are recorded on the statement of financial position provided that it is more likely than not that they will be recovered in subsequent years. Deferred tax assets and liabilities are not discounted.

The following factors are taken into account when assessing the Group's ability to recover these assets:

- projections of future taxable income covering a period of up to eight years;
- taxable income in previous years.

Deferred tax assets and liabilities are measured using the liability method, i.e., using the tax rate expected to be applied to the fiscal year in which the asset will be realized or the liability settled, on the basis of the tax rates (and tax regulations) that have been enacted or substantively enacted at year-end, taking into account future rate rises or cuts.

The measurement of deferred tax assets and liabilities reflects the tax consequences that depend on the extent to which the company expects, at year-end, to recover or settle the carrying value of these assets and liabilities.

T - Segment reporting

IFRS 8 on segment information defines an operating segment as a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

With regard to the management organization of the Mersen group based on a segmentation by type of activity, and the internal reporting available to the Executive Committee (the chief operating decision maker) and the Board of Directors, the Group has identified the following two operating segments under IFRS 8:

- Advanced Materials segment, which includes the Group's three businesses related to carbon materials: graphite specialties for hightemperature applications (Graphite Specialties), anti-corrosion equipment (Anticorrosion Equipment), mainly used in the chemicals sector, and power transfer technologies (Power Transfer Technologies);
- Electrical Power segment, which includes the Group's two businesses related to the electrical market, namely Solutions for Power Management and electrical protection and control, primarily fuses, industrial fuse holders, and surge protection solutions (Electrical Protection & Control).

U - Earnings per share

Basic and diluted earnings per share are presented based on total net income and net income from continuing operations (if they differ).

Basic earnings per share are calculated by dividing net income for the year attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the year.

To calculate diluted earnings per share, net profit attributable to ordinary shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

V - Equity-linked benefits granted to employees

In accordance with *IFRS 2 – Share-based Payment*, the fair value of share purchase and stock options reserved for employees involving the Group's shares is measured at the grant date.

The value of share purchase and stock options depends in particular on the exercise price, the probability of fulfilling the conditions for the exercise of the option, the lifetime of the option, the current price of the underlying shares, the expected volatility of the share price, the expected dividends and the risk-free interest rate over the life of the option. This value is recorded under staff expenses on a straight-line basis over the vesting period, with a corresponding adjustment to equity for share-settled and debt-settled plans vis-à-vis the personnel for cash-settled plans.

W - Use of estimates

For the preparation of the consolidated financial statements, the calculation of certain figures shown in the financial statements requires that assumptions, estimates or appraisals be used, in particular when calculating provisions and performing impairment tests. These assumptions, estimates or appraisals are carried out on the basis of the information available or existing situations at the reporting date. These estimates and assumptions are made on the basis of past experience and various other factors. The current highly volatile economic and financial environment makes it difficult to accurately assess business prospects. The actual amounts may subsequently turn out to be different from the estimates and assumptions used.

The actual occurrence of certain events after the reporting date may subsequently differ from the assumptions, estimates and appraisals used in this context.

Use of management estimates in the application of the Group's accounting standards

Mersen may be required to make estimates and to rely on assumptions that affect the carrying amount of assets and liabilities, income and expenses, and also information relating to unrealized assets and liabilities. Future earnings may differ significantly from these estimates.

The underlying estimates and assumptions are determined based on past experience and other factors considered to be reasonable in the circumstances. They thus serve as a basis for the exercise of the judgment required to determine the carrying amounts of assets and liabilities that cannot be obtained directly from other sources. Actual amounts may differ from the estimated values.

The underlying estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognized during the period of the change, if this affects this period only, or during the period of the change and future periods if these are also affected by the change.

Notes 3-G1, 3-J and 7 relate to impairment testing of goodwill and other fixed assets. The Group's Management has conducted the tests on the basis of best expectations for future valuations of the businesses of the units concerned, taking into account the discount rate.

Notes 13 and 14 relating to provisions and employee benefit obligations describe the provisions introduced by Mersen. In calculating these provisions, the Group took into account the best estimate of these obligations.

Note 23 relating to the tax burden summarizes the Group's tax situation and is based, especially in France and Germany, on the best estimate that the Group has for future changes in taxable income.

All of these estimates are based on an organized process for gathering projections of future flows, with validation by the operational managers, as well as market data projections based on external indicators, used in accordance with consistent, documented methodologies.

X - New standards applied

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

- Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*
- Amendments to IFRS 16 – *Leases – 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*. The impacts on the Group's tax burden in 2024 of applying the Pillar Two model rules are set out in Note 23.

Y - New standards, amendments and interpretations published but not yet effective

The following new amendments will be mandatory for annual reporting periods beginning after January 1, 2024, subject to their endorsement by the European Union:

- Amendments to IAS 21 – *Lack of Exchangeability*
- IFRS 18 – *Presentation and Disclosure in Financial Statements*
- IFRS 19 – *Subsidiaries without Public Accountability: Disclosures*

Despite being available for early adoption (endorsed by the European Union in 2024), the Group elected not to apply the new standards, amendments and interpretations in preparing its consolidated financial statements.

Application of IFRS 18 will be mandatory for accounting periods beginning on or after January 1, 2027. Its impact on the Group is currently being analyzed. The other amendments described above are not expected to have a material impact on the Group's consolidated financial statements.

Note 4 Financial Risk Management

The Group is exposed to the following financial risks:

- liquidity risk;
- interest rate risk;
- commodity risk;
- currency risk;
- credit risk;
- financial risks resulting from climate change.

This note provides information regarding the Group's exposure to each of the above risks, its objectives, its policy and its procedures for evaluating and managing risks.

Quantitative information is provided in other sections in the consolidated financial statements.

Information on capital management is presented in Note 12.

Liquidity risk

Mersen has committed credit lines and borrowing facilities totaling €695.3 million, of which 53% had been drawn down at December 31, 2024. Based on the amounts drawn down, the average maturity of these committed facilities is 3.8 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 December 31, 2023), set up in October 2022 and repayable in full in October 2029, following the exercise in 2024 of a second one-year option 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 (see definition in Note 15) and the following ESG indicators:

Indicator	Target	2024
Greenhouse gas emissions intensity (in tonnes of CO ₂ equivalent per million euros of sales)	<159	81
Accident frequency (Lost Time Injury Rate (LTIR) based on the number of reported accidents per million hours worked)	<1.8	2.08
Percentage of women engineers and managers (out of the Group's total number of engineers and managers)	≥27.0%	27.0%

In view of the above results, the credit margin will not be adjusted and the ratios will have no impact on the cost of debt in 2025 compared with 2024.

- two five-year bilateral loans granted by Bpifrance for an original 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) with a pool of North American investors, comprising a USD 60 million tranche maturing in 2031, and a €30 million tranche maturing in 2028, both of which are 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.
- 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. At December 31, 2024, the Group had issued €55 million under the NEU CP program. 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.

Lastly, as part of its growth plan and in order to refinance its 2025-2026 debt maturities, on February 4, 2025 Mersen set up a second US private placement ("USPP"), comprising a USD 100 million tranche maturing in 2035, and a second €90 million tranche maturing in 2032, both of which are redeemable at maturity. The notes were placed with a pool of North American investors and the funds will become available in April 2025.

Maturity schedule of committed credit lines and borrowings

In millions of euros	Amount	Drawdown at Dec. 31, 2024	Utilization rate Dec. 31, 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	21.0	21.0	100%	6.0	15.0	0.0
NEU MTN	45.0	45.0	100%	20.0	25.0	0.0
Committed credit line – China	6.6	0.0	0%	0.0	6.6	0.0
German private placements	215.0	215.0	100%	0.0	115.0	100.0
US private placement	87.8	87.8	100%	0.0	30.0	57.8
TOTAL	695.3	368.8	53%	26.0	511.6	157.8
AVERAGE MATURITY (YEARS)	4.3⁽¹⁾	3.8⁽²⁾				

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

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

Breakdown by maturity of cash flows on drawdowns of committed credit facilities and borrowings

In millions of euros	DRAWDOWNS	Drawdown at Dec. 31, 2024	Expected cash flows	Maturity		
				1-6 months	6-12 months	More than 1 year
	Group syndicated loan	0.0	0.0	0.0	0.0	0.0
	Bpifrance loans	21.0	22.5	3.4	3.3	15.8
	NEU MTN	45.0	46.3	0.1	20.5	25.8
	Committed credit line – China	0.0	0.0	0.0	0.0	0.0
	German private placements	215.0	243.1	4.1	3.1	235.9
	US private placement	87.8	102.7	1.1	1.1	100.4
	TOTAL	368.8	414.6	8.7	28.0	377.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Interest rate risk

The interest rate risk management policy is approved by the CEO of the Group on the basis of recommendations made by Mersen's Finance Department. It consists of establishing positions from time to time taking into account variations in interest rates.

Out of the Group's main confirmed borrowing facilities, the US private placement set up in 2021 corresponds to fixed-rate borrowings, with sixmonthly coupons of 3.32% on the US dollar tranche and 1.27% on the euro tranche.

The German private placement set up in 2019 includes a €68 million fixed-interest tranche with an annual coupon of 1.582%.

The German private placement set up in 2024 includes a €23 million fixed-interest tranche with an annual coupon of 4.394%.

Commodity risk

Certain Group companies purchase raw materials or components comprising commodities, such as non-ferrous metals like copper, silver and zinc. Copper and silver are the two metals accounting for a significant volume of purchases (in total, around €53.8 million) for the Mersen group. Different hedging techniques may be used, such as index-linking of purchase prices, index-linking on selling prices and, for hedgeable amounts, centralized bank hedging.

The commodity price risk management policy is validated by the Group's Executive Committee on the basis of recommendations by Mersen's Finance and Purchasing departments, and consists of establishing positions in the form of forward purchasing contracts or zero premium collars.

At end-2024, a portion of the hedgeable copper and silver tonnage provided for in the 2025 budget had been hedged.

An increase or decrease in the price of copper and silver, with relation to closing prices at December 31, 2024 as indicated below, would have resulted in an increase/(decrease) in other comprehensive income and operating income by the amounts indicated below as a result of the commodity hedges.

Impact (in millions of euros) at Dec. 31, 2024	Copper		Silver	
	Other comprehensive income	Gains or losses recognized in operating income	Other comprehensive income	Gains or losses recognized in operating income
Increase of 5%	0.8	0.0	0.6	0.0
Decrease of 5%	(0.8)	0.0	(0.6)	0.0

Recognition at year-end 2024 of commodity hedges

MTM ^(a) (stated in millions of euros)	Impact on 2024 other comprehensive income	Impact on 2024 income
MTM of copper and silver hedges	(2.1)	0.0

(a) Mark-to-market = evaluated at market price.

Other metals, primarily steel and reactive metals, are essentially used on the chemicals market. They are used for specific customer requirements and their cost is generally reflected in the commercial offer. As a result, changes in prices have a limited impact on the Group's gross margin.

Prices of petroleum-derived products, especially petroleum coke and pitch, which are raw materials used in the manufacture of

graphite, have little correlation with oil prices. In general, energy, primarily electricity and gas, is purchased at fixed rates based on forecast annual or multiannual volumes depending on regions.

Changes in energy prices and petroleum derivatives have had little impact on the Group's margins overall, as they are partially or fully offset by selling price increases.

Currency risk

Fluctuations in the principal currencies used by the Group

	JPY	USD	KRW	GBP	RMB
Average exchange rate from Jan. 1, 2023 to Dec. 31, 2023 ^(a)	151.94	1.0816	1413.26	0.86991	7.6591
Closing exchange rate at Dec. 31, 2023 ^(b)	156.33	1.1050	1433.66	0.86905	7.8509
Average exchange rate from Jan. 1, 2024 to Dec. 31, 2024 ^(a)	163.82	1.0821	1475.26	0.84659	7.7863
Closing exchange rate at Dec. 31, 2024 ^(b)	163.06	1.0389	1532.15	0.82918	7.5833

(a) Exchange rate used to convert the cash flow statement and statement of income.

(b) Exchange rate used to translate the statement of financial position.

The currency risk management policy is validated by Executive Management on the basis of proposals made by the Finance Department. It consists of contracting forward exchange rate hedges with leading banks on the basis of a complete inventory of inter-company and non-Group risks.

In its commercial activities, barring exceptional circumstances, Group policy is to hedge currency risks when an order is taken or to hedge a large portion of the annual budget. The primary currency risk concerns intra-Group flows.

In the area of financing, Group policy is contract loans in local currencies, except for special cases. Borrowings in foreign currencies arranged by the parent company match financing made in euros subject to hedges (foreign exchange swaps) transforming them into financing in the currencies of the subsidiaries concerned.

For consolidation purposes, the statement of income and cash flow statements of foreign subsidiaries are translated into euros at the average exchange rate for the relevant period, while statement of financial position items are translated at the rate prevailing at the end of each reporting period. The impact of this currency translation can be significant. The principal impact concerns the

effect of changes in the US dollar exchange rate on the Group's equity, net debt and main income statement indicators.

The Group's operating income before non-recurring items is exposed to exchange rate variations primarily through the translation of earnings recorded by companies whose currency is not the euro. The primary exposure is with the US dollar. A 10% decline in the value of the USD compared with the average confirmed rate of January through December 2024 would have had a translation impact of a negative €6.5 million on the Group's operating income before non-recurring items. Conversely, this 10% decline in the value of the US dollar compared with the closing exchange rate for 2024 would have had a translation impact of a negative €20.2 million on the Group's net debt at December 31, 2024. The Group's debt policy means that the sensitivity of its net debt-to-EBITDA ratio to changes in the US dollar is not material.

Apart from special cases, hedges are centralized at the level of the parent company. They are carried out under strictly defined procedures. Hedges are valued as described below.

EUR/Foreign currency risk

Risks (stated in millions of euros) ^(a)	JPY	USD	KRW	GBP	RMB
Sale of foreign currencies	6.9	22.5	3.0	20.4	6.5
Purchase of foreign currencies	(0.5)	(36.2)	(0.0)	(21.5)	(10.5)
Potential risks for 2025	6.4	(13.7)	3.0	(1.1)	(4)
Hedges outstanding at December 31, 2024	(4.1)	12.0	(1.8)	2.0	0.6
Net position	2.3	(1.7)	1.2	0.9	(3.4)
Impact in euros of a 5% fall in the euro ^(b)	0.12	(0.09)	0.06	0.05	(0.18)

(a) Excluding any potential anticorrosion equipment sales, which are hedged when an order is placed.

(b) Sensitivity calculated on the basis of currency exchange rates at December 31, 2024.

USD/Foreign currency risks

Risks (stated in millions of US dollars) ^(a)	JPY	KRW	GBP	RMB	CAD
Sale of foreign currencies	8.8	9.2	4.2	22.5	27.2
Purchases of foreign currencies	0.0	(8.9)	(17.2)	(31.6)	(24.4)
Potential risks for 2025	8.8	0.3	(13.0)	(9.1)	2.8
Hedges outstanding at December 31, 2024	(4.5)	0.0	10.8	5.8	(1.4)
Net position	4.3	0.3	(2.2)	(3.3)	1.4
Impact in USD of a 5% fall in the USD ^(b)	0.23	0.02	(0.12)	(0.18)	0.07

(a) Excluding any potential anticorrosion equipment sales, which are hedged when an order is placed.

(b) Sensitivity calculated on the basis of currency exchange rates at December 31, 2024.

Recognition at year-end 2024 of currency transactions

MTM ^(a) (stated in millions of euros)		Dec. 31, 2024
Mark-to-market of currency hedges value	Other comprehensive income	(1.1)
	Other financial items of operating income	(5.3)

(a) Mark-to-market = evaluated at market price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2024, the negative market-to-market adjustments to currency hedges mainly concerned currency swaps on intra-group loans and were offset by positive adjustments to the underlying loans.

An increase or decrease in the value of the euro, with relation to closing exchange rates of the USD, JPY and RMB at December 31, 2024 as indicated below, would have resulted in an increase (decrease) of other items of comprehensive income and operating income by the amounts indicated below as a result of the currency hedges.

Impact at December 31, 2024 (in millions of euros)	Increase in the euro against foreign currencies		Decrease in the euro against foreign currencies	
	Other items of comprehensive income	Gains or losses recognized in operating income*	Other items of comprehensive income	Gains or losses recognized in operating income*
USD (change of 5%)	1.3	5.9	(1.5)	(6.6)
JPY (change of 5%)	0.1	0.3	(0.1)	(0.3)
RMB (change of 5%)	(0.9)	(4.0)	1.0	4.4

* Excluding inverse impacts related to the revaluation of underlying items recorded in the statement of financial position.

This analysis is carried on the basis of changes in exchange rates that the Group deems reasonably possible at the reporting date. For the purposes of this analysis, all other variables, especially interest rates, are assumed to have remained constant and the effect of forecasted sales and purchasing has been ignored.

Sensitivities relating to other currency pairs were not mentioned due to their immaterial impacts.

Future impact on income of currency transactions recorded at end December 2024

In millions of euros

CURRENCY	Mark-to-market of currency derivatives in other comprehensive income	Impact on income	
		Under six months	Over six months
Assets	1.1	0.4	0.7
Equity and liabilities	(2.2)	(1.1)	(1.1)

Future cash flows on currency transactions recognized at December 31, 2024

CURRENCY (in millions of euros)	MTM	Expected cash flows
Assets	1.4	1.4
Equity and liabilities	(7.8)	(7.8)

Currency hedges are adjusted as a function of underlying assets and there is therefore no timing difference between maturities.

However, the program does not cover 100% of risk because the insurer excludes certain risks from the coverage.

Credit risk

The Group set up an insurance program in 2003 with commercial credit insurer Coface covering its principal companies in the United States and Europe against the risk of non-payment for financial or political reasons. Coverage may vary, by customer, between 0 and 95% of invoiced amounts. This program was subsequently extended to China and then South Korea.

During 2023 and 2024, the Group continued its assignment of receivables programs regarding several French subsidiaries, which gave rise to assigned (and unconsolidated) receivables amounting to €16.9 million at December 31, 2024 compared with €15.3 million at December 31, 2023. Delegation riders to contracts covering French company assigned receivables were signed with the factoring agent.

The guarantee deposit relating to assigned receivables programs amounts to €0.85 million (derecognized assets with continuous application).

Financial risks resulting from climate change

The sustainability strategy and the tracking of sustainability impacts, risks and opportunities are an integral part of the Group's overall strategy.

In 2024, the Group performed the double materiality assessment of climate-related risks required under the new Corporate Sustainability Reporting Directive, with the support and advice of external consultants to guarantee the robustness and neutrality of the methodology. The work was based, among other things, on the simple materiality assessment carried out in 2021, and on the Group risk map, including sustainability risks, produced in 2023.

The double materiality assessment identified 12 material matters, two of which relate to climate change: reduction of the carbon footprint and adaptation to the effects of climate change. The only financial risk identified during the exercise is linked to efforts to reduce the company's carbon footprint; it consists of

the risk of losing certain business relationships in the event that the Group fails to track GHG emissions and to comply with its legal obligations in this regard. This risk is also included in the Group's risk map. It is offset by the key opportunity represented by the Group's ambition to actively contribute to the transition to a low-carbon economy.

These matters were taken into account by the Group in preparing its financial statements and based on its 2022-2027 CSR roadmap that includes targets for reducing the intensity of greenhouse gas emissions and increasing waste recycling.

In 2024, there was no evidence that material physical and transition risks and potential opportunities related to climate change would have a financial impact on the Group.

The Group is pursuing its strategy to limit its environmental footprint and may need to reassess the accounting impact of climate change issues.

Note 5 Business combinations recognized during the year

On July 1, 2024, the Group acquired the Graphite Machining, Inc. (GMI) group, an expert in the purification and machining of graphite and carbon composites. This 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, as well as helping to create synergies between plants. GMI strengthens Mersen's leading position in markets such as aerospace, process industries and energy. Mersen will also have an opportunity to leverage its global presence to develop GMI's complementary offering. GMI is a family-owned group employing 150 people at four different sites in Pennsylvania and Michigan (United States). It has annual sales of around USD 40 million.

On October 1, 2024, Mersen acquired KTK Thermal Technologies, an expert in cooling solutions with annual sales of around USD 8 million and around 30 employees based in Macedon, in the state of New York (United States). With this transaction, Mersen has strengthened its technical competencies in thermal management and acquired a highly complementary portfolio and industrial footprint to consolidate the Group's position.

Lastly, on November 1, 2024, Mersen acquired control of Bar-Lo Carbon Products, Inc. a US-based precision machiner of graphite and ceramics since 1965. This acquisition reinforces Mersen's leading position in synthetic graphite in the United States, with direct access to new customers in the semiconductor market and other process industries. It will also enable the Group to leverage synergies, both upstream and downstream of the value chain. A family-owned company, Bar-Lo employs approximately 30 people at its facility in Fairfield, New Jersey (United States) and has annual sales of around USD 15 million.

The Group acquired 100% of the capital and voting rights in each of above companies. Together, these business combinations added €21.1 million to 2024 consolidated sales and €3.5 million to 2024 consolidated operating income before non-recurring items, based on their contributions for the period from their respective acquisition dates to the year end.

The fair value of the total net assets acquired and provisional goodwill on the business combinations are presented in the following table:

<i>In millions of euros</i>	GMI	Other business combinations	Total business combinations during the year
Non-current assets	20.1	5.5	25.6
Current assets	21.4	8.6	30.0
Non-current liabilities	(0.9)	(4.4)	(5.3)
Current liabilities	(2.5)	(1.3)	(3.8)
Fair value of identifiable net assets	38.2	8.3	46.5
Goodwill	15.7	15.8	31.5
Non-controlling interests	0.0	0.0	0.0
Consideration transferred	53.8	24.2	78.0

Goodwill on these three acquisitions as determined at December 31, 2024, is provisional and remains subject to adjustment.

Note 6 Goodwill

<i>In millions of euros</i>	2024	2023
Carrying amount at start of period	257.7	262.0
Acquisitions	31.5	
Impairment		
Reclassification as assets held for sale		
Cumulative translation adjustments	8.9	(4.3)
Carrying amount at end of period	298.1	257.7
Gross value at end of period	336.5	296.1
Total impairment losses at end of period	(38.4)	(38.4)

Breakdown by cash-generating unit is given in the table below:

<i>In millions of euros</i>	Dec. 31, 2023	Movements during 2024			Dec. 31, 2024
	Carrying amount	Translation adjustments	Acquisitions	Other	Carrying amount
Anticorrosion Equipment	26.9	2.0			28.8
Graphite Specialties	96.5	2.6	31.4		130.5
Power Transfer Technologies	12.2	(0.1)			12.0
Electrical Protection & Control	77.6	4.3			81.9
Solutions for Power Management	44.6	0.2	0.1		44.8
TOTAL	257.7	8.9	31.5		298.1

The €31.5 million increase in goodwill in 2024 relates to the acquisition, in the second half of the year, of Graphite Machining, Inc. (GMI), Bar-Lo Carbon Products, Inc. and KTK Thermal Technologies (see Note 5).

Note 7 Asset impairment tests

Some of the Group's activities, particularly in the Advanced Materials segment, require significant quantities of plant and equipment, especially in order to anticipate demand in markets with high growth prospects. These assets lead to high levels of fixed costs in the Group's overall production cost base. They can also sometimes require long periods to be received and put into production and it is possible for the economic environment to deteriorate during those periods.

The Group is exposed to the risk of overestimating growth in some markets and/or of changes in the economic environment, which could lead to an insufficient utilization rate for the plant and equipment of the activities concerned and erode operating margin. A lasting erosion of operating margin would negatively impact the asset impairment tests.

Impairment tests for each of the cash-generating units were carried out at the close of 2024.

In application of IAS 36, the tests were carried out on the basis of the value in use determined by applying the discounted cash flow method. The business plans prepared for each CGU are based on assumptions concerning regional inflation, raw material prices, and growth in the Group's markets. They are approved annually by the Executive Committee and the Board of Directors. The actual performance of each CGU is compared to its budgeted performance and any variances are analyzed as part of the Group's monthly reporting. The results of the analyses are then used to revise the CGU's business plan as needed. Over the last five years, the actual performance of each CGU was in line with business plan projections, except in 2020 due to the Covid-19 crisis.

The main business plan assumptions used for impairment testing purposes at the end of 2024 were as follows:

- five-year cash flows are used based on the 2025 budget and projections for the four following years approved by the Board of Directors.
- the average weighted cost of capital used in discounting future cash flows includes the calculation of Mersen's beta by analysts and that of the risk-free rate on ten-year French government bonds. Taking into account these parameters as well as a market risk premium and a size-specific premium, the average cost of capital after tax used as the rate for discounting future flows was set at 8.8%, unchanged from end-2023. As the risks are reflected in the cash flows for each business, a unique discount rate was set for all of the CGUs. There are no substantive grounds for applying a different discount rate per CGU.
- The perpetual growth rate is 2.5% for the Anticorrosion Equipment CGU, 3.5% for the Graphite Specialties CGU, and 2% for the Power Transfer Technologies, Electrical Protection and Control, and Solutions for Power Management CGUs. The perpetual growth rates applied for each CGU reflect expected developments in their businesses in their various markets.
- the standard tax rate used was 25%.

Sensitivity analysis

The sensitivity of the recoverable amount of each CGU was tested by varying the three main impairment test assumptions as follows:

- a 1-point increase in the discount rate;
- a 1-point decrease in the perpetuity growth rate;
- a 1-point decrease in operating profitability in the terminal year.

The tests performed in 2024 showed that the Group's CGUs are not exposed to sensitivity risk.

At the reporting date, the discount rates used so that the recoverable amount of the CGUs equals their carrying amount were:

- 18.2% for the Power Transfer Technologies CGU;
- 11.3% for the Solutions for Power Management CGU;
- 16.5% for the Electrical Protection & Control CGU;
- 10.1% for the Graphite Specialties CGU;
- 10.9% for the Anticorrosion Equipment CGU.

Impairment tests will be carried out again at the 2025 year-end.

Note 8 Property, plant and equipment and intangible assets

<i>In millions of euros</i>	Intangible assets	Land	Buildings	Machinery, equipment and other assets	Assets in progress	Right-of-use assets	Total property, plant and equipment	TOTAL
Carrying amount at Jan. 1, 2023	42.7	29.0	100.3	241.8	77.3	53.5	501.9	544.6
Acquisitions	10.3	0.3	1.7	33.6	147.9	10.6	194.1	204.5
Decommissioning, disposals and impairment	(0.0)	0.0	(0.7)	(2.8)	(0.0)	(0.0)	(3.4)	(3.4)
Depreciation and amortization	(5.2)	(0.0)	(6.4)	(41.6)		(12.2)	(60.2)	(65.4)
Translation adjustments	(0.3)	(0.3)	(3.5)	(6.9)	(3.3)	(1.4)	(15.3)	(15.6)
Assets held for sale		(0.5)	(1.6)				(2.2)	(2.2)
Other movements (incl. equipment commissioning)	3.2	0.1	13.8	56.2	(72.6)	(0.0)	(2.5)	0.7
Carrying amount at Dec. 31, 2023	50.7	28.6	103.6	280.5	149.2	50.6	612.4	663.2
Gross value at Dec. 31, 2023	133.1	29.5	202.2	835.9	149.2	87.8	1,304.7	1,437.8
Cumulative depreciation, amortization and impairment at Dec. 31, 2023	(82.4)	(0.9)	(98.7)	(555.4)	0.0	(37.3)	(692.3)	(774.7)
Carrying amount at Jan. 1, 2024	50.7	28.6	103.6	280.5	149.2	50.6	612.4	663.2
Acquisitions	12.4	6.6	22.8	21.5	159.9	18.7	229.4	241.8
Decommissioning, disposals and impairment	(0.7)	0.0	(0.3)	(2.9)	0.0	(1.8)	(5.0)	(5.7)
Depreciation and amortization	(6.5)	(0.1)	(7.8)	(47.6)	0.0	(12.5)	(67.9)	(74.5)
Translation adjustments	0.7	0.8	4.8	12.3	6.9	0.7	25.5	26.2
Changes in scope of consolidation	7.9	0.9	4.9	6.4	0.0	4.1	16.3	24.2
Other movements (incl. equipment commissioning)	1.7	3.2	24.8	57.6	(87.3)		(1.7)	0.1
Carrying amount at Dec. 31, 2024	66.2	40.0	152.8	327.8	228.7	59.7	809.0	875.2
Gross value at Dec. 31, 2024	155.6	41.7	261.9	925.2	228.7	107.7	1,565.3	1,720.9
Cumulative depreciation, amortization and impairment at Dec. 31, 2024	(89.3)	(1.7)	(109.1)	(597.5)	0.0	(48.0)	(756.4)	(845.7)

The main contributors to movements in "Property, plant and equipment in progress" were Mersen France Gennevilliers SAS, Mersen Scotland Holytown Ltd. and Mersen USA GSTN Corp., within the Graphite Specialties CGU.

Research costs are expensed as incurred. Regarding development costs, an intangible asset resulting from development or from the development phase of an internal project, is recognized if, and only if, the Group can demonstrate that these developments satisfy the criteria of the standard (see Note 3-G3).

Capitalized development costs for the year mainly included costs incurred for the digitalization and IT systems upgrade plan, for €5.9 million (€6.5 million in 2023), and costs for the development of p-SiC substrates in partnership with Soitec (€4.0 million).

Changes in scope of consolidation primarily reflected the acquisition of Graphite Machining, Inc. (GMI), Bar-Lo Carbon Products, Inc. and KTK Thermal Technologies in the second half of 2024. In particular, an intangible asset was recognized in respect of GMI's contractual customer relationships for a provisional amount of €7.9 million.

Note 9 Equity interests

At year-end, investments in unconsolidated companies held by consolidated companies represented €2.7 million, compared with €2.6 million at end-2023. The principal investments are the following:

<i>In millions of euros</i>	Dec. 31, 2024	Dec. 31, 2023
Le Carbone Materials KK (Japan)	1.7	1.5
Mersen S.A.U (Argentina)	0.0	0.1
Mersen Polska SP. Z.O.O (Poland)	0.7	0.7
Mersen Chile Limitada (Chile)	0.2	0.2
Other investments	0.1	0.1
TOTAL	2.7	2.6

At December 31, 2024, all non-consolidated equity investments are carried at fair value through other comprehensive income.

Note 10 Inventories

<i>In millions of euros</i>	Dec. 31, 2024	Dec. 31, 2023
Raw materials and other supplies	166.6	153.5
Work in progress	93.9	94.0
Finished products	82.4	82.5
Gross amount of inventories	342.9	330.0
Impairment losses	(35.1)	(30.8)
Carrying amount of inventories	307.8	299.2

Net inventories rose by €8.6 million over the year. Changes in the scope of consolidation (mainly consolidation of the acquisition-date statements of financial position of Graphite Machining, Inc. (GMI), Bar-Lo Carbon Products, Inc. and KTK Thermal Technologies) added €14.9 million and the currency effect was a positive €7.7 million. Excluding these positive changes, the underlying change in net inventories was a decline of €14.1 million (-4.7%).

Note 11 Trade receivables

<i>In millions of euros</i>	Dec. 31, 2024	Dec. 31, 2023
Gross trade receivables	183.8	175.1
Impairment losses	(7.2)	(6.3)
Contract assets	1.9	3.2
Net trade receivables and contract assets	178.6	172.1

The fairly modest increase in net trade receivables over the year was mainly due to the €10.2 million positive impact of changes in the scope of consolidation.

An off-balance sheet factoring contract was established in 2009 that concerns the assignment of trade receivables of our main French subsidiaries. This contract (see Note 4) anticipates a maximum amount of €20.0 million. At December 31, 2024, usage amounted to €16.9 million, compared with €15.3 million at end-2023.

At December 31, 2024, past-due receivables (identified as such as soon as the due date has passed) represented 16.3% of total trade receivables (including factored receivables), compared to 15.9% at December 31, 2023.

Past-due trade receivables broke down as follows at December 31:

<i>In millions of euros</i>	Dec. 31, 2024		Dec. 31, 2023	
	Gross	Impairment	Gross	Impairment
Receivables not yet due	151.1	(1.8)	144.8	(1.7)
Receivables 0 to 30 days past due	15.4	(0.3)	15.5	(0.3)
Receivables 31 to 120 days past due	8.4	(1.0)	9.1	(0.8)
Receivables 121 days to 1 year past due	5.5	(1.1)	3.0	(0.9)
Receivables more than 1 year past due	3.4	(2.9)	2.7	(2.5)
Net trade receivables	183.8	(7.2)	175.1	(6.3)

Movements related to impairment of trade receivables are as follows:

<i>In millions of euros</i>	2024	2023
Impairment losses at January 1	(6.3)	(7.3)
(Allowance)/reversal during the year	(0.9)	1.0
Impairment losses at December 31	(7.2)	(6.3)

Impairment of trade receivables are based on expected losses.

Note 12 Equity

Number of shares and breakdown of share capital

<i>Number of shares (unless stated otherwise)</i>	Ordinary shares
Number of shares at January 1, 2024	24,418,312
Capital increase/reduction <i>(in millions of euros)</i>	
Number of shares in issue and fully paid-up during the period	
Number of shares at December 31, 2024	24,418,312
Number of treasury shares canceled	
Number of shares in issue and not fully paid-up	
Par value of shares <i>(in euros)</i>	2
Number of shares held by the Company or by its subsidiaries and associates	66,715

At December 31, 2024, the Company’s share capital was set at €48,836,624 divided into 24,418,312 ordinary shares, each with a par value of €2. Taking into account double voting rights as well as treasury shares, which do not have voting rights, the theoretical number of voting rights stood at 27,076,887 at December 31, 2024.

Mersen’s ownership structure at December 31, 2024 was as follows:

■ French institutional investors	37.1%
■ International institutional investors	42.3%
■ Private shareholders	18.6%
■ Employee shareholders	1.7%
■ Treasury shares	0.3%

Capital management

Mersen is committed to providing its shareholders with the highest possible return on equity through profitable and sustainable growth, as well as a payout ratio representing in general between 30% and 40% of the Group’s net income each year. The successful execution of Mersen’s strategy is underpinned by key employees including executives, managers, experts and high potential employees, who are eligible for free share plans that are part of Mersen’s drive to motivate and retain its human capital. The Group is required to manage its capital in such a way as to ensure that its gearing ratio (see definition in Note 15) remains below 1.3.

Treasury shares

At December 31, 2024, 66,715 shares were held in treasury, representing 0.3% of the share capital, including 51,447 shares held pursuant to the liquidity agreement entered into with BNP Paribas.

Subscription options, free shares and performance shares

■ **Free performance shares (executives program)**

The total number of shares that may vest under the 2022 executives plan is 88,200, of which 56,535 for members of the Executive Committee (including 13,230 for the Chief Executive Officer).

The total number of shares that may vest under the 2023 executives plan is 86,100, of which 69,300 for members of the Executive Committee (including 12,600 for the Chief Executive Officer).

The total number of shares that may vest under the 2024 executives plan is 120,540, of which 96,701 for members of the Executive Committee (including 17,321 for the Chief Executive Officer).

■ **Free shares (managers and talent program)**

The total number of shares that may vest under the 2022 plans is 116,698.

The total number of shares that may vest under the 2023 plans is 110,450.

The total number of shares that may vest under the 2024 plans is 145,140.

The shares awarded under the “Talent” plans – designed for employees identified as high-potential managers or managers with expertise in strategic areas – are not subject to performance conditions.

■ **Summary**

At December 31, 2024, the total number of free shares that could potentially vest corresponded to 667,128 new shares, each with a par value of €2, representing 2.7% of the Company’s capital at that date.

There are no other instruments or securities conferring rights to the Company’s share capital.

Neither the Company nor its subsidiaries are subject to any specific capital requirements pursuant to external rules or regulations.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6

With respect to share-based payments, the plans were evaluated in accordance with IFRS 2. The characteristics and assumptions used to value the plans are as follows:

Characteristics/Assumptions	2021 plan – Executives	2021 plan – Managers	2021 plan – High potentials	2022 plan – Executives	2022 plan – Managers	2022 plan – High potentials
	Free performance shares	Free performance shares	Free shares	Free performance shares	Free performance shares	Free shares
Allocation date	05/20/2021	05/20/2021	05/20/2021	05/19/2022	05/19/2022	05/19/2022
Availability date	05/20/2024	05/20/2024	05/20/2024	05/19/2025	05/19/2025	05/19/2025
Expiration date	05/21/2024	05/21/2024	05/21/2024	05/20/2025	05/20/2025	05/20/2025
Number of plan shares	84,000	100,800	12,000	88,200	105,840	12,600
% actual (2021 plans) or estimated (other plans) allocation at year-end	94%	94%	100%	91%	91%	100%

Characteristics/Assumptions	2023 plan – Executives	2023 plan – Managers	2023 plan – High potentials	2024 plan – Executives	2024 plan – Managers	2024 plan – High potentials
	Free performance shares	Free performance shares	Free shares	Free performance shares	Free performance shares	Free shares
Allocation date	05/16/2023	05/16/2023	05/16/2023	May 16, 2024	May 16, 2024	May 16, 2024
Availability date	05/16/2026	05/16/2026	05/16/2026	May 16, 2027	May 16, 2027	May 16, 2027
Expiration date	05/17/2026	05/17/2026	05/17/2026	May 17, 2027	May 17, 2027	May 17, 2027
Number of plan shares	86,100	100,800	12,000	120,540	128,340	16,800
% actual (2021 plans) or estimated (other plans) allocation at year-end	100%	100%	100%	100%	100%	100%

A €5.1 million expense was recognized in 2024 for these plans (€4.1 million expense in 2023).

Note 13 Provisions, operating payables, miscellaneous liabilities and contingent liabilities

In millions of euros	Dec. 31, 2024		Dec. 31, 2023	
	Non-current	Current	Non-current	Current
- provision for restructuring	0.8	6.5	1.1	0.3
- provision for environmental risks	3.8	0.3	3.1	0.7
- provision for litigation and other expenses	2.4	8.9	2.8	5.8
TOTAL	7.0	15.7	7.0	6.8

In millions of euros	Current and non-current	Dec. 31, 2023	Provisions set aside/ (reversals)	Translation adjustments			Dec. 31, 2024
				Uses	Other		
- provision for restructuring	1.3	6.0	(0.1)	0.0	0.1	7.3	
- provision for environmental risks	3.8	0.5	(0.4)	0.0	0.2	4.1	
- provision for litigation and other expenses	8.6	4.1	(1.6)	0.2	(0.1)	11.3	
TOTAL	13.8	10.5	(2.1)	0.2	0.3	22.7	

Provisions amounted to €22.7 million at December 31, 2024, versus €13.8 million at end-December 2023, with the €8.9 million year-on-year increase primarily stemming from provisions set aside during the year for business adaptation plans.

Provisions for environmental risks mainly correspond to €3.3 million in clean-up costs for the Columbia site (United States).

The €4.1 million net addition to provisions for litigation and other expenses chiefly relates to commercial disputes. At December 31, 2024, provisions for legal proceedings and disputes amounted to €5.8 million (out of the €11.3 million in total provisions for litigation and other expenses).

Administrative and legal proceedings

At the reporting date, the Group is not aware of any administrative or legal proceedings, including any pending or potential proceedings, that could have or have had in the last 12 months, a material adverse effect on its business activities, financial position or results of operations.

Tax and customs proceedings

The Group regularly undergoes tax and customs audits carried out by the tax/customs authorities in the countries in which it operates. In the past, the reassessments issued after tax/customs audits have been for non-material amounts.

The amounts indicated below include interest.

Proceedings involving Mersen do Brasil

Mersen do Brasil is involved in a number of disputes – which are at various stages – concerning reassessments made by the Brazilian authorities in relation to social security contributions, taxation and customs duties. In particular, the Brazilian authorities are alleging that Mersen do Brasil filed late tax returns and made errors in the tax bases used. The potential financial consequences of these disputes represent an aggregate BRL 18 million (approximately €2.8 million). The Group has set aside a provision corresponding only to the amount that it considers highly probable it will have to pay.

Proceedings involving Mersen Mexico Monterrey

Tax audits are regularly carried out on Mersen Mexico Monterrey, and in 2023 the Mexican tax authorities (SAT) launched an audit on the entity's temporary import transactions for the period from 2015 to 2020. In response to this move, Mersen began a mediation procedure through the Mexican tax ombudsman, Procuraduría de la Defensa del Contribuyente (Prodecon), which led to the audit being temporarily suspended. At the end of the mediation process, an agreement was reached with SAT concerning the settlement of tax deficiencies in the amount of MXN 1.5 million (€0.1 million euros). However, Mersen remained liable for penalties in the amount of MXN 30 million (around €1.4 million). An administrative appeal (recurso de revocacion) has been lodged, contesting these penalties. A provision has been booked to cover the amount of penalties that Mersen considers it is likely to have to pay.

Operating payables, miscellaneous liabilities and contingent liabilities

Contract liabilities totaled €68.8 million at December 31, 2024, up €4.6 million compared with the December 31, 2023 figure. These liabilities correspond for the most part to advances received under contracts for the supply of graphite and other high-tech materials for the silicon carbide (SiC) semiconductors market, mainly in the United States and the United Kingdom.

Other operating payables (€118.9 million at December 31, 2024) mainly comprised personnel and social security payables, VAT and other tax payables (excluding income tax), and prepaid income.

Other liabilities in the amount of €21.2 million at December 31, 2024 chiefly comprise liabilities related to property, plant and equipment.

No material contingent liabilities were identified at December 31, 2024.

Note 14 Employee benefits

The Group operates defined contribution and defined benefit plans.

As regards the defined contribution plans, the Group is under no obligation to make additional payments on top of the contributions already paid into a fund if the latter does not have sufficient assets to pay out the benefits corresponding to the service provided by employees during the period in progress or during future periods. For these plans, contributions are expensed as incurred.

The Mersen Group's defined benefit plans are mainly located in the United States (54% of the overall obligation), the United Kingdom (18%), France (16%) and Germany (7%).

- There are two pension plans in the United States:
 - the "hourly plan" for shop floor employees;
 - the "salaried plan" for office employees and closed to new entrants in 2011 because it was replaced by a defined contribution plan. This plan was closed entirely in 2015. Beneficiaries are now covered by the defined contribution plan.
- These two plans are funded by contributions calculated on the value of the obligation and paid based on a multi-year funding plan. The coverage ratio of commitments by assets measured in accordance with local standards is 98.05% for the salaried plan and 101.11% for the hourly plan.

- There is a pension plan in the United Kingdom that was closed to new entrants in 2006. Based on local rules and conservative assumptions, it has been fully covered by plan assets since 2019.
- These pension funds constitute entities that are legally distinct from the Group. The funds' administrative bodies are composed of employee representatives, retirees and independent directors. They are legally required to act in the best interest of the plan's participants and are responsible for certain fund policies, including the investment, contribution and indexing policies, etc.
- In France, the defined benefit plans mainly involve lump-sum retirement payments, supplementary pension benefits and long-service awards. Supplementary pension plans are pre-funded.
- There are two pension plans in Germany that are closed to new entrants and are not funded.

The Group's obligations were measured at December 31, 2024 with the assistance of independent actuaries and in accordance with IAS 19.

The rates used for the main countries are summarized below:

2024	Discount rate	Average rate of salary increases	Inflation rate
France	3.40%	Between 1.5% and 5.25% depending on age	Not applicable
Germany	3.40%	2.50%	2.00%
United States	5.60%	Not applicable	Not applicable
United Kingdom	5.50%	3.60%	3.40%

2023	Discount rate	Average rate of salary increases	Inflation rate
France	3.15%	Between 1.5% and 5.25% depending on age	Not applicable
Germany	3.15%	2.50%	2.00%
United States	4.90%	Not applicable	Not applicable
United Kingdom	4.50%	3.65%	3.45%

Mortality assumptions are based on published mortality tables.

Breakdown of provisions recognized

<i>In millions of euros</i>	Dec. 31, 2024	Dec. 31, 2023
Present value of defined benefit obligation	139.9	147.6
Fair value of plan assets	(107.5)	(107.2)
Provision before impact of minimum funding requirement/asset ceiling	32.4	40.4
Impact of minimum funding requirement/asset ceiling		
Provision after impact of minimum funding requirement/asset ceiling (net provision recognized)	32.4	40.4

Group provision at December 31 by geographical area

<i>In millions of euros</i>	France	Germany	United States	United Kingdom	Rest of the world	Dec. 31, 2024
Present value of defined benefit obligation	22.5	9.6	74.9	24.8	8.2	139.9
Fair value of plan assets	(3.3)	0.0	(70.6)	(32.2)	(1.4)	(107.5)
Net amount recognized	19.2	9.6	4.3	(7.4)	6.8	32.4

Movements in the Group's obligations

<i>In millions of euros</i>	France	Germany	United States	United Kingdom	Rest of the world	Total
At December 31, 2023	21.9	9.7	75.7	28.1	12.2	147.6
Payments made	(1.0)	(1.2)	(4.6)	(1.6)	(0.7)	(9.1)
Expenses recognized	2.0	0.4	5.4	1.3	1.0	10.0
Translation adjustments			3.9	1.3	(0.3)	4.9
Actuarial gains and losses	(0.4)	0.7	(5.5)	(4.2)	0.4	(9.1)
Other movements					(4.4)	(4.4)
At December 31, 2024	22.5	9.6	74.9	24.8	8.2	139.9

The amount recorded under "Other movements" relates to the benefit obligations in Canada being extinguished due to the settlement of the Group's defined benefit pension plan in that country.

Change in plan assets

<i>In millions of euros</i>	France	Germany	United States	United Kingdom	Rest of the world	Total
At December 31, 2023	3.2		65.1	33.6	5.2	107.2
Return on plan assets	0.1		3.2	1.5	0.1	4.9
Employer contribution			1.9		0.4	2.3
Payment of benefits			(4.6)	(1.6)	(0.1)	(6.3)
Actuarial gains and losses			0.8	(2.9)	0.3	(1.8)
Translation adjustments			4.2	1.6	(0.1)	5.7
Other movements					(4.4)	(4.4)
At December 31, 2024	3.3	0.0	70.6	32.2	1.4	107.5

Plan assets mainly cover plans in the United States (66% of total plan assets, with 45% invested in equities and 55% in bonds and alternative investments) and in the United Kingdom (30% of total plan assets, all invested in bonds).

"Other movements" reflect the impact on plan assets of the settlement of the Group's defined benefit pension plan in Canada.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6

Net expense recognized

<i>In millions of euros</i>	France	Germany	United States	United Kingdom	Rest of the world	December 31, 2024	December 31, 2023
Current service cost	1.3	0.1	0.7	0.0	0.7	2.8	2.7
Interest cost	0.7	0.4	3.8	1.3	0.4	6.5	6.8
Expected return on plan assets	(0.1)		(3.2)	(1.5)	(0.1)	(4.9)	(5.1)
Administrative costs			0.9	0.0	0.0	0.9	1.0
Plan amendments/curtailments/settlements					(0.1)	(0.1)	(0.4)
Other movements	(0.0)	(0.0)	0.0		(0.1)	(0.1)	(0.2)
NET EXPENSE (INCOME) FOR THE YEAR	1.9	0.4	2.2	(0.2)	0.9	5.1	4.7

The net expense recognized in 2024 for defined benefit plans and other long-term employee benefits totaled €5.1 million, more or less on a par with the €4.7 million net expense recorded for 2023.

Actuarial gains and losses arising on the measurement of the post-employment benefit obligations and the associated plan assets break down as follows:

<i>In millions of euros</i>	France	Germany	United States	United Kingdom	Rest of the world	December 31, 2024	December 31, 2023
Gains/(losses) linked to changes in demographic assumptions				(1.1)		(1.1)	0.6
Gains/(losses) linked to changes in financial assumptions	(0.4)	0.6	(5.3)	(3.2)	0.1	(8.2)	5.1
Experience adjustments		0.1	(0.2)	0.1	0.3	0.2	0.7
Yield adjustments to plan assets	(0.0)		(0.8)	2.9	(0.3)	1.8	(4.7)
Actuarial gains and losses	(0.5)	0.7	(6.3)	(1.3)	0.1	(7.4)	1.7

Sensitivity analysis

A 0.5-point increase in the discount rates applied would lead to a €6.5 million decrease in the projected benefit obligation.

A 0.5-point increase in the inflation rate would lead to a €1.2 million increase in the projected benefit obligation.

These sensitivities correspond to the impact on the gross projected benefit obligation without taking into account any corresponding offsetting effect on plan assets.

The breakdown of sensitivities by country is presented in the table below.

Impact (in € millions) on the obligation of:	0.5-point increase in the discount rate	0.5-point increase in the inflation rate
France	(0.8)	0.0
Germany	(0.4)	0.4
United Kingdom	(1.3)	0.7
United States	(3.7)	0.0
Rest of the world	(0.4)	0.1
TOTAL	(6.5)	1.2

Note 15 Net debt

Definitions

Net debt is defined as the sum of long- and medium-term borrowings, current financial liabilities and bank overdrafts, less current financial assets, cash and cash equivalents. Lease liabilities (recognized in accordance with IFRS 16) are not included in the calculation of net debt.

To calculate the covenant ratios presented below, the Group uses the following indicators:

- covenant net debt is equal to net debt less the carrying amount of treasury shares at year-end. To calculate the covenant net debt in the event of a difference of more than 5% between the average and closing EUR/USD exchange rates, net debt is recalculated at the average EUR/USD rate for the period;
- 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 2019 German private placement 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. In addition, the EBITDA of companies acquired during the year may be restated to take into account its amount over the entire period of the leverage ratio calculation (depending on the acquisition date and whether the acquisition price exceeds a certain threshold);
- net worth is equal to equity plus the carrying amount of treasury shares held at year-end;
- gearing represents covenant net debt divided by net worth;
- leverage represents covenant net debt divided by covenant EBITDA.

Analysis of net debt at December 31, 2024

<i>In millions of euros</i>	Dec. 31, 2024	Dec. 31, 2023
Long- and medium-term borrowings	349.5	256.2
Current financial liabilities ^(a)	83.3	7.0
Bank overdrafts	8.7	13.7
GROSS DEBT	441.4	277.0
Current financial assets ^(b)	(19.8)	(27.1)
Cash and cash equivalents	(51.3)	(37.4)
NET DEBT	370.3	212.5

(a) Including €55 million in commercial paper issued under the NEU CP program in 2024.

(b) Including €16.5 million in good quality Chinese bank drafts. Poor quality bank drafts are classified under Other operating receivables.

Net debt at December 31, 2024 amounted to €370.3 million compared with €212.5 million at year-end 2023.

Gross debt increased by €164.4 million to €441.4 million at December 31, 2024, mainly reflecting the financing of capital expenditure and acquisitions for the year. Increases in borrowings and debt, which are recognized in the statement of cash flows in the amount of €311.4 million, include issuances under the NEU CP commercial paper program for €170.0 million and the German Schuldschein private placement program for €100.0 million, drawdowns on the syndicated line of credit for €30.0 million, and a

new €10.0 million loan from Bpifrance. Repayments of borrowings during the period, which are recognized in the statement of cash flows for €150.7 million, mainly result from repayments on the NEU CP for €115.0 million and on the syndicated loan for €30.0 million, as well as the repayment of part of the Bpifrance loan for €5.0 million.

Of the €441.4 million in gross debt, €368.8 million stemmed from the use of committed loans and borrowings and the remainder chiefly from the use of uncommitted loans (bank overdrafts, NEU CP and other credit lines).

Change in net debt

<i>In millions of euros</i>	2024	2023
Net debt at start of period	212.5	240.6
Net cash used in/(generated by) operating and investing activities	85.9	4.4
Capital increases	0.0	(95.9)
Purchases/(sales) of treasury shares	0.5	(0.2)
Dividends paid	30.9	36.4
Interest payments	16.6	13.8
Repayment of lease liabilities	16.0	13.7
Translation adjustments	0.1	0.5
Changes in scope of consolidation*	7.8	(1.3)
Other changes	0.1	0.4
Net debt at end of period	370.3	212.5

* i.e., change in amounts payable and receivable on shares in companies acquired or sold.

Changes in liabilities arising from financing activities

The table below shows changes in liabilities arising from financing activities. The "Other" column includes the reclassification from longterm to short-term of the portions of the NEU MTN debt and the Bpifrance loan due within one year for €25.0 million, a

€21.8 million increase in lease liabilities due to the addition or modification of lease contracts (€18.7 million) and the effect of unwinding the discounting adjustment (€3.1 million).

<i>In millions of euros</i>	Dec. 31, 2023	Cash flows	Non-cash flows				Dec. 31, 2024
			Scope	Currency	Change in fair value	Other	
Long- and medium-term borrowings	256.2	115.2	0.1	3.7	0.0	(25.7)	349.5
Current financial liabilities	7.0	51.0	(0.0)	0.1	0.0	25.2	83.3
Bank overdrafts	13.7	(5.2)	0.0	0.2	0.0	0.0	8.7
Current and non-current lease liabilities	53.9	(16.0)	4.1	0.6	0.0	21.8	64.4
Total liabilities arising from financing activities	330.9	145.0	4.2	4.5	0.0	21.2	505.8

Financial covenants at December 31, 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	Dec. 31, 2024	Dec. 31, 2023	Ratio to be observed	Dec. 31, 2024	Dec. 31, 2023
Committed credit lines and borrowings						
US private placement						
Group syndicated loan	<3.5	1.82	1.09	<1.3	0.42	0.25
Committed credit line – China						
German private placement (2024-2030)	<3.5	1.82	N/A	N/A	N/A	N/A
German private placement (2019-2026)	<3.5	1.82	1.09	N/A	N/A	N/A

(*) The calculation method is presented in the Definitions section at the beginning of this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Details of the calculation of the Group's covenant ratios for the two periods presented are as follows:

<i>In millions of euros</i>	Dec. 31, 2024	Dec. 31, 2023
Net debt	370.3	212.5
Carrying amount of treasury shares	(1.5)	(6.8)
Covenant net debt (A)	368.8	205.6
Equity	882.4	817.7
Carrying amount of treasury shares	1.5	6.8
Net worth (B)	883.9	824.5
EBITDA before non-recurring items	205.5	202.7
EBITDA restatement on acquisitions for the period	12.2	
IFRS 16 restatement	(15.1)	(13.7)
Covenant EBITDA (C)	202.6	189.0
Gearing (A)/(B)	0.42	0.25
Leverage (A)/(C)	1.82	1.09

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 December 31, 2024, there were no material credit lines or borrowings secured by assets or guaranteed by third parties.

Breakdown by interest rate and currency of debt at December 31, 2024

<i>In millions of euros</i>	Total	O/w maturity < 5 years	O/w maturity > 5 years
Gross debt	441.4	283.6	157.8
Cash and cash equivalents	(51.3)	(51.3)	0.0
Net position	390.1	232.3	157.8
Of which net fixed-rate position	223.8	143.0	80.8

Based on gross debt, at constant exchange rates compared with December 31, 2024, and considering that cash and cash equivalents generate little or no interest income, a 100 basis-point rise in variable interest rates would lead to a €2.2 million increase in the Group's annual interest costs.

Gross debt breaks down as 51% at fixed rates and 49% at variable rates.

Total gross debt at December 31, 2024 stood at €441.4 million. The Group's exposure to currency risk on its gross debt breaks down by currency as follows:

<i>Currency</i>	%
EUR	31.4
USD	52.8
Other	15.8

The Group's exposure to currency risk on its USD borrowings concerns both external and intra-group debt.

Breakdown by currency of the drawdowns on credit lines and committed medium- and long-term borrowings including the short-term portion at December 31, 2024

Operating receivables and payables all mature in less than one year. A breakdown of borrowings by maturity is shown below.

<i>In millions of euros</i>	Total	1 year	1 to 5 years	> 5 years
Borrowings in USD ⁽¹⁾	57.8	0.0	0.0	57.8
Borrowings in EUR	311.0	26.0	185.0	100.0
TOTAL	368.8	26.0	185.0	157.8
Amortization of issuance costs at the EIR ⁽²⁾	(1.5)			
Fair value of interest-rate derivatives	0.0			
TOTAL	367.2			

(1) Only confirmed borrowings from non-Group companies (before currency hedging)

(2) Effective interest rate.

Out of the €185.0 million in debt with maturities of between one and five years, €34 million worth had maturities of between three and five years at December 31, 2024.

Note 16 Right-of-use assets and lease liabilities

The Group is a lessee of various real estate assets (offices, plants and warehouses), which represent the majority of its lease liabilities in value terms. In terms of the number of leases, however, movable assets account for the majority (primarily

vehicles and forklift trucks). At December 31, 2024, right-of-use assets recognized in the statement of financial position totaled €59.7 million.

Right-of-use assets (<i>in millions of euros</i>)	Land and buildings	Other	Total
At January 1, 2023	48.2	5.3	53.5
Depreciation and impairment for the period	(8.9)	(3.2)	(12.2)
Additions or modifications to right-of-use assets	6.8	3.8	10.6
Translation adjustments and other movements	(1.3)	(0.0)	(1.4)
AT DECEMBER 31, 2023	44.7	5.8	50.6
At January 1, 2024	44.7	5.8	50.6
Depreciation and impairment for the period	(10.7)	(3.7)	(14.3)
Additions or modifications to right-of-use assets	13.7	4.9	18.7
Changes in scope of consolidation	4.1	0.0	4.1
Translation adjustments and other movements	0.6	0.1	0.7
AT DECEMBER 31, 2024	52.5	7.2	59.7

At December 31, 2024, lease liabilities recognized in the statement of financial position totaled €64.4 million, including €48.9 million due in less than one year and €15.4 million due beyond one year. The increase in right-of-use assets and lease liabilities over the year primarily reflected renewal of the lease on the Mersen Xianda

Shanghai Co. Ltd plant for a further period of 10 years. The value of right-of-use assets differs from that of lease liabilities since right-of-use assets are depreciated (and potentially impaired) on a straight-line basis, while a declining-balance basis is used for lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Lease liabilities by maturity <i>(in millions of euros)</i>	Dec. 31, 2024	Dec. 31, 2023
Non-current lease liabilities	48.9	40.1
Current lease liabilities	15.4	13.8
Total lease liabilities	64.4	53.9

In 2024, repayment of lease liabilities totaled €16.0 million and the financing component recognized in net financial income/(expense) amounted to €3.1 million.

Movements in lease liabilities <i>(in millions of euros)</i>	
At January 1, 2023	55.4
Commitments generated by additions or modifications to right-of-use assets	10.6
Repayment of lease liabilities	(13.7)
Financing component of lease commitments	3.0
Translation adjustments and other movements	(1.4)
AT DECEMBER 31, 2023	53.9
At January 1, 2024	53.9
Commitments generated by additions or modifications to right-of-use assets	18.7
Repayment of lease liabilities	(16.0)
Financing component of lease commitments	3.1
Changes in scope of consolidation	4.1
Translation adjustments and other movements	0.6
AT DECEMBER 31, 2024	64.4

In 2024, total depreciation and impairment of right-of-use assets came to €14.3 million (€12.2 million in 2023), including impairment of right-of-use assets recognized in connection with adaptation plans for €1.8 million.

Amounts included in net income <i>(in millions of euros)</i>	2024	2023
Depreciation and impairment	(14.3)	(12.2)
Financing component of lease commitments	(3.1)	(3.0)

At December 31, 2024, the Group held a number of leases that meet the exemption criteria under IFRS 16 (short-term and low-value leases). These contracts mainly correspond to leases of

low-value assets. Future minimum lease payment obligations under these leases were not material at December 31, 2024.

Note 17 Fair value of 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.

December 31, 2024

In millions of euros

Statement of financial position items and categories of instruments	Carrying amount					Fair value				
	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	9		2.7			2.7			2.7	2.7
Derivatives held as current and noncurrent assets	4	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	15			23.3		23.3				
Trade receivables	11			176.7		176.7				
Cash and cash equivalents	15			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 noncurrent liabilities	4	(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	15				(349.5)	(349.5)		(336.8)		
Bank overdrafts	15				(8.7)	(8.7)				
Current financial liabilities	15				(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)				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

In millions of euros

Statement of financial position items and categories of instruments	Note	Carrying amount				Fair value				
		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	9		2.6			2.6			2.6	2.6
Derivatives held as current and noncurrent assets	4	4.1				4.1	4.1			4.1
		4.1	2.6	0.0	0.0	6.7	0.0	4.1	2.6	6.7
Financial assets not measured at fair value										
Current and non-current financial assets	15			30.8		30.8				
Trade receivables	11			168.8		168.8				
Cash and cash equivalents	15			37.4		37.4				
		0.0	0.0	237.0	0.0	237.0				
Financial liabilities measured at fair value										
Derivatives held as current and non-current liabilities	4	(1.4)				(1.4)	(1.4)			(1.4)
		(1.4)	0.0	0.0	0.0	(1.4)	0.0	(1.4)	0.0	(1.4)
Financial liabilities not measured at fair value										
Bank borrowings	15				(256.2)	(256.2)	(239.6)			
Bank overdrafts	15				(13.7)	(13.7)				
Current financial liabilities	15				(7.0)	(7.0)				
Trade payables					(83.8)	(83.8)				
		0.0	0.0	0.0	(360.8)	(360.8)				
Carrying amount by category		2.7	2.6	237.0	(360.8)	(118.4)				

Regarding financial derivative instruments (including foreign exchange forward contracts and interest rate swaps), the market comparable measurement technique is used. Fair value is based

on brokers' quoted prices. Similar contracts are negotiated on an active market and their price reflects transactions that include similar instruments.

Note 18 Non-recurring income and expenses

Non-recurring income and expenses break down as follows:

In millions of euros	2024	2023
Adaptation plans (excluding asset impairment)	(9.0)	
Impairment of assets	(8.8)	(1.9)
Capital gains/(losses) on asset disposals	(0.5)	(1.2)
Acquisition-related expenses and site start-up costs	(2.3)	(1.3)
Litigation and other expenses	(3.0)	(1.4)
TOTAL NON-RECURRING INCOME AND EXPENSES	(23.5)	(5.9)

In 2024, non-recurring income and expenses represented a net expense of €23.5 million and mainly included:

- cash costs, impairment losses or provisions set aside in connection with adaptation plans, for a total of €16.7 million (including €7.7 million in asset impairment losses);
- disposal losses of €0.5 million, including a €0.4 million loss on the disposal of Mersen Hatan Electrical Carbon (Harbin) Co. Ltd in early April 2024;
- €2.3 million in due diligence costs incurred on acquisition projects, including Graphite Machining, Inc. (GMI), Bar-Lo Carbon Products, Inc. and KTK Thermal Technologies;
- €3.0 million in additions to provisions for litigation and other risks, particularly related to tax and commercial disputes.

In 2023, non-recurring income and expenses represented a net expense of €5.9 million and mainly included:

- €1.9 million in asset impairment losses, including €0.6 million relating to the Asan-Si plant in South Korea where Mersen Korea Co. Ltd used to operate and which was classified under "Assets held for sale" at December 31, 2023;
- a €1.2 million disposal loss arising on the sale of Mersen Deutschland Linsengericht;
- €1.3 million in due diligence costs incurred on acquisition projects;
- €1.4 million in additions to provisions for litigation, particularly related to tax and commercial disputes.

Note 19 Segment reporting

The Advanced Materials (AM) segment based on carbon materials, which includes the Graphite Specialties, Anticorrosion Equipment and Power Transfer Technologies CGUs, brings together design and manufacturing activities for materials such as isostatic graphite, extruded graphite and insulation felt. It serves markets such as solar energy, providing isostatic graphite equipment for solar cell and semiconductor manufacturing, for which it designs graphite and insulation felt solutions adapted to the very high-temperature manufacturing process for these components. The Group also supplies graphite-based equipment for the corrosive

chemicals markets. Lastly, this segment includes graphite brushes and brush holders that ensure the transfer of electricity.

The Electrical Power (EP) segment, comprising the Electrical Protection & Control and Solutions for Power Management CGUs, offers a range of products and solutions to protect people and equipment (fuses, surge protection devices) and to convert currents in terms of intensity, frequency or voltage (cooling devices, fuses, bus bars, capacitors). It has developed a range of fuses and bus bars specifically for the electric vehicle market.

Operating segment performance

In millions of euros	2024				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	689.8	553.8		1,243.6	669.4	541.5		1,210.9
Proportion of total	55.5%	44.5%		100.0%	55.3%	44.7%		100.0%
EBITDA before non-recurring items⁽¹⁾	147.3	77.7	(19.5)	205.5	149.8	72.8	(20.0)	202.7
<i>EBITDA before non-recurring items margin⁽²⁾</i>	21.4%	14.0%		16.5%	22.4%	13.4%		16.7%
Depreciation and amortization	(51.2)	(19.7)	(3.6)	(74.5)	(44.8)	(18.2)	(2.3)	(65.4)
Operating income before non-recurring items	96.1	58.0	(23.0)	131.1	105.0	54.6	(22.3)	137.3
<i>Operating margin before non-recurring items⁽²⁾</i>	13.9%	10.5%		10.5%	15.7%	10.1%		11.3%
Non-recurring income and expenses	(15.1)	(8.3)	(0.1)	(23.5)	(6.4)	(0.8)	1.3	(5.9)
Operating income	81.0	49.7	(23.2)	107.5	98.6	53.8	(21.0)	131.4
<i>Operating margin⁽²⁾</i>	11.7%	9.0%		8.6%	14.7%	9.9%		10.9%
Net financial expense			(24.0)	(24.0)			(19.3)	(19.3)
Current and deferred income tax			(22.0)	(22.0)			(26.2)	(26.2)
Net income				61.5				85.9

(1) EBITDA before non-recurring items is equal to operating income before non-recurring items plus depreciation and amortization.

(2) Margins correspond to the ratio of the indicator to sales.

Breakdown of sales and sales trends by geographical area

The following table breaks down Group sales by customer location. No single customer accounts for over 10% of the Group's sales. The number one customer accounted for 3.2% of the Group's sales. The Group's activities are not subject to any significant seasonal variation.

<i>In millions of euros</i>	2024	%	2023	%
France	93.2	7%	85.5	7%
Rest of Europe	307.0	25%	311.7	26%
North America	508.9	41%	463.1	38%
Asia-Pacific	297.7	24%	310.9	26%
Rest of the world	36.8	3%	39.7	3%
TOTAL	1,243.6	100%	1,210.9	100%

Segment assets

<i>In millions of euros</i>	AM	EP	Dec. 31, 2024
Net fixed assets	886.0	293.5	1,179.5
Inventories	211.3	96.4	307.8
Trade receivables	112.0	64.7	176.7
Contract assets	1.9		1.9
Other operating receivables	17.3	9.7	27.0
TOTAL SEGMENT ASSETS	1,228.4	464.4	1,692.8
Deferred tax assets			24.8
Long-term portion of current tax assets			6.7
Short-term portion of current tax assets			4.5
Current financial assets			19.8
Current derivatives			1.4
Cash and cash equivalents			51.3
TOTAL UNALLOCATED ASSETS			108.6
TOTAL			1,801.4

Segment liabilities

<i>In millions of euros</i>	AM	EP	Dec. 31, 2024
Trade payables	37.5	43.4	80.9
Contract liabilities	67.8	0.9	68.8
Other payables and other liabilities	91.0	49.2	140.1
Non-current and current provisions	15.3	7.3	22.7
Employee benefit obligations	25.7	6.7	32.4
TOTAL SEGMENT LIABILITIES	237.3	107.6	344.9
Deferred tax liabilities			53.8
Long- and medium-term borrowings			349.5
Non-current lease liabilities			48.9
Current lease liabilities			15.4
Short-term portion of current tax liabilities			4.6
Current financial liabilities			83.3
Current derivatives			9.9
Bank overdrafts			8.7
TOTAL UNALLOCATED LIABILITIES			574.1
TOTAL			919.0

Note 20 Payroll costs and headcount

Group payroll costs (including temporary staff, social security contributions, provisions for pension obligations and retirement compensation) came to €419.1 million in 2024 compared with €383.9 million in 2023.

This represents a like-for-like increase of 8.0%, mainly attributable to salary inflation and, to a lesser extent, to hiring during the year.

Headcount of consolidated companies at end of period by geographical area

Geographical area	Dec. 31, 2024	%	Dec. 31, 2023	%
France	1,504	20%	1,415	19%
Rest of Europe	1,345	18%	1,422	19%
North America & Mexico	2,503	34%	2,496	33%
Asia	1,585	21%	1,697	23%
Rest of the world	529	7%	504	7%
TOTAL	7,466	100%	7,534	100%

The headcount was reduced by a 68 persons in 2024, mainly in Asia and Europe (excluding France). The net reduction was determined after taking into account the employees of the companies in North America acquired during the year, who totaled 211 persons at the year-end.

Headcount of consolidated companies at end of period by category

Categories	Dec. 31, 2024	%	Dec. 31, 2023	%
Operators and clerical workers	4,152	56%	4,345	58%
Technicians and supervisors	1,476	20%	1,432	19%
Engineers and managers	1,838	25%	1,757	23%
TOTAL	7,466	100%	7,534	100%

Note 21 Operating income

An analysis of operating income by category of income and expense is shown in the following table:

<i>In millions of euros</i>	2024	2023
Sales	1,243.6	1,210.9
Purchases of raw materials and goods for resale	(327.9)	(325.7)
Manufacturing costs	(229.9)	(233.1)
Salaries, incentives and profit-sharing	(419.1)	(383.9)
Depreciation and amortization	(74.5)	(65.4)
Other expenses	(64.0)	(63.6)
Impairment losses and provisions	(19.3)	(5.9)
Gains/(losses) on asset disposals	(0.6)	(1.0)
Financial components of operating income	(0.8)	(1.0)
OPERATING INCOME	107.5	131.4

Impairment losses and provisions, in the amount of €19.3 million, were mainly recognized in connection with the adaptation plans set up by the Group during the year.

Note 22 Net finance expense

<i>In millions of euros</i>	2024	2023
Amortization of bond issuance expenses	(0.4)	(0.4)
Interest on debt	(13.7)	(9.2)
Short-term financial expense	(4.0)	(3.9)
Hyperinflation – gain/(loss) on net monetary position	(0.5)	(0.5)
Commission on debt	(0.6)	(0.6)
Ineffective portion of interest-rate hedges	(0.0)	(0.0)
Financing component of lease commitments	(3.1)	(3.0)
Net interest income from employee benefits	(1.7)	(1.7)
NET FINANCIAL EXPENSE	(24.0)	(19.3)

The Group applies IAS 29 – *Financial Reporting in Hyperinflationary Economies* to the financial statements of its subsidiary Mersen Istanbul Sanayi Ürünleri A.S. (see Note 3-E for further details). To calculate the gain or loss on the net monetary position, the Group refers to the Turkish consumer price index (CPI) published by the Turkish government. At end-December 2024, the CPI (using

a baseline of 100 from 2003) amounts to 2684.55, and reflects inflation of 44.4% in the country since January 1, 2024.

The net financial expense shown above does not include the following items related to assets and liabilities that are not stated at fair value through profit or loss:

Financial income and expenses recognized in other comprehensive income

<i>In millions of euros</i>	2024	2023
Change in fair value of currency hedges	(2.7)	1.1
Change in fair value of interest rate hedges	0.0	(0.1)
Change in fair value of commodity hedges	(1.6)	(2.0)
Tax impact on changes recognized in equity	0.8	0.1
Financial income and expenses recognized in other comprehensive income, net of tax	(3.5)	(0.8)

Note 23 Income tax

<i>In millions of euros</i>	2024	2023
Current income tax	(21.8)	(16.1)
Deferred income tax	0.6	(9.8)
Withholding tax	(0.9)	(0.3)
Actual income tax benefit (expense) recognized	(22.0)	(26.2)

Within the Group, there are consolidated tax groups in France, Germany, Italy, the United Kingdom (group relief) and the United States.

The Group's tax rate was 26.4% in 2024. This rate takes into account non-recurring expenses linked to the adaptation plans which will not give rise to tax savings in some jurisdictions. Restated for the tax effects of these non-recurring expenses, the Group's effective tax rate was 24.1% in 2024 compared with 23.4% in 2023.

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. In the case of Mersen, only one country – China – is considered to be a low-tax jurisdiction under Pillar Two rules, reflecting the Group's eligibility for the favorable tax treatment granted to high-tech companies in that country. In 2024, the Group recorded a top-up tax of €0.6 million on the profits of its Chinese operations.

Analysis of income tax expense

<i>In millions of euros</i>	2024	2023
Net income	61.5	85.9
Current and deferred income tax	(22.0)	(26.2)
Income before tax	83.5	112.1
Current tax rate in France	25.83%	25.83%
Theoretical tax benefit/(expense) (income before tax x current income tax rate in France)	(21.6)	(29.0)
Difference between income tax rate in France and other jurisdictions	3.5	6.0
Permanent differences	0.5	(3.0)
Ceiling on deferred tax assets	(4.5)	(0.2)
Other	0.0	0.0
Actual income tax benefit (expense) recognized	(22.0)	(26.2)

The restrictions on the recognition of deferred tax assets mainly concern tax losses generated over the period by Group entities in France, Germany, China, Mexico and the Netherlands.

The deferred tax assets and liabilities recognized in the statement of financial position are as follows:

<i>In millions of euros</i>	Dec. 31, 2024	Dec. 31, 2023
Deferred tax assets	24.8	21.3
Deferred tax liabilities	(53.8)	(46.7)
Deferred tax assets (liabilities), net	(29.0)	(25.4)

Changes in deferred taxes in 2024 were as follows:

<i>In millions of euros*</i>	2023	Net income/ (loss)	Other comprehensive income	Other	Translation adjustments	2024
Depreciation of fixed assets	(55.9)	(2.1)	0.0	(0.7)	(3.7)	(62.4)
Inventories	5.7	0.3	0.0	(0.0)	0.0	6.0
Employee benefit obligations	9.6	(0.0)	(1.6)	0.1	(0.1)	7.9
Tax loss carryforwards	10.8	0.1	0.0	0.0	0.1	11.0
Other	4.5	2.4	0.8	0.5	0.4	8.5
Deferred tax assets (liabilities), net	(25.4)	0.6	(0.8)	(0.1)	(3.3)	(29.0)

* (- liabilities / + assets).

Deferred tax assets are recognized only to the extent that they are recoverable. Given the short- and medium-term taxable income outlook in certain markets and geographic regions, and in accordance with local tax rules, deferred taxes have been recognized on certain losses. Tax loss carryforwards giving rise to the recognition of deferred tax assets mainly concern the French and American tax groups, and more marginally certain Group entities in China (the corresponding deferred tax assets for these three tax jurisdictions amount to €8.5 million, €1.6 million and €0.8 million respectively). Recognizable deferred tax assets for

tax loss carryforwards of the French tax group, which are the most significant losses at Group level, are determined on the basis of 8-year taxable income projections, taking into account the annual cap on the utilization of tax losses at 50% of taxable profits for the year in excess of €1 million.

Unrecognized deferred tax assets correspond to tax loss carryforwards of €106 million in France (French tax group), €23 million in Germany, €18 million in China, €4 million in Morocco and €4 million in Austria.

Note 24 Earnings per share

Basic and diluted earnings per share are presented below:

	2024	2023
Net income attributable to Mersen shareholders <i>(in millions of euros)</i>	59.0	81.6
Weighted average number of ordinary shares* used to calculate basic earnings per share	24,301,531	23,294,929
Maximum effect of dilutive potential ordinary shares	640,286	583,860
Weighted average number of ordinary shares* used to calculate diluted earnings per share	24,941,817	23,878,789
Basic earnings per share <i>(in euros)</i>	2.43	3.50
Diluted earnings per share <i>(in euros)</i>	2.37	3.42

* Excluding treasury shares.

During the year, the Group recognized significant non-recurring expenses related to adaptation plans. Excluding these expenses (and the related tax effect), 2024 net income and earnings per share would be as follows:

	2024
Net income	59.0
Non-recurring expenses related to the adaptation plan	16.7
Related tax effect	(2.2)
Restated net income	73.5

	2024
Net income attributable to Mersen shareholders, restated <i>(in millions of euros)</i>	73.5
Weighted average number of ordinary shares* used to calculate basic earnings per share	24,301,531
Maximum effect of dilutive potential ordinary shares	640,286
Weighted average number of ordinary shares* used to calculate diluted earnings per share	24,941,817
Basic earnings per share, restated <i>(in euros)</i>	3.03
Diluted earnings per share, restated <i>(in euros)</i>	2.95

* Excluding treasury shares.

Note 25 Dividends

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

proposed in respect of fiscal year 2024 stands at €0.90 per share, representing an aggregate amount of €22 million.

Note 26 Related party disclosures

Mersen SA is a holding company that manages its investments in subsidiaries and affiliates and the Group's financing activities, and charges subsidiaries for services related to the intangible assets that it owns.

Mersen SA belongs to the Mersen group, which encompasses 93 consolidated and unconsolidated companies in 32 countries.

Transactions between the Group's consolidated companies are eliminated for consolidation purposes.

1 - Relations with unconsolidated subsidiaries

Sales generated by the Group with unconsolidated subsidiaries came to €9.2 million in 2024 (€8.8 million in 2023).

In 2024, the management and administrative fees charged to unconsolidated subsidiaries by the Group (deducted from administrative costs) amounted to €0.1 million, the same amount as in 2023.

The amounts receivable by the Group from its unconsolidated subsidiaries totaled €2.7 million at December 31, 2024 and there were no amounts payable to those subsidiaries at that date.

At December 31, 2024, shareholder advances granted to unconsolidated subsidiaries represented a nil amount (as in 2023).

2 - Compensation and benefits paid to key executives

The table below sets out the annual compensation for the Group's Chief Executive Officer for 2024.

<i>In millions of euros</i>	2024	2023
Salaries, bonuses, benefits in kind	0.9	1.3
Top-up pension plan payments ⁽¹⁾	0.3	0.3
TOTAL	1.2	1.6

(1) By contract, the Chief Executive Officer is entitled to the benefit of a top-up pension plan, defined as follows: provided that the person is still employed by the Group upon his or her retirement, this regime guarantees a top-up pension income of 10-20%, depending on length of service, of the basic reference salary during the final three years prior to retirement plus a flat-rate of 50% of the maximum bonus. The actuarial obligation was assessed at December 31, 2024 at €5.6 million (versus €5.2 million at December 31, 2023).

Should his or her appointment be terminated (barring gross or willful misconduct), the Chief Executive Officer will receive a severance payment of no more than 0.5 times the total gross compensation and benefits paid to him or her in respect of the 36-month period preceding termination, subject to the attainment of performance criteria. Should the responsibilities and/or remuneration of the Chief Executive Officer be modified substantially following a take-over of the Company, and if as a result, he or she decides to leave the Company, he or she would be entitled to the same Severance Pay.

Should his or her term of office as Chief Executive Officer end (except due to retirement), and in return for signing a one-year non-compete and non-solicitation undertaking, the Chief Executive Officer will receive a monthly payment equivalent to 50% of the gross fixed monthly compensation that he or she received immediately prior to the termination of his or her term of office. This payment will be made in 12 monthly installments. The Company may decide to forgo this non-compete and non-solicitation clause and thus free itself from its obligation of making this monthly payment, by informing the Chief Executive Officer of its decision within a notice period of two months of the termination of his or her term of office.

■ Free shares – executives plan

	2021 plan	2022 plan	2023 plan	2024 plan
Date of allocation decision	May 20, 2021	May 19, 2022	May 16, 2023	May 16, 2024
Total number of shares allocated	12,600	13,230	12,600	17,321
Share price at allocation date (<i>in euros</i>)	23.59	24.31	25.26	28.18
End of vesting period	May 20, 2024	May 19, 2025	May 16, 2026	May 16, 2027
End of holding period	May 21, 2024	May 20, 2025	May 17, 2026	May 17, 2027

3 - Other agreements

The Group has not entered into any material agreements or commitments with other parties aside from the one described above concerning the non-compete clause, termination of term in office and pension plan of the Chief Executive Officer, Luc Themelin.

Note 27 Off-balance sheet commitments

The table below summarizes the Group's off-balance sheet commitments.

<i>In millions of euros</i>	Dec. 31, 2024	Dec. 31, 2023
Contract bonds	57.1	50.6
Payment guarantee on acquisitions	0.0	0.0
Other guarantees	8.0	8.0
Other commitments given	16.6	12.9
TOTAL	81.7	71.5

Nature

The €6.5 million year-on-year increase in contract bonds mainly corresponds to advance payment bonds issued in 2023 to customers in connection with commercial contracts, particularly in the United States.

The "other guarantees" item, which amounted to €8.0 million, corresponds to a guarantee covering the maximum daily drawings by subsidiaries under the European cash pooling arrangements.

The €3.7 million increase in "Other commitments given" essentially relates to purchase contracts for capital expenditure programs.

Maturity

Off-balance sheet commitments with a maturity of over one year amounted to €38.8 million. They include the €8 million guarantee linked to the European cash pooling system, which remains in force for as long as the cash pooling agreements are in place. Contract bonds generally have a term of less than one year,

except when they cover certain long-term contracts, in which case their term does not exceed 4.5 years.

Control

Under the Group's internal control organization, Group companies are not authorized to enter into transactions giving rise to off-balance sheet commitments without obtaining the prior approval of the Group's Finance Department or Executive Management and, where appropriate, of the Board of Directors. Nonetheless, certain Group companies have the option of issuing market guarantees not exceeding €150,000 with a maturity of less than two years without prior authorization in the normal course of their business activities. These guarantees are listed in the documents completed by the companies as part of the account consolidation procedure.

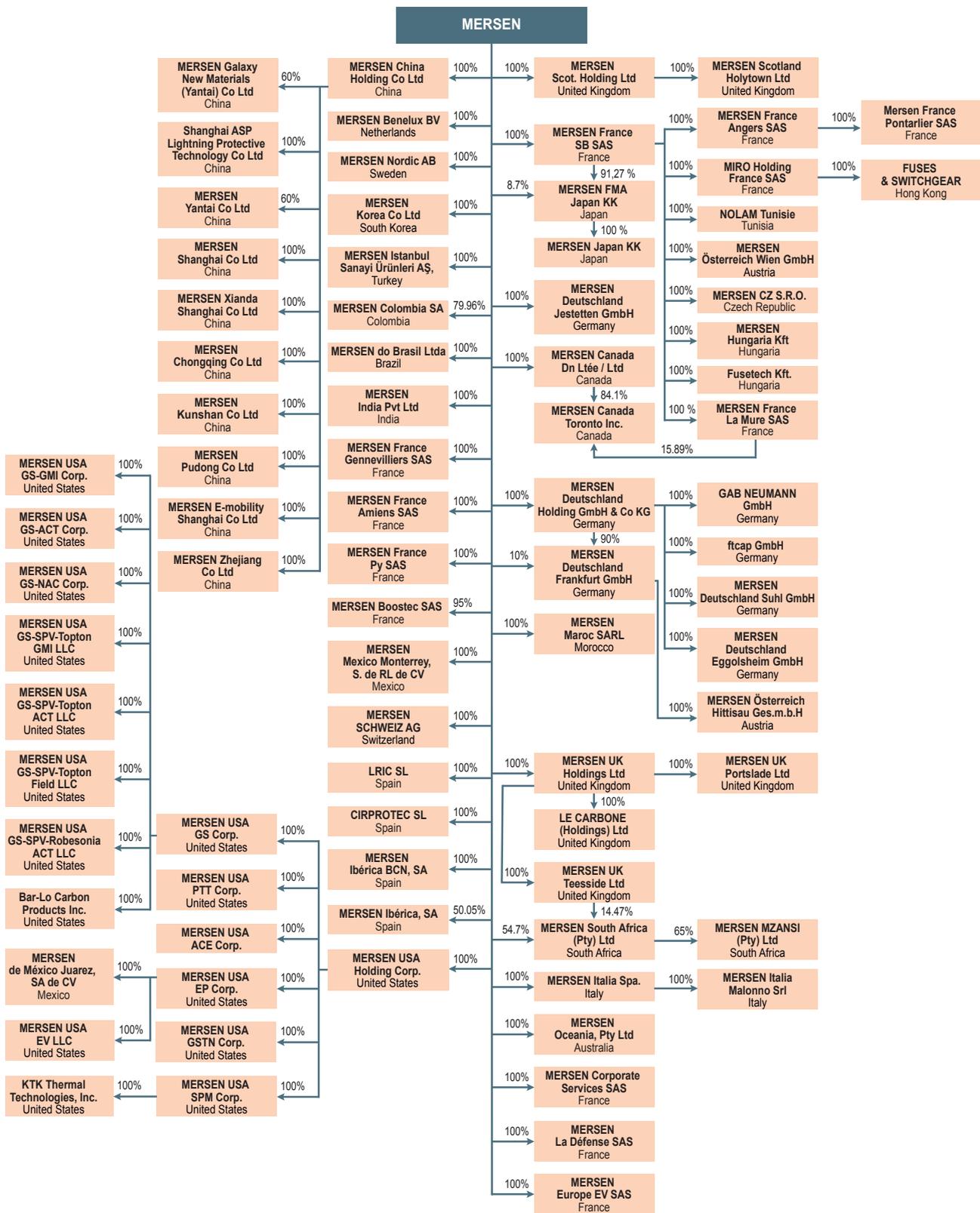
As far as the Company is aware, no material off-balance sheet commitments under the accounting standards in force have been omitted.

Note 28 Subsequent events

As part of its growth plan and in order to refinance its 2025-2026 debt maturities, on February 4, 2025 Mersen set up a second US private placement ("USPP"), comprising a USD 100 million tranche maturing in 2035, and a second €90 million tranche

maturing in 2032, both of which are redeemable at maturity. The notes were placed with a pool of North American investors and the funds will become available in April 2025.

Note 29 Consolidation scope at December 31, 2024



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

List of consolidated companies

	Consolidation method	% of Group control	% of Group interests
	FC: fully consolidated		
1. MERSEN (France)	FC	100	100
2. MERSEN France Amiens S.A.S (France)	FC	100	100
3. MERSEN France Gennevilliers S.A.S (France)	FC	100	100
4. MERSEN France Py S.A.S (France)	FC	100	100
5. MERSEN Corporate Services S.A.S (France)	FC	100	100
6. MERSEN France SB S.A.S (France)	FC	100	100
- MERSEN France La Mûre S.A.S (France)	FC	100	100
- MERSEN France Angers S.A.S (France)	FC	100	100
- MERSEN France Pontarlier S.A.S (France)	FC	100	100
- MERSEN Österreich Wien Gmbh (Austria)	FC	100	100
- MERSEN CZ S.R.O. (Czech Republic)	FC	100	100
- MERSEN Hungaria Kft (Hungary)	FC	100	100
- NOLAM Tunisie SARL (Tunisia)	FC	100	100
- MIRO Holding France SAS (France)	FC	100	100
- FUSES & SWITCHGEAR (Hong Kong)	FC	100	100
- MERSEN FMA Japan KK (Japan)	FC	100	100
- MERSEN Japan KK (Japan)	FC	100	100
- Fusetech Kft. (Hungary)	FC	100	100
7. MERSEN Boostec S.A.S (France)	FC	95	95
8. MERSEN La Défense S.A.S (France)	FC	100	100
9. MERSEN Europe EV SAS (France)	FC	100	100
10. MERSEN Deutschland Holding GmbH & Co. KG (Germany)	FC	100	100
- MERSEN Deutschland Frankfurt GmbH (Germany)	FC	100	100
- MERSEN Österreich Hittisau Ges.m.b.H. (Austria)	FC	100	100
- MERSEN Deutschland Suhl GmbH (Germany)	FC	100	100
- MERSEN Deutschland Eggolsheim GmbH (Germany)	FC	100	100
- ftcap GmbH (Germany)	FC	100	100
- GAB Neumann GmbH (Germany)	FC	100	100
11. MERSEN Deutschland Jestetten GmbH (Germany)	FC	100	100
12. MERSEN Ibérica S.A (Spain)	FC	50	50
13. MERSEN Ibérica BCN S.A (Spain)	FC	100	100
14. Cirprotec S.L. (Spain)	FC	100	100
15. LRIC S.L. (Spain)	FC	100	100
16. MERSEN UK Holdings Ltd. (United Kingdom)	FC	100	100
- Le Carbone (Holdings) Ltd. (United Kingdom)	FC	100	100
- MERSEN UK Portslade Ltd. (United Kingdom)	FC	100	100
- MERSEN UK Teesside Ltd. (United Kingdom)	FC	100	100
17. MERSEN Scot. Holding Ltd. (United Kingdom)	FC	100	100
- MERSEN Scotland Holytown Ltd. (United Kingdom)	FC	100	100
18. MERSEN Italia Spa. (Italy)	FC	100	100
- MERSEN Italia Malonno Srl (Italy)	FC	100	100
19. MERSEN Benelux BV (Netherlands)	FC	100	100
20. MERSEN Nordic AB (Sweden)	FC	100	100
21. MERSEN Schweiz AG (Switzerland)	FC	100	100
22. MERSEN Canada Dn Ltée/Ltd. (Canada)	FC	100	100
- MERSEN Canada Toronto Inc. (Canada)	FC	100	100

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6

	Consolidation method	% of Group control	% of Group interests
23. MERSEN USA Holding Corp. (United States)	FC	100	100
- MERSEN USA PTT Corp. (United States)	FC	100	100
- MERSEN USA GS Corp (United States)	FC	100	100
- MERSEN USA GS GMI Corp (United States)	FC	100	100
- MERSEN USA GS-ACT Corp (United States)	FC	100	100
- MERSEN USA GS-NAC Corp (United States)	FC	100	100
- MERSEN USA GS-SPV-Topton GMI LLC (United States)	FC	100	100
- MERSEN USA GS-SPV-Topton ACT LLC (United States)	FC	100	100
- MERSEN USA GS-SPV-Topton Field LLC (United States)	FC	100	100
- MERSEN USA GS-SPV-Robesonia ACT LLC (United States)	FC	100	100
- Bar-Lo Carbon Products, Inc. (United States)	FC	100	100
- MERSEN USA ACE Corp (United States)	FC	100	100
- MERSEN USA EP Corp (United States)	FC	100	100
- MERSEN de México Juarez, S.A DE. C.V (Mexico)	FC	100	100
- MERSEN USA EV LLC (United States)	FC	100	100
- MERSEN USA SPM Corp. (United States)	FC	100	100
- KTK Thermal Technologies, Inc. (United States)	FC	100	100
- MERSEN USA GSTN Corp. (United States)	FC	100	100
24. MERSEN Mexico Monterrey, S de R.L. de C.V. (Mexico)	FC	100	100
25. MERSEN Oceania, Pty Ltd. (Australia)	FC	100	100
26. MERSEN Korea Co. Ltd. (South Korea)	FC	100	100
27. MERSEN India Pvt. Ltd. (India)	FC	100	100
28. MERSEN China holding Co. Ltd (China)	FC	100	100
- MERSEN Pudong Co. Ltd (China)	FC	100	100
- MERSEN Chongqing Co. Ltd (China)	FC	100	100
- MERSEN Kunshan Co. Ltd (China)	FC	100	100
- MERSEN Xianda Shanghai Co. Ltd (China)	FC	100	100
- MERSEN Shanghai Co. Ltd (China)	FC	100	100
- MERSEN Yantai Co. Ltd (China)	FC	60	60
- Shanghai ASP Lightning Protective Technology Co. Ltd (China)	FC	100	100
- MERSEN Galaxy New Materials (Yantai) Co. Ltd (China)	FC	60	60
- MERSEN Zhejiang Co. Ltd (China)	FC	100	100
- MERSEN E-mobility Shanghai Co Ltd (China)	FC	100	100
29. MERSEN South Africa PTY Ltd (South Africa)	FC	69	69
- MERSEN Mzansi PTY Ltd (South Africa)	FC	65	45
30. MERSEN do Brasil Ltda. (Brazil)	FC	100	100
31. MERSEN Istanbul Sanayi Ürünleri (Turkey)	FC	100	100
32. MERSEN Colombia S.A (Colombia)	FC	80	80
33. MERSEN Maroc S.A.R.L (Morocco)	FC	100	100

Note 30 Approval of the financial statements

The Group's consolidated financial statements for the year ended December 31, 2024 were approved by the Board of Directors at its meeting on March 11, 2025.

Note 31 Fees paid to the Statutory Auditors and members of their networks by the Group

(In thousands of euros)

	KPMG		EY	
	Statutory Auditors and their network		Statutory Auditors and their network	
	Fees	%	Fees	%
Audit of individual company financial statements and consolidated financial statements and limited review of half-yearly financial statements				
• Entity	217	17%	201	20%
• Controlled entities	873	68%	770	75%
SUB-TOTAL A	1,090	85%	971	95%
Other regulatory and legally required services				
• Entity	0	0%	0	0%
• Controlled entities	0	0%	0	0%
SUB-TOTAL B	0	0%	0	0%
Other services provided at the request of the entity				
• Entity	33	3%	4	0%
• Controlled entities	157	12%	52	5%
SUB-TOTAL C	190	15%	56	5%
OTHER NON-AUDIT SERVICES				
SUB-TOTAL D = B + C	196	15%	55	5%
TOTAL E = A + D	1,280	100%	1,027	100%

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. 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 of Mersen,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Mersen for the year ended December 31, 2024.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2024 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Accounts Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2024 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of goodwill

Description of risk	How our audit addressed this risk
<p>At December 31, 2024, the net value of goodwill amounted to €298 million against total assets of €1,801 million.</p> <p>As indicated in Note 3-G.1 to the consolidated financial statements, goodwill is tested for impairment whenever there is an indication of a loss of value or otherwise at least once a year by comparing the carrying amount of the relevant assets with their value in use.</p> <p>The methods used to perform impairment tests and details of the assumptions used are described respectively in Notes 3-G.1 and 7 to the consolidated financial statements.</p> <p>Value in use is determined from discounted projections of future operating cash flows over five years, and a terminal value. The discount rate used for these calculations is the weighted average cost of capital after tax for each cash generating unit to which the goodwill is allocated.</p> <p>We deemed the measurement of goodwill to be a key audit matter due to the materiality of these assets in the consolidated financial statements and the method of determining their value in use, which relies primarily on estimates, in turn requiring management to use assumptions and judgments, as described in Note 3-W to the consolidated financial statements.</p>	<p>We obtained an understanding of the methods used by management to perform the impairment tests and, in particular:</p> <ul style="list-style-type: none"> ■ assessed the process for drawing up and approving the 2025 budget and projections for the four following years; ■ analyzed the consistency of cash flow forecasts with past performance, the market outlook, and the forecasts provided to the Board of Directors; ■ assessed, by including valuation experts in our audit team, the assumptions used by management to determine the discount rate; ■ reviewed the sensitivity analyses performed for the impairment tests. <p>Lastly, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.</p>

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

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

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Mersen by the Annual General Meetings held on May 12, 2004 for KPMG SA and May 19, 2022 for Ernst & Young Audit.

At December 31, 2024, KPMG SA and Ernst & Young Audit were in the twenty-first and the third consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit and Accounts Committee

We submit a report to the Audit and Accounts Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Accounts Committee includes the risks of material misstatement that, in our professional judgment, were the most significant in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Accounts Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Accounts Committee.

Paris-La Défense, March 28, 2025

The Statutory Auditors

KPMG S.A.

Alexandra Saastamoinen

ERNST & YOUNG Audit

Pierre Bourgeois

7 PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF INCOME	276
STATEMENT OF FINANCIAL POSITION	278
NOTES TO THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF INCOME	280
LIST OF SUBSIDIARIES AND EQUITY INTERESTS	293
STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	294
FIVE-YEAR FINANCIAL SUMMARY	298

STATEMENT OF INCOME

STATEMENT OF INCOME

<i>(In thousands of euros)</i>	2024	2023
OPERATING REVENUES (1)		
Revenues		
Other revenues	3,071	3,009
TOTAL SALES	3,071	3,009
Operating subsidies		
Reversals of operating provisions	65	5
Transferred operating costs	346	375
Other income	37,012	38,149
TOTAL 1	40,494	41,538
OPERATING EXPENSES (2)		
Other purchases	1	18
External charges	39,011	30,053
Taxes other than income tax	808	811
Wages and salaries	2,210	2,241
Social security charges	822	1,138
Depreciation, amortization and charges to provisions:		
- against fixed assets: depreciation and amortization	1,051	993
- for liabilities and charges: charges to provisions	934	1,149
Other expenses	305	281
TOTAL 2	45,142	36,684
OPERATING INCOME (EXPENSE) (TOTAL 1 - 2)	(4,648)	4,854

STATEMENT OF INCOME

7

<i>(In thousands of euros)</i>	2024	2023
FINANCIAL INCOME (3)		
Income from equity interests	61,158	49,898
Other income from fixed assets		
Other interest and related income	10,709	6,901
Reversals of depreciation, amortization and charges to provisions	3,845	22,653
Foreign exchange gains	11,557	13,052
TOTAL 3	87,269	92,504
FINANCIAL EXPENSES (4)		
Depreciation, amortization and charges to provisions	33,144	37,870
Interest and related expenses	19,158	12,379
Foreign exchange losses	15,377	16,150
TOTAL 4	67,679	66,399
NET FINANCIAL INCOME (3 - 4)	19,590	26,105
INCOME BEFORE TAX AND NON-RECURRING ITEMS	14,942	30,959
NON-RECURRING INCOME		
Management transactions	61	9
Capital transactions	17,471	8,193
Reversals of provisions and transferred costs	3,338	1,100
TOTAL 5	20,870	9,302
NON-RECURRING EXPENSES		
Management transactions	140	205
Capital transactions	21,149	5,342
Depreciation, amortization and charges to provisions		
TOTAL 6	21,289	5,548
NET NON-RECURRING INCOME (TOTAL 5 - 6)	(419)	3,754
INCOME TAX	2,322	1,655
NET INCOME FOR THE YEAR	16,846	36,368
TOTAL INCOME	150,956	144,999
TOTAL EXPENSES	134,110	108,631

PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION

ASSETS

(In thousands of euros)	Dec. 31, 2024			Dec. 31, 2023
	Gross	Depreciation and amortization	Net	Net
FIXED ASSETS				
Intangible fixed assets				
Start-up costs	4,131	1,652	2,479	3,305
Concessions, patents, licenses, brands	8,748	7,787	961	1,074
Intangible assets in progress				
SUB-TOTAL	12,879	9,439	3,439	4,378
Property, plant and equipment				
Other	1,095	418	677	786
Property, plant and equipment in progress				
Advances and down payments				
SUB-TOTAL	1,095	418	677	786
Financial fixed assets				
Equity interests	777,349	202,600	574,749	449,198
Loans and advances to equity interests	335,849	2,803	333,046	269,478
Other fixed assets				5
Other	1,888	136	1,752	2,346
SUB-TOTAL	1,115,086	205,539	909,547	721,027
TOTAL A	1,129,059	215,396	913,663	726,191
CURRENT ASSETS				
Advances and down payments paid on orders				
Trade receivables and related accounts	14,217		14,217	1,614
Other receivables ^(a)	131,110	2,320	128,790	126,556
Investment securities	450		450	5,589
Cash and cash equivalents	1,296		1,296	1,365
Cash instruments	966		966	2,431
ACCRUALS				
Prepaid expenses	883		883	469
TOTAL B	148,921	2,320	146,601	138,026
Deferred costs C	1,525		1,525	1,519
Foreign currency translation losses D	11,940		11,940	5,485
TOTAL (A+B+C+D)	1,291,445	217,716	1,073,729	871,220

(a) Of which current account receivables: 120,637

STATEMENT OF FINANCIAL POSITION

7

EQUITY AND LIABILITIES

<i>(In thousands of euros)</i>	Dec. 31, 2024	Dec. 31, 2023
SHAREHOLDERS' EQUITY		
Share capital	48,837	48,837
Issue premium	309,107	309,107
Merger premium	8,252	8,252
Revaluation reserve	3,252	3,252
Unavailable reserves	5,490	5,490
Statutory reserve	4,884	4,169
Other reserves	73,936	72,992
Retained earnings	72	(4,186)
Net income for the year	16,846	36,368
Tax-regulated provisions	234	234
TOTAL A	470,909	484,514
PROVISIONS FOR LIABILITIES AND CHARGES		
Provisions for liabilities	18,043	2,631
Provisions for charges	2,485	1,596
TOTAL B	20,528	4,227
FINANCIAL LIABILITIES ^(b)		
Bond issues	2,894	2,894
Borrowings from credit institutions ^(c)	1,154	4,193
Other borrowings ^(d)	555,133	364,289
Advances and down payments received on orders in progress		
Trade payables and related accounts	1,928	2,437
Tax and social security liabilities	2,173	2,115
Amounts due on fixed assets		3
Other financial liabilities	458	304
Cash instruments	6,612	758
ACCRUALS		
Prepaid income		
TOTAL C	570,352	376,994
Foreign currency translation gains D	11,940	5,485
TOTAL (A+B+C+D)	1,073,729	871,220

(b) Due in over one year: 343,684; due in less than one year: 226,668

(c) Including current bank loans: 254

(d) Of which current account payables: 127,237

NOTES TO THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF INCOME

SUMMARY OF THE NOTES TO THE FINANCIAL STATEMENTS

Note 1	ACCOUNTING PRINCIPLES AND METHODS	281
Note 2	ANALYSIS AND COMMENTARY	283
Note 3	FIXED ASSETS	284
Note 4	PROVISIONS	284
Note 5	MATURITY SCHEDULE OF ASSETS AND LIABILITIES	285
Note 6	REVALUATION RESERVE	285
Note 7	ACCRUED INCOME AND EXPENSES	286
Note 8	SHARE CAPITAL	286
Note 9	COMMITMENTS	288
Note 10	FINANCE LEASES	288
Note 11	EXECUTIVE COMPENSATION	289
Note 12	AVERAGE HEADCOUNT	289
Note 13	ANALYSIS OF TAX EXPENSE	289
Note 14	TAX CONSOLIDATION	290
Note 15	FOREIGN CURRENCY TRANSLATION	290
Note 16	TREASURY SHARES	290
Note 17	INFORMATION ABOUT NON-RECURRING ITEMS	291
Note 18	INFORMATION ABOUT RISK FACTORS	292
Note 19	CONSOLIDATION	292

Note 1 Accounting principles and methods

The financial statements of Mersen SA for fiscal year 2024 have been prepared in accordance with Regulation No. 2023-08 of November 22, 2023 of the French accounting standards authority (Autorité des Normes Comptables – ANC) amending ANC Regulation No. 2014-03 relating to the official French chart of accounts.

The principal accounting methods used are as follows:

A - Share issuance costs

Share issuance costs are recognized as an asset under share issuance and other transaction costs. They are amortized over five years.

B - Intangible fixed assets and property, plant and equipment

Fixed assets are stated at acquisition or production cost.

They are depreciated or amortized over their estimated useful lives.

Differences between depreciation/amortization for tax and accounting purposes are recognized under accelerated depreciation/amortization and recorded under non-recurring expenses, with a corresponding adjustment to tax-regulated provisions under liabilities on the statement of financial position.

The following useful lives are generally applied:

- software and other intangible fixed assets
(based on expected period of use): 5 to 10 years
- fixtures and fittings: 10 years
- office equipment and furniture: 5 years or 10 years

Where there is evidence of impairment, an impairment test is conducted comparing the net carrying amount of the intangible fixed asset or of the item of property, plant and equipment with its current value. Where this current value has fallen below net carrying amount, an impairment loss is recognized to bring the net carrying amount into line with its current value. No such impairment losses were recognized during the fiscal year.

C - Equity interests and other fixed assets

Gross value comprises the contribution value or acquisition cost of the asset. An impairment loss may be recognized where the carrying amount of an asset exceeds its value in use, with the latter determined by reference to:

- primarily, the share of each subsidiary's equity; and
- where necessary, the economic value determined by reference to the future cash flows including the activity carried out and the outlook for developments.

Expenses related to the acquisition of equity interests and other fixed assets are included in the cost of securities. They are amortized over five years by applying accelerated tax depreciation.

Impairment losses and reversals of impairment in investments, as well as provisions related to equity interests, are recorded under financial items. When equity interests are sold, the reversals of impairment on them are recognized under non-recurring items.

D - Current assets - receivables

Receivables are valued at nominal value. Doubtful receivables are written down to reflect the probable loss.

E - Foreign currency transactions

At the statement of financial position date, foreign currency assets and liabilities are stated at the official exchange rate at December 31. A corresponding adjustment is recorded under foreign currency translation gains or losses.

Unrealized foreign currency gains or losses do not affect net income. This said, a provision is set aside to cover the risk arising from unhedged unrealized foreign currency losses related to these foreign currencies.

F - Provisions for liabilities and charges

Provisions for liabilities and charges are set aside to cover litigation, disputes, and guarantee and risk-related commitments arising during the normal course of the Company's business and likely to give rise to an outflow of resources.

Accordingly, provisions were set aside to cover all significant risks that, due to the situation or events known at December 31, 2024, were likely to occur.

G - Costs deferred over several periods

Bond issuance costs are recognized over the estimated average life of the relevant borrowing.

H - Pension obligations and retirement indemnities

Top-up pension obligations under "closed" defined benefit plans covering part of the workforce are recognized in the form of a provision. Obligations to still active employees are recorded under provisions for liabilities and charges. Obligations to retired employees are transferred to a deferred cost account.

A provision for charges is set aside to cover the Company's commitment arising from top-up pension obligations specifically related to the Group's senior managers.

Retirement indemnities and long-service awards payable under collective bargaining agreements are recognized under provisions for liabilities and charges.

Retirement indemnities and long-service awards are calculated on an annual basis by independent actuaries in accordance with the provisions of the collective bargaining agreement for the French chemicals industry and ANC recommendation 2013-02, updated on November 5, 2021.

The projected unit credit method is used to calculate retirement indemnities and long-service awards. It takes into account – using actuarial assumptions – the employee's probable future length of service, level of salary costs, life expectancy and the rate of staff turnover. The obligation is discounted at an appropriate discount rate. The obligation is partially funded through payments to an external organization under a collective life insurance policy, the assets of which are stated at fair value.

Retirement indemnities are recognized using the corridor method.

The principal assumptions used in this calculation are as follows:

- future salary costs are calculated based on current salaries including an annual rate of salary increases of 1.50% and additional age-related increases;
- changes in actuarial assumptions are taken into account only where they fall outside the corridor and are amortized over the expected average remaining working life of plan members;
- discounting to present value at a rate of 3.40%;
- an average cost ratio of 40% to 45%;
- staff turnover calculated by age bracket;
- return on plan assets: 2.50%;
- mortality table used: TGH - TGF 05.

I - Share repurchases

The shares repurchased by Mersen under the liquidity agreement entered into with a financial institution are reported under other fixed assets, in line with French accounting regulations.

An impairment loss in these shares is recognized when the cost of acquiring the shares exceeds the average share price during the final month of the fiscal year.

Any shares repurchased in order to be canceled in the future are also recognized under fixed assets for their acquisition value.

When these repurchased shares are sold under a liquidity agreement, gains and losses are recognized under non-recurring items.

The Company may also repurchase shares on the market in order to grant them to certain employees. These are recorded as investment securities at their acquisition value, in accordance with French law.

J - Non-recurring items

The Company has adopted the official French chart of accounts. Non-recurring items encompass items not arising during the normal course of the Company's business. Accordingly, non-recurring items comprise the carrying amount of and proceeds from the disposal of fixed assets, accelerated tax depreciation and non-recurring fixed asset write-downs, non-recurring indemnities, fines and penalties, as well as expenses related to these non-recurring events.

K - Stock options and free share allocations

The Company has put in place stock option and free share allocation plans for certain employees.

When stock options are exercised by beneficiaries, the new shares are issued and accounted for in the same manner as a conventional issue of shares. The issue premium is equal to the difference between the subscription price paid by the employee and the increase in the share capital.

When free shares are allocated to beneficiaries, the new shares are issued and accounted for in the same manner as an increase in capital through the capitalization of reserves. The par value of the shares is added to the share capital account, and the surplus is recorded under unavailable reserves.

The Company may also repurchase shares on the market. In this case, a provision for expenses is recorded when this is likely to give rise to an outflow of resources for the Company and is equal to the loss expected upon allocation of the securities to the employee plan beneficiaries. The provision must be recognized on a straight-line basis over the vesting period.

Note 2 Analysis and commentary

Statement of income

Sales and other income

Other revenues (€3,071 thousand) primarily derived from services billed in France and abroad. Other income (€37,012 thousand) related primarily to royalties from trademarks and intangibles. Royalties from trademarks were €36,291 thousand in 2024 compared with €37,463 thousand in 2023.

Operating income

Operating income was down, at a net loss of €4,648 thousand versus net income of €4,854 thousand in 2023, attributable to increased expenditure by Mersen SA for the development of its "Mersen" brand. All else being equal, this increase in expenditure should lead to an improvement in the brand's profitability over the next few years.

Net financial income

Net financial income amounted to €19,590 thousand, down €6,515 thousand from €26,105 thousand in the prior year, due to a €5,769 thousand increase in income from equity interests and a €2,476 thousand increase in net interest income, offset by

€13,864 thousand in additional impairment losses recognized against equity interests and receivables from subsidiaries.

Non-recurring items

Non-recurring items amounted to a net loss of €419 thousand, compared with net income of €3,754 thousand in 2023 which mainly reflected the reversal of a provision for disputes and rebillings of related costs for €1,528 thousand and to net income from the capital reduction of a subsidiary for €2,327 thousand. In 2024, the increase in non-recurring expenses was mainly due to the cost of acquiring free shares for Mersen group employees, largely offset by income from rebillings corresponding to the share of employees benefiting from the plan in other Group companies.

Income tax

The Company recorded a 2024 income tax benefit of €2,322 thousand, including the benefit from the consolidation of Mersen and its French subsidiaries for tax purposes of €2,932 thousand, and a tax expense at the global minimum tax rate (GloBE/Pillar Two) of €610 thousand relating to Chinese subsidiaries.

Statement of financial position

In addition to the notes shown below, the following comments apply:

Debt

(In thousands of euros)	Dec. 31, 2024	Dec. 31, 2023
Bank overdrafts	1,154	4,193
Bond issuance	2,894	2,894
Other borrowings	555,133	364,289
Total debt	559,181	371,376
Cash and cash equivalents	(1,296)	(1,365)
Forward financial instruments	(966)	(2,431)
Other financial receivables	(120,637)	(118,770)
Marketable securities, cash and cash equivalents	(122,899)	(122,567)
Loans to subsidiaries	(333,046)	(269,478)
Other financial fixed assets	(1,752)	(2,346)
Net debt	101,484	(23,014)
o/w: - due in over one year	12,486	(11,447)
- due in less than one year	88,998	(11,568)

Of the €559 million in total gross debt at December 31, 2024, €324 million stems from the use of committed credit lines and borrowings, €100 million from use of the commercial paper program, €127 million from current accounts with subsidiaries and the remainder chiefly from the use of uncommitted credit lines (bank overdrafts and other lines).

Net debt due in less than one year was up due to greater use of NEU CP instruments, which can be substituted by the long-term syndicated loan at maturity.

The rise in net debt can be explained by the increase in expenditure as part of the Group's growth plan, which Mersen SA partially financed through the capitalization of subsidiaries.

PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF INCOME

Note 3 Fixed assets

(In thousands of euros) Accounts	FIXED ASSETS			DEPRECIATION, AMORTIZATION AND CHARGES TO PROVISIONS				
	Gross value at beginning of period	Increases	Decreases	Gross value at end of period	Total at beginning of period	Increases	Decreases	Total at end of period
Intangible fixed assets								
Start-up costs	4,131			4,131	826	826		1,652
Concessions, patents, licenses, brands, processes, rights	8,748			8,748	7,674	113		7,787
Assets in progress								
TOTAL 1	12,879			12,879	8,500	939		9,439
Property, plant and equipment								
Buildings and technical installations								
Other property, plant and equipment	1,091	3		1,095	306	112		418
Assets in progress								
Advances and down payments								
TOTAL 2	1,091	3		1,095	306	112		418
Financial fixed assets								
Equity interests	630,122	149,598	(2,372)	777,349	180,924	27,133	(5,458)	202,600
Loans and advances to equity interests	273,270	210,301	(147,722)	335,849	3,792	450	(1,439)	2,803
Other fixed assets	5		(5)					
Other financial fixed assets	2,346	8,353	(8,810)	1,888		136		136
TOTAL 3	905,743	368,252	(158,909)	1,115,086	184,716	27,719	(6,897)	205,539
TOTAL	919,713	368,255	(158,909)	1,129,059	193,522	28,770	(6,897)	215,396

Intangible fixed assets

Start-up costs for €4,131 thousand correspond to share issuance costs, which are amortized over five years from 2023.

Financial fixed assets

The €188,520 thousand year-on-year increase in the net value of financial fixed assets results mainly from (i) capital increases carried out by some subsidiaries (€149,598 thousand) in order to finance Group investments as part of its growth plan, and (ii) increases in loans to subsidiaries (€62,129 thousand), offset by €21,675 thousand in impairment losses recognized against equity interests.

Note 4 Provisions

(In thousands of euros) Accounts	Amount at beginning of period	Charges	Reversals of provisions used	Reversals of provisions not used	Amount at end of period
Tax-regulated provisions					
Accelerated tax depreciation	234				234
TOTAL 1	234				234
Provisions for liabilities and charges					
Retirement indemnities	239	80			319
Long-service awards	9	1			10
Senior manager pensions	1,347	808			2,156
Personnel costs*	824	12,231	(351)		12,704
Risks related to subsidiaries	1,807	3,818	(141)	(145)	5,339
TOTAL 2	4,227	16,937	(492)	(145)	20,528
Provision for impairment					
Equity interests	180,924	27,133	(2,372)	(3,086)	202,600
Loans to subsidiaries	3,792	450	(859)	(580)	2,803
Receivables from subsidiaries	1,153	1,167			2,320
TOTAL 3	185,869	28,750	(3,231)	(3,666)	207,723
TOTAL	190,330	45,688	(3,723)	(3,811)	228,485

* Provisions for personnel costs correspond to provisions for free share plans not yet vested, attributable to managers of the Mersen group. As the issuer of the free share plans, Mersen SA books provisions corresponding to all employees benefiting from the plans. At the same time, it recognizes accrued income with respect to the portion of employees from other Group companies benefiting from the plans.

Note 5 Maturity schedule of assets and liabilities

<i>(In thousands of euros)</i> Amounts due to the Group	Gross statement of financial position value	Due in one year or less	Due in over one year
Loans and advances to equity interests	335,849	3,151	332,698
Other financial fixed assets	1,888	1,515	373
Trade receivables	14,217(b)	14,217	
Other receivables	131,110(a)	124,838	6,273
Prepaid expenses	883	883	
TOTAL	483,947	144,604	339,343

(a) Of which intra-Group receivables: 120,637.

(b) Of which accrued income for subsidiaries' free share plans: 11,997.

<i>(In thousands of euros)</i> Amounts payable by the Group	Gross statement of financial position value	Due in one year or less	Due in over one year	Due in over five years
Bond issuance	2,894	2,894		
Borrowings from credit institutions	1,154	1,154		
Other borrowings	555,133	212,380(c)	185,000	157,753
Advances and down payments received on orders in progress				
Trade payables and related accounts	1,928	1,928		
Tax and social security liabilities	2,173	1,243		931
Amounts due on fixed assets				
Other financial liabilities	458	458		
Prepaid income				
TOTAL	563,740	220,056	185,000	158,684

(c) Of which intra-group borrowings for 127,237 and NEU CP instruments for 55,000, which may be refinanced at maturity by the syndicated loan.

Note 6 Revaluation reserve

(In thousands of euros)

Revaluation reserve	
At beginning of period	3,252
Reversed during period	
At end of period	3,252

Note 7 Accrued income and expenses

(In thousands of euros)

1. Amount of accrued income included in the statement of financial position items below

Loans and advances to equity interests	2,737
Trade receivables and related accounts	11,997
Other receivables	2,102
Cash and cash equivalents	897
TOTAL	17,733

2. Amount of accrued expenses included in the statement of financial position items below

Other borrowings	5,042
Operating trade payables and related accounts	1,779
Tax and social security liabilities	1,469
Other financial liabilities	842
TOTAL	9,132

3. Amount of prepaid income and expenses

	Expenses	Income
Operating items	883	
Financial items		
TOTAL	883	

4. Costs deferred over several periods

Bond issuance expenses at Jan. 1, 2024	1,519
2024 bond issuance expenses	445
2024 amortization of bond issuance costs	(440)
TOTAL	1,524

Note 8 Share capital

Share capital

At December 31, 2024, the Company's share capital amounted to €48,836,624, divided into 24,418,312 (twenty-four million, four hundred and eighteen thousand, three hundred and twelve) category A shares, each with a par value of €2.

Free share allocations

Mersen managers are regularly offered the opportunity to take part in stock option and/or free share plans, with vesting conditions based on the manager concerned remaining with the Group for a certain period of time and the achievement of internal and/or external targets.

Four free share plans were set up on May 20, 2021, May 19, 2022, May 16, 2023 and May 16, 2024.

The employee categories benefiting from these free shares were approved by the Chief Executive Officer and the Board of Directors of the Group.

PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF INCOME

7

The principal characteristics of the free share plans are as follows:

Characteristics/Assumptions	2021 plan – Executives Free shares	2021 plan – Managers Free shares	2021 plan – High potentials Free shares
Allocation date	5/20/2021	5/20/2021	5/20/2021
Availability date	5/20/2024	5/20/2024	5/20/2024
Expiration date	5/21/2024	5/21/2024	5/21/2024
Total number of plan shares that may be allocated	84,000	100,800	12,000
Estimated % of shares or options vested on achievement of performance conditions	94%	94%	100%

Characteristics/Assumptions	2022 plan – Executives Free shares	2022 plan – Managers Free shares	2022 plan – High potentials Free shares
Allocation date	5/19/2022	5/19/2022	5/19/2022
Availability date	5/19/2025	5/19/2025	5/19/2025
Expiration date	5/20/2025	5/20/2025	5/20/2025
Total number of plan shares that may be allocated	88,200	105,840	12,600
Estimated % of shares or options vested on achievement of performance conditions	91%	91%	100%

Characteristics/Assumptions	2023 plan – Executives Free shares	2023 plan – Managers Free shares	2023 plan – High potentials Free shares
Allocation date	5/16/2023	5/16/2023	5/16/2023
Availability date	5/16/2026	5/16/2026	5/16/2026
Expiration date	5/17/2026	5/17/2026	5/17/2026
Number of plan shares	86,100	100,800	12,000
Estimated % of shares or options vested on achievement of performance conditions	100%	100%	100%

Characteristics/Assumptions	2024 plan – Executives Free shares	2024 plan – Managers Free shares	2024 plan – High potentials Free shares
Allocation date	5/16/2024	5/16/2024	5/16/2024
Availability date	5/16/2027	5/16/2027	5/16/2027
Expiration date	5/17/2027	5/17/2027	5/17/2027
Number of plan shares	120,540	128,340	16,800
Estimated % of shares or options vested on achievement of performance conditions	100%	100%	100%

Statement of changes in equity

(In thousands of euros)

Opening equity at January 1, 2024	484,514
Net income for the year	16,846
Change in tax-regulated provisions	
Issue of new shares	
Capital reduction	
Change in accounting method	
Dividend payment	(30,451)
Closing equity at December 31, 2024	470,909

Note 9 Commitments

Off-balance sheet commitments

(In thousands of euros)

Commitments given

Counter <i>guarantees</i> for building leases by certain subsidiaries	6,709
Counter guarantees given to banks for loans	19,099
Counter guarantees given to banks on the issuance of subsidiary guarantees	10,669
Bank lease guarantees	743
Guarantee for euro cash pooling arrangement	8,000
Advance payment guarantee on certain business contracts with subsidiaries	44,894

TOTAL	90,114
--------------	---------------

Commitments received

TOTAL	90,114
--------------	---------------

Other reciprocal commitments

(In thousands of euros)

Reciprocal commitments given

Currency hedges	236,277
Commodity hedges	2,100

TOTAL	238,377
--------------	----------------

Reciprocal commitments received

Currency hedges	236,277
Commodity hedges	2,100

TOTAL	238,377
--------------	----------------

Employee benefits

An actuarial valuation was performed for retirement indemnities, long-service awards and defined-benefit top-up pension plans for the year ended December 31, 2024.

Retirement indemnities, long-service awards and defined-benefit top-up pension plans

(In thousands of euros)

Present value of plan obligations at 12/31/2024	7,040
Mathematical value of plan assets	(2,906)
Unrecognized actuarial gains and losses	(1,404)
Unrecognized past service cost related to the 2024 pension reform	131

TOTAL	2,861
--------------	--------------

Note 10 Finance leases

The Company did not hold any finance leases in progress at December 31, 2024.

Note 11 Executive compensation

The compensation and benefits paid to members of the Group's management and administrative bodies for 2024, either directly by the Company or indirectly by certain subsidiaries, came to €1,345 thousand.

Net pension obligations for senior managers came to €5,637 thousand.

Note 12 Average headcount

	Salaried employees	Seconded employees
Executives	6.93	
Supervisors and technicians	2	
TOTAL	8.93	

Note 13 Analysis of tax expense

<i>(In thousands of euros)</i>	Income before tax	Tax payable
Current	14,942	
Non-recurring	(419)	
Net tax benefit		2,322

Increase and decrease in future tax liability

<i>(In thousands of euros)</i>	Beginning of period	Change during period	End of period
Accelerated tax depreciation	234		234
Provision for pension obligations	2,044	817	2,861
Other non-deductible provisions	1,891	3,523	5,414
Tax base or future tax credit (significant items)	4,169	4,340	8,509
French tax group deficit	132,633	6,057	138,690
Total	136,802	10,397	147,199
Future long-term tax rate	25.83%		25.83%
Future tax receivable on deficit and main time differences	38,108		39,919

Note 14 Tax consolidation

As of January 1, 2013, Mersen forms a consolidated tax group as defined in Article 223 A *et seq.* of the French Tax Code (*Code général des impôts*). This tax group chiefly comprises Mersen France SB, Mersen France La Mure, Mersen France Gennevilliers, Mersen France Amiens, Mersen France PY, Mersen Corporate Services, Mersen La Défense, Mersen Angers, Mersen Boostec, Mersen Pontarlier and Mersen Europe EV.

Tax expense is calculated for each subsidiary every year as if the company were not a member of the tax group. This tax expense thus takes into account the losses recorded by the subsidiary during the period for which it has belonged to the tax group, which it can offset pursuant to ordinary law.

No arrangements have been made for repayment of tax to a loss-making subsidiary based on each subsidiary's current situation. In addition, no compensation is provided for should a loss-making subsidiary leave the Group.

The tax benefit recorded by the parent company primarily reflects tax payments made by subsidiaries in profit less the tax liability payable by the tax group to the tax authorities.

Subsidiaries are jointly and severally liable for payment of their tax to the French treasury, should Mersen default on payment.

Note 15 Foreign currency translation

<i>(In thousands of euros)</i>	Amounts	Other	Provisions for liabilities and charges
On financial fixed assets			
On receivables			
On miscellaneous borrowings	6,043		
Other financial liabilities			
On currency hedges	5,897		
TOTAL FOREIGN CURRENCY TRANSLATION LOSSES	11,940		
On financial fixed assets	11,818		
On miscellaneous borrowings			
On currency hedges	122		
TOTAL FOREIGN CURRENCY TRANSLATION GAINS	11,940		
TOTAL			

Note 16 Treasury shares

Under the liquidity agreement established with BNP Paribas, the Company held 51,447 treasury shares at December 31, 2024. The Group also held 15,268 shares to be allocated to employee free share plans.

Note 17 Information about non-recurring items**Non-recurring income***(In thousands of euros)*

Management transactions	
Top-up pensions	61
SUB-TOTAL	61
Capital transactions	
Gains on the sale of treasury shares	677
Income from rebillings for free share plans*	16,794
Miscellaneous income	
SUB-TOTAL	17,471
Reversal of provisions and impairment	3,338
SUB-TOTAL	3,338
TOTAL	20,870

Non-recurring expenses*(In thousands of euros)*

Management transactions	
GPC pensions for non-active workers	16
Due diligence costs for acquisitions	123
SUB-TOTAL	139
Capital transactions	
Carrying amount of assets sold	3,202
Losses on the sale of treasury shares	622
Cost of acquiring free shares*	17,325
SUB-TOTAL	21,149
Additions to provisions	
SUB-TOTAL	
TOTAL	21,289

* The costs of acquiring shares allocated to employees of other Mersen group companies under free share plans are rebilled by Mersen SA to the subsidiaries receiving the shares.

Note 18 Information about risk factors

The financial risk management policy is approved by the Chief Executive Officer based on proposals submitted by the finance department. Currency and commodity hedging transactions are carried out subject to strictly defined procedures.

Liquidity risk

Mersen's main credit facility and committed borrowing agreements entered into to meet its general cash flow needs are as follows:

- a €320 million multi-currency syndicated bank loan (not used at year-end), set up in October 2022 and repayable in full in October 2029, following the exercise in 2024 of a second one-year option to extend the maturity. It includes a margin indexed according to ESG indicators. The interest payable is at a variable rate plus a credit margin that varies mainly according to the leverage covenant (see definition in Note 15 in Chapter 6) and the following ESG indicators:

Indicator	Target	2024
Greenhouse gas emissions intensity (in tonnes of CO ₂ equivalent per million euros of sales)	<159	81
Frequency rate of accidents (Lost Time Injury Rate, or LTIR, of reported accidents per million hours worked)	<1.8	2.08
% of total Group engineer and manager positions occupied by women	≥27.0%	27.0%

- two five-year bilateral loans granted by Bpifrance for an initial 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;
- 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;

- a US private placement (USPP) arranged 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.

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, amounting to a maximum set in 2023 of €300 million each. At December 31, 2024, the Group had issued €55 million under the NEU CP program. The commercial paper that may be 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.

Lastly, as part of its growth plan and in order to refinance its 2025-2026 loan maturities, on February 4, 2025 Mersen took out a second US private placement for USD 100 million, maturing in 2035, and €90 million, maturing in 2032, redeemable at maturity, with a pool of North American investors. The funds will become available in April 2025.

Interest rate risk

The interest rate risk management policy consists in establishing positions from time to time in line with the direction of interest rates.

Commodity risk

Certain Group companies purchase raw materials or components comprising commodities, such as non-ferrous metals like copper, silver and zinc. Copper and silver are the two metals accounting for the largest purchases.

The commodity price risk management policy currently consists in arranging forward commodity purchases with prime banking institutions. These are passed on symmetrically to the subsidiaries involved in commodity purchasing.

Currency risk

The currency risk management policy consists, based on a complete inventory of inter-company and external risks, in arranging forward currency purchases with prime banking institutions.

Except in special cases, the hedges arranged with banks are centralized with the parent company and passed on symmetrically to the relevant subsidiaries to hedge trading flows based either on specific orders or on annual budgets.

Note 19 Consolidation

Mersen is fully consolidated by the Mersen group.

LIST OF SUBSIDIARIES AND EQUITY INTERESTS

<i>(In thousands of euros)</i> Detailed information (securities exceeding 1% of the share capital)	Share capital	Shareholders' equity excluding the share capital	% of share capital owned	Carrying amount in Mersen's books		Dividends received by the Company	Loans and advances, net	Guarantees and sureties given
				Gross	Net			
Mersen France SB S.A.S. (France)	32,350	(4,258)	100	119,589	27,743		38,918	189
Mersen France Amiens S.A.S. (France)	22,477	8,824	100	25,402	25,402	4,347		101
Mersen France Gennevilliers S.A.S. (France)	43,195	(4,446)	100	83,896	54,996		48,897	8,749
Mersen Corporate Services S.A.S. (France)	3,574	1,548	100	3,646	3,646	750	10,881	
Mersen France PY S.A.S. (France)	4,651	9,259	100	48,788	29,411	2,898	1,006	5,014
Mersen Boostec (France)	3,243	11,835	95.07	11,792	11,792		1,002	228
Mersen Europe EV SAS (France)	27,550	(15,565)	100	27,550	11,985			
Mersen Deutschland Frankfurt GMBH (Germany)	10,021	3,010	10	1,635	1,303			
Mersen Deutschland Holding GmbH & Co. KG (Germany)	43,726	(14,209)	100	43,700	29,517	691	18,831	5,000
Mersen Argentina S.A. (Argentina)	84	(261)	100	1,845	(176)			
Mersen Oceania Pty Ltd (Australia)	656	3,648	100	702	702		238	
Mersen do Brasil Ltda (Brazil)	7,630	(1,146)	100	20,176	6,110	850		
Mersen Canada Dn Ltee/Ltd (Canada)	1,291	(973)	100	1,322	1,322	2,134	820	
Mersen China Holding Co Ltd (China)	132,103	91,335	100	114,742	114,742	4,951		6,593
Mersen Korea Co. Ltd (South Korea)	11,147	7,287	100	21,069	20,549	1,825		
Cirprotec (Spain)	1,000	4,343	100	16,458	16,458	2,638	1,777	
Mersen Ibérica S.A. (Spain)	2,404	3,951	50.05	682	682	450		
Mersen Ibérica Bcn S.A. (Spain)	2,043	5,206	100	2,396	2,396			
Mersen USA Holding (United States)	94,540	116,620	100	115,524	115,524	15,994	224,131	558
Mersen UK Holdings Ltd (United Kingdom)	7,511	618	100	903	903			
Mersen Scot. Holding Ltd (United Kingdom)	80,261	(900)	100	75,409	75,409		11,940	
Mersen India Pvt Ltd (India)	586	19,403	100	11,443	11,225			2,249
Mersen Italia Spa (Italy)	5,500	2,832	100	10,613	8,095		9,500	
Mersen Fma Japan KK (Japan)	307	7,680	8.70	2,977	917	64	1,227	800
Mersen Maroc SARL (Morocco)	2,932	(7,148)	100	5,886			2,695	
Mersen Mexico Monterrey S. de R.L. de C.V. (Mexico)	1,329	(5,455)	100	1,149			2,320	403
Mersen Chile Ltd (Chile)	69	81	100	605	150			
Mersen South Africa Pty Ltd (South Africa)	54	1,165	54.70	813	664			
Mersen Nordic AB (Sweden)	175	1,338	100	551	551	970	234	
Mersen Istanbul Sanayi Urunleri AS (Turkey)	311	1,386	100	5,016	1,707			
Aggregate information (regarding other subsidiaries and equity interests)								
Subsidiaries (at least 50%-owned)								
In France				201	201			
Outside France				689	482	43	3,493	2,200
Equity interests (10%- to 50%-owned)								
In France								
Outside France				180	124	36		
TOTAL				777,349	574,749	38,640	377,909	32,083

Note: Information on sales and income has been omitted intentionally because of the serious harm that could result from its release in a highly competitive international environment.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. 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 of Mersen,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Mersen for the year ended December 31, 2024.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2024 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Accounts Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2024 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Valuation of equity interests

Notes 1-C, 3 and 4 to the financial statements

Description of risk	How our audit addressed this risk
<p>The balance of equity interests at December 31, 2024 amounted to €575 million out of a total of €1,074 million, making them one of the largest assets on the balance sheet.</p> <p>Equity interests are stated at their contribution value or acquisition cost and are impaired if their carrying amount is higher than their value in use.</p> <p>Value in use is determined from:</p> <ul style="list-style-type: none"> ■ primarily, the share of each subsidiary's equity; ■ where necessary, the economic value determined based on the future cash flows including the activity carried out and the outlook for developments. <p>Accordingly, due to the inherent uncertainty relating to (i) the method of determining value in use, which relies in particular on estimates, in turn requiring management to use assumptions and judgments, and (ii) the achievement of forecasts, we deemed the valuation of equity interests to be a key audit matter.</p>	<p>In order to assess the appropriate nature of the estimated value in use of equity interests as estimated by management and based on the information provided to us, our audit work consisted primarily in ensuring that the appropriate method and underlying data were used to make the estimate.</p> <p>In addition, depending on the securities, we also performed the following procedures:</p> <ul style="list-style-type: none"> ■ for valuations based on historical data, we reconciled recorded equity with the financial statements of the entities concerned; ■ for valuations based on forecast data, we: <ul style="list-style-type: none"> • compared the forecast future cash flows of the entities concerned, as established by local management, with the forecasts prepared by Executive Management; • assessed the consistency of the assumptions used with the economic environment at the end of the reporting period and at the date of preparation of the financial statements; • assessed that the values based on forecast cash flows were adjusted to account for the debts of the entity in question. <p>We also assessed the accuracy of the calculations of value in use.</p>

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D.441-6 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to compensation and benefits paid or awarded to the company officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L.22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Mersen by the Annual General Meetings held on May 12, 2004 for KPMG SA and May 19, 2022 for Ernst & Young Audit.

At December 31, 2024, KPMG SA and Ernst & Young Audit were in the twenty-first and the third consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L.821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Accounts Committee

We submit a report to the Audit and Accounts Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Accounts Committee includes the risks of material misstatement that, in our professional judgment, were the most significant in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Accounts Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Accounts Committee.

Paris-La Défense, March 28, 2025

The Statutory Auditors

KPMG S.A.

Alexandra Saastamoinen

ERNST & YOUNG Audit

Pierre Bourgeois

FIVE-YEAR FINANCIAL SUMMARY

FIVE-YEAR FINANCIAL SUMMARY

	2024	2023	2022	2021	2020	2019
1. Share capital at year-end						
Share capital (in thousands of euros)	48,837	48,837	41,690	41,642	41,728	41,716
Number of shares outstanding	24,418,312	24,418,312	20,844,904	20,821,207	20,864,064	20,858,277
Par value of shares (in euros)	2	2	2	2	2	2
2. Overall result of operations (in thousands of euros)						
Income before tax, depreciation, amortization, charges to provisions and employee profit-sharing	42,405	50,967	34,093	20,767	28,058	37,548
Income tax	2,322	1,655	1,944	1,796	2,523	1,021
Employee profit sharing	0	0	0	0	0	0
Net income after tax, depreciation, amortization and charges to provisions	16,846	36,368	22,987	16,587	(11,842)	24,276
Total earnings paid out	30,451	30,242	20,709	13,454	0 ⁽²⁾	19,728
3. Overall result of operations per share (in euros)						
Net income after tax and employee profit-sharing, but before depreciation, amortization and charges to provisions	1.83	2.16	1.73	1.08	1.47	1.85
Net income after tax, depreciation, amortization and provisions	0.69	1.49	1.10	0.80	(0.58)	1.16
Dividend paid on each share	0.90 ⁽¹⁾	1.25	1.25	1	0.65	0 ⁽²⁾
4. Employees						
Average headcount	8.93	9.22	8.64	6.5	5	5
Total payroll costs (in thousands of euros)	2,191	2,155	2,040 ⁽³⁾	1,320	1,004	1,120
Amount paid for welfare benefits (in thousands of euros)	822	1,138	1,784 ⁽⁴⁾	754	1,023	384

(1) Subject to the decision of the Annual General Meeting.

(2) No dividend was paid due to the Covid-19 crisis.

(3) The increase in Mersen SA's total payroll costs in 2022 is attributable to the increase in headcount since July 2021.

(4) Employee benefits increase due to the increase in the number of employees since July 2021 and the payment of employer contributions to the collective insurance fund intended to finance the Company's defined benefit pension obligations to the Chief Executive Officer.

8 ADDITIONAL INFORMATION & GLOSSARIES

1. INFORMATION INCORPORATED BY REFERENCE	300
2. OFFICER RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT	300
3. STATEMENT BY THE OFFICER	300
4. AUDITORS	301
5. SUSTAINABILITY AUDITOR	301
6. GLOSSARIES	302

1. INFORMATION INCORPORATED BY REFERENCE

Pursuant to Article 19 of European Regulation 2017/1129, the following are incorporated by reference in this Universal Registration Document. Parts not included in these documents are either irrelevant to the investor or included elsewhere in the present Universal Registration Document.

1.1. Fiscal 2023

Incorporated in universal registration document no. D.24-0141 submitted to the Autorité des Marchés Financiers on March 20, 2024 and available on the Group's website www.mersen.com:

- the consolidated financial statements for fiscal 2023 prepared in accordance with the IFRSs in force in 2023, together with the Statutory Auditors' report on the consolidated financial statements, pages 190 to 241;
- the annual financial statements for 2023, together with the Statutory Auditors' report on the annual financial statements, pages 244 to 265;
- the 2023 management report, pages 72 to 98.

1.2. Fiscal 2022

Incorporated in universal registration document no. D.23-0121 submitted to the Autorité des Marchés Financiers on March 21, 2023 and available on the Group's website www.mersen.com:

- the consolidated financial statements for fiscal 2022 prepared in accordance with the IFRSs in force in 2022, together with the Statutory Auditors' report on the consolidated financial statements, pages 188 to 240;
- the annual financial statements for 2022, together with the Statutory Auditors' report on the annual financial statements, pages 242 to 264;
- the 2022 management report, pages 78 to 103.

2. OFFICER RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Luc Themelin, Chief Executive Officer

Mersen
Tour Trinity
1 bis place de la Défense
F-92400 Courbevoie
Tel.: + 33 (0)1 46 91 54 19

3. STATEMENT BY THE OFFICER

I certify that, having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

"I certify that, to the best of my knowledge, the annual and consolidated accounts have been prepared in accordance with the relevant accounting standards and give a true and fair value of the assets and liabilities, financial position and the profits or losses of the Company and of all the entities included in the consolidation,

and that the management report on page 75 presents a true and fair view of the development and performance of the business and the financial position of the Company and of all the entities included in the consolidation, as well as a description of the principal risks and uncertainties they are facing and that it has been prepared in accordance with the applicable sustainability reporting standards.

Luc Themelin

4. AUDITORS

Statutory Auditors

Ernst & Young Audit

Tour First
TSA 1444
F-92037 Paris La Défense cedex

Member of the “Compagnie régionale des commissaires aux comptes de Versailles et du Centre”

Date of first term: 2022

Duration: six years (term expiring at the close of the Ordinary General Meeting called to vote on the financial statements for the year ending December 31, 2027)

Represented by Pierre Bourgeois

KPMG SA

Tour Eqho
2 avenue Gambetta
F-92066 Paris La Défense cedex

Member of the “Compagnie régionale des commissaires aux comptes de Versailles et du Centre”

Date of first term: 2004

Date of last renewal: 2022

Duration: six years (term expiring at the close of the Ordinary General Meeting called to vote on the financial statements for the year ending December 31, 2027)

Represented by Alexandra Saastamoinen

5. SUSTAINABILITY AUDITOR

Grant Thornton

29 rue du Pont
F-92200 Neuilly-sur-Seine

Date of first term: 2024

Duration: term expiring at the close of the Ordinary General Meeting called to vote on the financial statements for the year ending December 31, 2027

Represented by Bertille Crichton

GLOSSARIES

8
6. GLOSSARIES

Finance

Average capital employed	Average capital employed for the last three semesters.
Capital employed	Definition: see Management Report, section 5.3.
Capital expenditure	Sum of investments in property, plant and equipment and changes in amounts due to suppliers of non-current assets.
Cash flow conversion	Net cash generated by/(used in) operating activities divided by EBITDA before non-recurring items.
Covenant EBITDA	EBITDA before non-recurring items and application of IFRS 16.
Covenant net debt	Net debt less the carrying amount of treasury shares at year-end.
EBITDA before non-recurring items	Operating income before non-recurring items, depreciation and amortization.
EPS	Earnings per share.
Net worth	Sum of equity and the carrying amount of treasury shares at year-end.
Free cash flow	Net cash generated by/(used in) operating activities, less capital expenditure.
Gearing	Covenant net debt divided by Net worth.
Leverage	Covenant net debt divided by covenant EBITDA.
Net debt	Sum of long- and medium-term borrowings, current financial liabilities and bank overdrafts, less current financial assets, cash and cash equivalents.
NEU MTN	Negotiable European Medium Term Note.
Operating income before non-recurring items	As presented in the consolidated statement of income.
Organic growth	Calculated by comparing sales for the year with sales for the previous year, restated at the current year's exchange rate, excluding the impact of acquisitions and disposals.
Payout ratio	Ratio of dividend per share proposed for the year to earnings per share for the year, calculated based on the number of ordinary shares excluding treasury shares at year-end.
EBITDA before non-recurring items margin	EBITDA before non-recurring items divided by sales.
Restated payout ratio	Ratio of dividend per share proposed for the year to earnings per share for the year, restated for certain non-recurring income and expenses for the year as listed in Note 24 to the financial statements, calculated based on the number of ordinary shares excluding treasury shares at year-end.
ROCE Return on capital employed	Operating income before non-recurring items for the last 12 months divided by average capital employed.
URD	Universal Registration Document.
USPP	US private placement.
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.

Business

ACE	Anti-corrosion equipment
AM	Advanced Materials
BEV	Battery electric vehicle
BS (British Standard)	British Standardization organization
CSP	Company savings plan
DACH	DACH region (Germany, Austria and Switzerland)
DIN (Deutsches Institut für Normung)	German Standardization organization
EP	Electrical power
EPC	Electrical Protection & Control
GAREAT	Insurance and Reinsurance Management of Attacks and Terrorist Acts Risks
GS	Graphite Specialties
HEV	Hybrid electric vehicle
ICPE	Installations classified as environmentally friendly
IEC	International Electrotechnical Commission
ITAR	International Traffic in Arms Regulation
Mersen Excellence Journey	Continuous improvement plan across all Group functions
OEM	Original Equipment Manufacturer
OFAC	Office of Foreign Assets Control
pHEV	Plug-in hybrid electric vehicle
PTT	Power Transfer Technologies
PVC	Polyvinyl chloride
SiC	Silicon carbide
SPM	Solutions for Power Management
UL	US Standardization organization
UNIFE	Association for the European Rail Supply Industry

GLOSSARIES

CSR

AR	Application Requirements
CGNR	Governance, Nomination and Remuneration Committee
CMRT	Conflict Mineral Reporting Template
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
EFRAG	European Sustainability Reporting Advisory Group
ESRS	European Sustainability Reporting Standards
GDPR	General Data Protection Regulation
GEPP	Gestion des Emplois et des Parcours Professionnels - Employment and Career Development Management
GHG	Greenhouse gases
GPEC	Forward human resources planning process
EHS	Environmental health & safety
IRO	Impact, Risk and Opportunity
LMS	Learning Management System (Mersen Academy)
LTIR	Lost Time Incident Rate
MAR	Market Abuse Regulations
MSV	Management Safety Visits
RoHS (Restriction of Hazardous Substances Directive)	European Directive seeking to limit the use of 6 hazardous substances
SIR	Severity Injury Rate
WiN	Women in Mersen
WWF	World Wildlife Fund



GLOBAL EXPERT
IN ELECTRICAL POWER
& ADVANCED MATERIALS



WWW.MERSEN.COM