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Important notes:

English translation for convenience purposes only
General data format is "TEUR" (Euro thousands),
i.e. TEUR 1.000 = EUR 1.000.000 or EUR 1 million

MS INDUSTRIE AG

Extracts from the Group's Interim Management Report as of June 30, 2023



Consolidated Financial Statements as of June 30, 2023 - Overview of key figures

MS Industrie Group, according to IFRS, unaudited, in TEUR

Balance sheet key figures

	31.12.2022	30.06.2023
Total assets	210.543	216.626
Equity and non-controlling interests	71.703	75.465
Equity ratio (%)	34,1%	34,8%
Trade receivables	30.701	39.793
Liquid funds (Cash and cash equivalents ./ Current accounts)	-27.796	-26.511
Net working capital (Inventories + Trade receivab. ./ Trade payables)	62.868	64.936

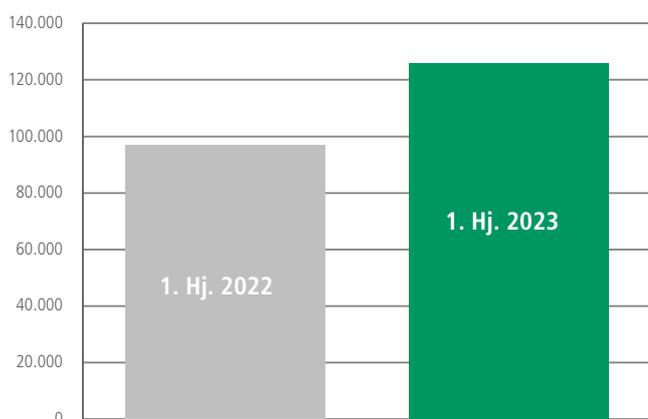
Cashflow key figures

	1. Hj. 2022	1. Hj. 2023
Cashflow from operating activities	-465	9.679
Cashflow from investing activities	978	-1.930
Cashflow from financing activities	-4.150	-6.464

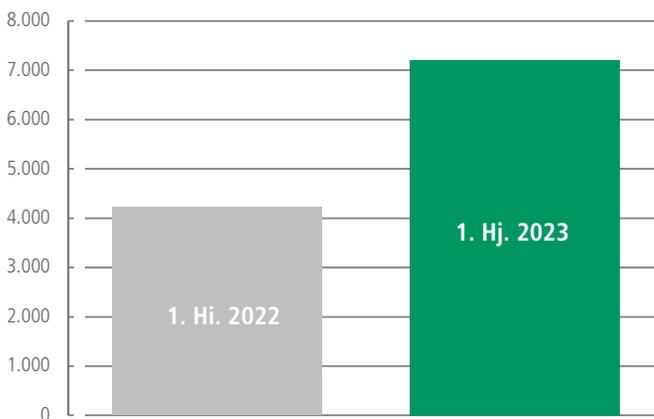
Income statement key figures

	1. Hj. 2022	1. Hj. 2023
Revenues	97.023	125.780
Other operating income	2.744	1.406
Cost of materials (incl. changes in inventories)	48.959	64.515
Gross profit	50.808	62.671
Personnel expense	27.507	29.725
Other operating expense and IFRS 9	13.273	19.510
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	10.028	13.436
Depreciation and amortisation expense	5.804	6.229
Operating Profit (EBIT)	4.224	7.207
Finance costs, net	-1.157	-1.872
Profit before income tax (EBT)	3.067	5.335
Profit for the period after non-controlling interests (EAT)	2.537	4.050
Consolidated earnings per share in EUR	0,08	0,14

Total revenues in TEUR



Operating Profit (EBIT) in TEUR



	30.06.2023 (Unaudited) TEUR	31.12.2022 (Audited) TEUR
ASSETS		
Intangible assets	3.263	2.658
Property, plant and equipment	29.118	27.615
Investment property	21.600	21.857
Right of use-assets according to IFRS 16	38.463	39.258
Investments	3.386	3.386
Investments in associates	1.191	1.305
Deferred income tax assets	4.958	5.326
Other non-current financial assets	9.455	9.828
Other non-current assets	264	258
Non-current assets	111.698	111.491
Inventories	43.518	40.233
Trade receivables	39.793	30.701
Cash and cash equivalents	3.155	2.347
Income tax assets	135	178
Contract assets	13.799	18.847
Other current financial assets	1.636	4.031
Other current assets	2.892	2.715
Current assets	104.928	99.052
TOTAL ASSETS	216.626	210.543
EQUITY AND LIABILITIES		
Ordinary Shares (30.00 million shares less 30.789 treasury shares)	29.969	29.936
Share premium	7.585	7.592
Statutory reserve	439	439
Retained earnings	4.014	3.985
Other reserves	5.182	5.525
Consolidated profit	28.276	24.226
Equity	75.465	71.703
Non-current Borrowings	10.374	8.882
Provisions for pensions and similar obligations	511	535
Other non-current financial liabilities	30.063	30.253
Non-current income tax liabilities	5.973	5.973
Other non-current liabilities	1.405	1.469
Non-current provisions and liabilities	48.326	47.112
Current Borrowings	38.914	43.567
Trade payables	30.342	25.742
Current income tax liabilities	164	0
Current accruals	1.030	990
Contract liabilities	1.832	1.171
Other current financial liabilities	11.144	9.500
Other current liabilities	9.409	10.758
Current provisions and liabilities	92.835	91.728
TOTAL EQUITY AND LIABILITIES	216.626	210.543

	01.01. - 30.06.2023	01.01. - 30.06.2022	Deviation	
	(Januar - June 2023)	(Januar - June 2022)	Jan.-June 23 - Jan.-June 22	
	<i>"Six Months"</i>		absolut	prozentual
Revenues	125.780	97.023	28.757	+30%
Changes in inventory of work in process and finished goods	766	3.051	-2.285	-75%
Other income	1.406	2.744	-1.338	-49%
Total income	127.952	102.818	25.134	+24%
Cost of materials	65.281	52.010	13.271	+26%
Personnel expense	29.725	27.507	2.218	+8%
Depreciation and amortisation expense				
a) Depreciation of property, plant and equipment,				
investment property and amortisation of intangible assets	6.229	5.804	425	+7%
Other expense	19.510	13.273	6.237	+47%
Total expenses	120.745	98.594	22.151	+22%
Operating Profit	7.207	4.224	2.983	+71%
Finance costs, net	-1.758	-1.041	-717	-69%
Share of profit of investments acc. for using the equity method	-114	-116	2	+2%
Profit before income tax	5.335	3.067	2.268	+74%
Income tax expense	1.285	530	755	+142%
Profit for the period	4.050	2.537	1.513	+60%
attributable to				
owners of the parent	4.050	2.537	1.513	+60%
	4.050	2.537	1.513	+60%
Consolidated earnings per share, in EUR				
basic, after non-controlling interests	0,14	0,08		
diluted, after non-controlling interests	0,14	0,08		
Number of shares, average weighting				
basic	29.959.615	29.934.033		
diluted	29.959.615	29.934.033		

MS Industrie AG, Munich, Consolidated statement of comprehensive income
for the 1st half of the financial year 2023, unaudited



	01.01. - 30.06.2023 (Januar - June 2023)	01.01. - 30.06.2022 (Januar - June 2022)
	<i>"Six Months"</i>	
Profit for the year	<u>4.050</u>	<u>2.537</u>
<i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	-310	615
<i>Items that will not be reclassified to profit or loss</i>	<u>-310</u>	<u>615</u>
Remeasurements of post employment benefit obligations	-49	-20
Change in value of financial assets (IFRS 9)	0	-2
Income taxes recorded in other comprehensive income	16	-73
	<u>-33</u>	<u>-95</u>
Other comprehensive income for the period, net of tax	<u>-343</u>	<u>520</u>
Total comprehensive income for the period	<u>3.707</u>	<u>3.057</u>
attributable to owners of the parent	3.707	3.057
	<u>3.707</u>	<u>3.057</u>

MS Industrie AG, Munich, Consolidated cash flow statement for the period 01.01.-30.06.2023,
previous year's period for comparison purposes (unaudited)



	01.01. - 30.06.2023 TEUR	01.01. - 30.06.2022 TEUR
Result for the period	4.050	2.537
Income tax expense (recognised through profit and loss)	1.285	530
Finance income (recognised through profit and loss)	-160	-202
Finance costs (recognised through profit and loss)	1.918	1.243
Depreciation of property, plant and equipment and amortisation of intangible assets	6.229	5.804
<i>Material non-cash other expenses (+) or income (-):</i>		
- Gains/losses on revaluation of investment property	38	38
Losses/gains (-) on investments accounted for using the equity method	114	116
Losses/gains (-) on disposal of property, plant and equipment and intangible assets	-2	-63
Losses/gains (-) on disposal of investments and associates	0	-18
Losses/gains (-) on disposal of investments held for sale	0	-5
Decrease/increase (-) in inventories, trade receivables and other assets not assigned to investing or financing activities	-7.491	-19.605
Increase/decrease (-) in trade payables and other liabilities not assigned to investing or financing activities	5.374	10.083
Interest received	159	87
Interest paid	-1.565	-951
Income tax received	0	0
Income tax paid	-270	-59
Net cash generated from operating activities	9.679	-465
Proceeds from sale of property, plant and equipment and intangible assets	374	123
Purchases of property, plant and equipment and intangible assets	-4.554	-3.094
Proceeds from disposal of fully consolidated subsidiaries less cash and cash equivalents transferred u	0	3.683
Proceeds from disposal of available-for-sale financial assets	0	182
Proceeds from disposals of investments held for sale	0	158
Purchase of investments	0	-199
Acquisition of non-controlling interests	2.136	9
Proceeds received from investments	114	116
Net cash used in investing activities	-1.930	978
Proceeds from issuance of debt-equivalent bonds	800	0
Proceeds from borrowings	0	106
Repayments of borrowings	-2.684	-2.833
Proceeds from finance lease transactions	0	2.884
Payments made for finance lease transactions	-4.580	-4.307
Net cash used in financing activities	-6.464	-4.150
Net decrease in liquid funds	1.285	-3.637
Exchange gains/losses on liquid funds	0	0
Liquid funds at beginning of period	-27.796	-18.758
Liquid funds at end of period	-26.511	-22.395

MS Industrie AG, Munich

EXTRACTS from the group's interim management report as of June 30, 2023

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MS Industrie AG, Munich

1. Highlights on the development of the 1st half-year

Dear shareholders, employees and business partners,

while the first six months of the 2022 financial year were already marked by the signs of significant economic recovery for the MS Industrie-Group, despite the still existing, indirect effects of the Covid 19 pandemic, the 1st half of 2023 was even more marked by economic recovery for the MS Industrie-Group, despite the ongoing Russia/Ukraine war and massive cost increases for energy and raw materials .

In the two main operating segments "**Powertrain**", also abbreviated to "**MS XTEC**" (until 28 June 2023: "MS Powertrain"), and "**Ultrasonic Technology**", also abbreviated to "**Ultrasonic**", the development of sales was very positive in the first half of the year. At the end of the first half of 2023 , the external sales of the "**MS XTEC**" segment are significantly higher than the sales of the previous year at around +24 %. The external sales of the "**Ultrasonic**" segment are also significantly above the previous year's sales with around +44%. In the first half of the year, sales in the "**MS XTEC**" segment accounted for around 69% (previous year: 72%) and sales in the "**Ultrasonic**" segment accounted for around 31% (previous year: 28%) of consolidated Group sales. Overall, the development of turnover is above plan across all segments.

Order backlogs at the end of June 2023 totalled around EUR 133 million (previous year: EUR 131 million), slightly up by around +1 % on the order backlogs as at 30 June of the previous year. This is distributed with -8 % to the "**Ultrasonic**" segment and +7 % to the "**MS XTEC**" segment.

In the first half of the current financial year 2023, the earnings situation once again improved massively with regard to the key earnings figures, in particular earnings before interest, taxes, depreciation and amortisation - **EBITDA** -, operating earnings before interest and taxes - **EBIT** -, earnings before taxes - **EBT** -, earnings after taxes - **EAT** - as well as earnings per share - "**EpS**" - and thus developed positively overall.

The European market for **heavy commercial vehicles over 16 tonnes** has developed stably throughout Europe with a significant increase in registrations of +19.3 % in the 1st half of 2023 compared to the previous year (of which a significant increase in registrations in Germany: +25.0 %) - and thus similarly positively to the commercial vehicle sector as a whole (source: "ACEA" - "Association des Constructeurs Européens d'Automobiles", Brussels, as of 27 July 2023). As the market for heavy commercial vehicles over 16 tonnes is the actual relevant sales market for the "Powertrain" segment of the MS Industrie-Group, these figures are fundamentally positive; we therefore also expect a further increase in truck registration figures in the heavy-duty sector in the 2nd half of 2023. The very good market demand among OEMs led to massively increased order backlogs in the 1st half of 2023 as well as delivery times of over one year.

The "**Ultrasonic**" segment must be viewed in a very differentiated manner and is divided into the "Special Machines" segment and the two technology segments "Series Machines" and "Systems and Components". The latter mainly include applications for the packaging industry and industrial cutting and the "Nonwovens" business area, which was newly established in 2021 (rotary, continuous welding of all types of nonwovens, in particular hygiene articles, worldwide), as well as other R&D fields such as "Ultrasonic Cleaning" (in particular component excitation, etc.).

The subsegment of (**ultrasonic**) **special machines** - which still accounts for the largest and most important share within the segment - has had a rather difficult first half-year due to supply chains and inflation. The core problem of the last three and a half years was the reorganisation and the associated significant reduction of the model ranges at almost all OEMs with regard to new drive systems (electric and hybrid). New development of "combustion engine" models was increasingly stopped, face-lifts were stopped or postponed, for new electric models initially only basic versions came, but no derivatives yet. The automotive

industry, which still accounts for more than 20 % of German mechanical engineering production, is undergoing a massive structural change that is leaving clear traces not only in the order books of the German mechanical engineering industry. This structural change is now well advanced. Market demand and incoming orders continued to recover significantly in the first half of the year. It should be emphasised that the demand for "(ultrasonic) special machines" is independent of the type of drive as well as the number of units produced and only depends on the variety of new models.

The other business areas in the **ultrasonic technology segment** are developing positively throughout. It is very positive that these products are recording high growth rates, especially in sectors outside the automotive industry (medicine, white goods, toys, consumer goods, etc.), thus further reducing the dependence on the automotive industry.

In the case of "**(ultrasonic) series machines**", further growth is „on the horizon“ in 2023. Due to the technological market leadership with many unique selling propositions in this product area, we expect the growth to continue, increasingly also in the "service/spare parts" area due to the steadily increasing base of installed machines.

We also expect significant increases in turnover for "**(ultrasonic) systems and components**". Due to the new packaging legislation and the resulting need for new developments of ultrasonic systems for welding recyclable products, further growth is also expected here.

In addition, the Executive Board decided in 2021 to expand the ultrasonic technology area for systems and components to include the "**Nonwovens**" business segment. Since 2021, this has already meant massive investments in personnel (application technology, sales, service), in development (construction and development of a laboratory calender with a capacity of up to 850 metres per minute including ultrasonic welding units and control), in production (complex roll production) as well as in adequate facilities (equipping a rented "competence centre" in Ettlingen/Karlsruhe with high-quality workstations and laboratories).

Against this backdrop, the consolidated revenues of MS Industrie AG improved significantly in the 1st half of 2023 and continued the positive trend. Total consolidated sales in the 1st half of 2023 amounted to around EUR 125.8 million (previous year: EUR 97.0 million) and were thus around +30 % higher in the 1st half of 2023 than in the same period of the previous year.

At the end of the first half of the year, earnings before interest, taxes, depreciation and amortisation (EBITDA) improved significantly to EUR 13.4 million (previous year: EUR 10.0 million) and operating earnings before interest and taxes (EBIT) also improved significantly to EUR 7.2 million (previous year: EUR 4.2 million).

As a result, earnings before tax (EBT) also improved by EUR +2.2 million and amounted to EUR 5.3 million (previous year: EUR 3.1 million). Group profit after tax (EAT) in the first half of 2023 was EUR 4.1 million (previous year: EUR 2.5 million), EUR +1.6 million better than in the same period of the previous year.

Cash and cash equivalents in the Group increased slightly during the reporting period from EUR 2.3 million at the beginning of 1H 2023 to EUR 3.2 million as at 30 June 2023. The slight increase of EUR 0.9 million in 1H 2023 is primarily due to the very positive cash flow from operating activities.

The **second quarter of 2023** was also very positive compared to the first quarter, with a significantly higher EBITDA of EUR 8.3 million (first quarter of 2023: EUR 5.1 million), earnings before interest and taxes (EBIT) of EUR 5.3 million (first quarter of 2023: EUR 1.9 million), and earnings before tax (EBT) of EUR 4.3 million (first quarter of 2023: EUR 1.0 million).

The Executive Board again expects the greatest organic growth in the current financial year 2023 in the "MS XTEC" segment, where customer call-offs remain at a high level in the second half of the year. Sales in the "Ultrasonic" segment should also increase slightly again in the second half of the year compared to the first half due to the largely eliminated supply chain delays.

As described in the Annual Report 2022, the Executive Board assumes, largely unchanged, that the MS Industrie-Group's business for the full year 2023 will be as follows:

For the 2023 financial year - in comparison to the adjusted figures for the previous year and without the currently unforeseeable effects of the Russia-/Ukraine war - a significantly higher industrial Group turnover of around EUR 245 million is expected, with a significant increase in operating EBITDA, while operating EBIT and EBT should also improve significantly, so that we ultimately expect a positive operating Group result for the year significantly above the level of the previous year. According to the Group's projections, the gross profit margin (cost of materials in % of revenues) should develop neutrally and the EBIT margin from current business should develop clearly positively with a clearly improved, positive operating result per share. Based on the expected positive annual result, a corresponding increase in Group equity is expected for 2023. Cash flow from operating activities is expected to develop significantly better than in the previous year, despite the growth-related increase in working capital. With regard to cash flow from financing activities, we also expect significantly positive changes compared to 2022. Based on the expected developments, the gearing ratio should remain stable and the equity ratio should increase slightly.

2. Economic report

2.a. General conditions and business development in the 1st half of 2023

The industrial business developed very positively overall in the 1st half-year. At the time of the preparation of the interim management report, the financial situation is in order. The course of business in the 1st half of 2023 was in line with expectations at all subsidiaries. In summary, it can be stated that the economic situation of the MS Industrie-Group, and thus also of MS Industrie AG, is stable as of the interim balance sheet date and as of the date of preparation of the interim balance sheet, and continues to show extremely positive prospects.

2.b. Situation of the Group as at 30 June 2023

Earnings situation

This shows the main changes in the earnings situation in the first half of 2023 compared to the same period of the previous year.

	1.1. until 30.06.2023		1.1. until 30.06.2022		Changes	
	TEUR	%	TEUR	%	TEUR	%
Revenues	125.780	100,0	97.023	100,0	28.757	29,6
Other income	1.406	1,1	2.744	2,8	-1.338	-48,8
Cost of materials (incl. changes in inventory)	64.515	51,3	48.959	50,5	15.556	31,8
Gross profit	62.671	49,8	50.808	52,3	11.863	23,3
Personnel expenses	29.725	23,6	27.507	28,4	2.218	8,1
Other expenses and impairment result according to IFRS 9	19.510	15,5	13.273	13,7	6.237	47,0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	13.436	10,7	10.028	10,2	3.408	34,0
Depreciation and amortisation expense	6.229	5,0	5.804	6,0	425	7,3
Result from ordinary activities (EBIT)	7.207	5,7	4.224	4,2	2.983	70,6
Financial result	-1.758	-1,4	-1.041	-1,1	-717	-68,9
Result from associated companies	-114	-0,1	-116	-0,1	2	-1,7
Consolidated earnings before taxes (EBT)	5.335	4,2	3.067	3,2	2.268	73,9
Income taxes (expense +, income -)	1.285	1,0	530	0,5	755	-142,4
Group result (EAT)	4.050	3,2	2.537	2,6	1.513	59,7

In the reporting period and in the previous year's reporting period, the key earnings figures (with the exception of the direct and indirect effects of the Covid 19 pandemic, the supply chain issue and the Russia-/Ukraine war, which cannot be quantified exactly) were not affected by significant special influences, so that an adjustment was not necessary.

In the first half of 2023, the external sales of the "MS XTEC" segment were around +24 % above the sales of the previous year. The increase in segment revenue is mainly due to the rise in customer call-offs and the series ramp-up of new products ("TRATON", "Liebherr", etc.).

In the sales market USA/Canada ("North America"), sales revenues totalling EUR 18.9 million (previous year: EUR 13.3 million) were generated in the first half of 2023. This means that around 15.0 % (previous year: 13.7 %) of the consolidated total revenue of the MS Industry Group was generated in the North American market in the first half of 2023.

We are therefore very satisfied with the development of turnover in the first half of the year, both overall and by region. The operational development of the various earnings levels is now also closer to our expectations. The order backlog at the end of June across all product groups is slightly above the high order backlog as of 30 June of the previous year by about +1%.

The MS Industrie-Group's consolidated sales, which rose significantly in the reporting period, continue to result primarily from the "MS XTEC" segment in the amount of EUR 86.7 million (previous year: EUR 69.9 million) and from the "Ultrasonic" segment in the amount of EUR 38.9 million (previous year: EUR 26.9 million) (segment figures after inter-segment consolidation).

Personnel expenses increased slightly by around +8.1% in the first half of the year compared to the same period of the previous year, but almost proportionally to the slight increase of around +8.7% in the average number of employees, with an average headcount of 830 permanent employees (same period of the previous year: 764 employees). The main reason for this is the planned increase in staff, especially in the "MS XTEC" segment.

The gross profit margin (sales revenue including changes in inventory and other operating income less cost of materials), based on sales revenue, was 49.8% in the first half of the year (previous year: 52.3%).

After a strong increase in other expenses (including the impairment result according to IFRS 9), which rose by a total of EUR 6.2 million to EUR 19.5 million, the result was a significantly improved earnings before interest, taxes, depreciation and amortisation (EBITDA) of around EUR 13.4 million (previous year: EUR 10.0 million).

After depreciation and amortisation, earnings before interest and taxes (EBIT) improved massively in the first half of 2023 to EUR 7.2 million (previous year: EUR 4.2 million). Consolidated earnings before taxes (EBT) also improved massively in the first half of the year to EUR 5.3 million (previous year: EUR 3.1 million).

The consolidated profit after tax (EAT) was around EUR 4.1 million (previous year: EUR 2.5 million).

Financial position

	HY1-2023 TEUR	HY1-2022 TEUR
Cash flow from operating activities	9.679	-465
Cash flow from investing activities	-1.930	978
Cash flow from financing activities	-6.464	-4.150
Change in liquid funds	1.285	-3.637
Liquid funds at the beginning of the period	-27.796	-18.758
Liquid funds at the end of the period	-26.511	-22.395

As at 30 June 2023, cash and cash equivalents amount to EUR 3.2 million (31 December 2022: EUR 2.3 million). In addition, free credit lines amounting to EUR 3.3 million (31 December 2022: EUR 2.9 million) are available.

Liquid funds amounted to EUR -26.5 million as at 30 June 2023 (31 December 2022: EUR -27.8 million) and thus improved by EUR 1.3 million compared to 31 December 2022. The increase in liquid funds is primarily due to the positive cash flow from operating activities in the first half of the year.

Net assets

The following table shows the main changes in the Group's net assets in the first half of 2023 compared to the previous year's balance sheet date:

	30.06.2023		31.12.2022		Changes	
	TEUR	%	TEUR	%	TEUR	%
ASSETS						
Deferred tax assets	4.958	2,3	5.326	2,5	-367	-6,9
Other non-current assets	106.740	49,3	106.165	50,4	575	0,5
Current assets	<u>104.928</u>	<u>48,4</u>	<u>99.052</u>	<u>47,0</u>	<u>5.876</u>	<u>5,9</u>
Total assets	<u>216.626</u>	<u>100,0</u>	<u>210.543</u>	<u>100,0</u>	<u>6.084</u>	<u>2,9</u>
EQUITY and LIABILITIES						
	30.06.2023		31.12.2022		Changes	
	TEUR	%	TEUR	%	TEUR	%
Equity	75.465	34,8	71.703	34,1	3.762	5,2
Liabilities	<u>141.161</u>	<u>65,2</u>	<u>138.840</u>	<u>65,9</u>	<u>2.321</u>	<u>1,7</u>
Total equity and liabilities	<u>216.626</u>	<u>100,0</u>	<u>210.543</u>	<u>100,0</u>	<u>6.084</u>	<u>2,9</u>

Other non-current assets increased by around +0.5 % in the first half of the year and did not change significantly compared to the balance sheet total with a share of around 49.3 %. The main reason for the slight increase is the scheduled investments in fixed assets amounting to around EUR 8.0 million less scheduled depreciation.

The slight increase in current assets of around +5.9 % is mainly due to the expansion of inventories and trade receivables. In percentage terms, the share of current assets in total assets increased only slightly to around 48.4 % at the end of the first half of the year.

The equity ratio in the Group increased slightly compared to 31 December 2022 due to the positive overall Group result, despite the increase in total assets by around +2.9% in the first half of the year, and amounted to 34.8% as at 30 June 2023 (31 December 2022: 34.1%). In absolute terms, equity increased slightly by a total of EUR +3.8 million to a total of EUR 75.5 million (31 December 2022: EUR 71.7 million) due to the positive overall Group result in the first half of the year.

Mainly due to the increase in trade payables, the Group's debt capital rose slightly in absolute terms, but only slightly as a percentage of the significantly increased balance sheet total.

The Group's net gearing ratio (net current and non-current liabilities to banks/equity) improved significantly from 69.9% at year-end 2022 to 61.1% at the end of the first half of the year.

General statement on the business development and the economic situation of the Group

Overall, the first half of 2023 was very positive for the MS Industrie-Group. The "MS XTEC" segment was characterised by very high market demand for heavy trucks, which led to high order backlogs and unusually long delivery times of more than one year for OEMs. The supply chains in the truck sector have stabilised and lead to stable high production figures. In addition, there are initial effects from the ramp-up of newly acquired "MS XTEC" series orders. In the Ultrasonic segment there was a pleasing development in incoming orders in all sub-divisions, although the operating development was still severely impaired by price increases and availability of purchased parts. Experience shows that the supply chain problems may continue for several months and lead to delays in deliveries in the second half of the year. Due to the high and stable order backlog, the Executive Board is nevertheless very confident for the rest of the current year.

3. Takeover-relevant disclosures and other reporting

3.a. Risk reporting in relation to the use of financial instruments (§ 315 para. 2 no. 1 HGB)

Various liabilities to banks in the MS Industrie-Group continue to be subject to variable interest rates. In this respect, the Group is exposed to an interest rate risk.

In order to hedge against liquidity risks in relation to the pension obligations in the MS Industrie-Group, some of the subsidiaries concerned have taken out reinsurance policies and a contractual trust arrangement ("CTA"). The fair value of the claims from these insurance policies and the contractual trust arrangement is deducted as plan assets from the present value of the obligation.

3.b. Reporting on the composition of the subscribed capital of MS Industrie AG (§ 315a para. 1 no. 1 HGB)

As at 30 June 2023, the subscribed capital of MS Industrie AG continues to consist of 30,000,000 (31 December 2022: 30,000,000) no-par value ordinary shares with a notional interest in the share capital of EUR 1.00 per share. The company has been listed on the stock exchange since 29 May 2001; its shares were traded in the "General Standard" until 22 August 2023. Since 1 June 2023, the shares of MS Industrie AG have been included for trading in the "m:access" market segment of the Munich Stock Exchange.

3.c. Reporting of direct or indirect shareholdings in the capital of MS Industrie AG exceeding 10 per cent of the voting rights (§ 315a para. 1 no. 3 HGB)

According to the notifications received from the company, the following persons and companies held more than 10% of the voting rights in MS Industrie AG as at 30 June 2023 or at the time the interim financial statements were prepared:

- MS ProActive Verwaltungs GmbH, Spaichingen (15.63% as of 30 June 2023 and 25.90% as of 10 August 2023).

3.d. Reporting on the powers of the Executive Board of MS Industrie AG, in particular with regard to the possibility of issuing or buying back shares (§ 315a para. 1 no. 7 HGB)

By resolution of the Annual General Meeting of 1 July 2021, the Executive Board is authorised, with the consent of the Supervisory Board, to increase the share capital on one or more occasions until 30 June 2026 by up to a total of EUR 6,000,000.00 by issuing up to 6,000,000 new no-par value bearer shares against cash and/or non-cash contributions, whereby the shareholders' statutory subscription rights may be excluded with the consent of the Supervisory Board (Authorised Capital 2021/I). No use has yet been made of this authorisation. The Authorised Capital 2021/I of MS Industrie AG thus amounts to EUR 6,000,000 at the time of preparation of these interim financial statements (31 December 2022: Authorised Capital 2021/I: EUR 6,000,000).

The Executive Board was further authorised by resolution of the Annual General Meeting of 6 July 2022 to acquire own shares up to a proportion of 10% of the share capital of the Company existing at the time of the resolution or - if this value is lower - at the time of the exercise of the authorisation, until 5 July 2024. In this context, the shares acquired on the basis of this authorisation together with other shares of the Company that the Company has already acquired and still holds or that are attributable to the Company pursuant to §§ 71d and 71e of the German Stock Corporation Act (AktG) may at no time exceed 10 % of the respective share capital. The share buyback is intended, among other things, to open up the possibility of using the acquired shares in whole or in part for stock option programmes for members of the Executive Board, executive bodies and employees of the Company or of companies affiliated with it, for the acquisition of companies or participations in companies, as well as for the avoidance of peaks in subscription rights. A total of up to 3,000,000 shares can therefore be repurchased by the company as of the date of preparation of these interim financial statements. As of the interim balance sheet date, MS Industrie AG holds 30,789 of its own shares, of which 30,789 were acquired in previous years.

4. Opportunities- and risk report

The general statements on the topic of "opportunities and risks" in the combined management report as at 31 December 2022 essentially remain valid; we refer to the detailed presentation in the annual financial report 2022, which is available on the company's Internet homepage at the following internet address: <https://www.ms-industrie.de/investor-relations/finanzberichte/>.

The continued planned organic growth regularly confronts our group with typical, new challenges such as recruiting qualified junior staff, change management, adaptation of (IT) structures, etc. Based on the experience gained in the past, we try to overcome these typical challenges in the development of a company. The opportunities are somewhat differentiated in the two segments: In the "MS XTEC" segment, a further increase in demand for heavy trucks is expected - in addition to catch-up effects - flanked by the increase in series parts for alternative and/or off-road drive solutions. In addition, the strategy of flexible automation of production will be conducive to future profitability and will be able to extend the competitive edge. In the Ultrasonic segment, supply chains are increasingly stabilising. As a result, delivery times for special machines are normalising, which is also leading to reduced order backlogs. The Executive Board still expects the variety of passenger car models to increase again. We continue to see outstanding opportunities in the ultrasonic technology sector (series machine, systems/components, "nonwovens"), in which new fields of application are constantly being developed in a wide range of industries.

5. Forecast report

Since the publication of the Annual Financial Report 2022 in April 2023, there has been a general uncertainty about the future global economic development against the backdrop of the predominantly indirect effects of the ongoing war in Russia/Ukraine. The extent to which the global economic crisis, which is latently smouldering due to the effects of the ongoing war in Russia/Ukraine, will continue to influence the German real economy in the future cannot yet be definitively foreseen.

For the full financial year 2023, the Executive Board continues to expect a stable order situation, provided that the global economy remains broadly stable, and continues to anticipate a clearly positive annual result in the Group.

The originally planned investment volume in 2023 (including overhang effects of around EUR 22.2 million from the previous year) is around EUR 25.9 million in total for the MS Industrie-Group, of which EUR 25.0 million is attributable to the "MS XTEC" segment and EUR 0.9 million to the "Ultrasonic" segment. Of the originally planned total investment volume for 2023, around 31% (EUR 8.0 million) was already invested in the first half of 2023.

In absolute terms, the largest long-term growth is still expected in the "MS XTEC" segment. The focal points for 2023 in this segment are: the production ramp-up of new orders ("TRATON", "Liebherr" etc.), the continuation of the flexible automation strategy and the preparation of a production facility in the USA for 2024. The subsidiary MS XTEC GmbH, Trossingen-Schura,

(until 28 June 2023: MS Powertrain Technologie GmbH) already informed in the previous year, that the production area at the Trossingen/Schura site would be expanded by 3,500 sqm as part of the strategic development. The extension, which has now been completed, creates space for a state-of-the-art machine park in order to be able to handle the steadily increasing customer call-offs in the coming years as well as newly acquired series orders.

The 100% subsidiary MS Powertrain Technologie GmbH, Trossingen, changed its name to **MS XTEC GmbH** in the middle of the year. This step reflects the strategic further development of this important segment of the MS Industrie-Group. The new name consists of three elements: "MS", "X" and "TEC". "MS" because the segment emerged from the original "Maschinenfabrik Spaichingen"; it also highlights the affiliation to the MS Industrie-Group. "X", because this illustrates the flexible and adaptable orientation for all industries. "TEC" reflects the complex technologies and state-of-the-art manufacturing concepts of this segment, thus reflecting the strategic further development of this segment with a focus on precision machining for high-performance drives (combustion engines, electric, hydrogen, "e-fuels", etc.). In a constantly changing environment, "MS XTEC" will act even more flexibly and quickly, as future requirements must be met across all industries with more customer proximity, including through "local-to-local" manufacturing in Europe and North America.

In total, MS XTEC GmbH, Trossingen-Schura, (formerly: MS Powertrain Technologie GmbH) is expected to generate sales of more than EUR 160 million in the current financial year 2023. The business volume will develop to significantly more than EUR 160 million per year within the next few years due to the positive order situation. Based on the current market situation, the combined volume of all long-term contracts in the "MS XTEC" segment amounts to at least around EUR 1.3 billion for the coming contract years up to and including 2032.

In percentage terms, the field of series machines and "systems and components for customer-specific applications" is developing most strongly in the "**Ultrasonic**" segment. The focal points for 2023 in this segment are again: the promotion of sales, especially in the area of series machines, the further expansion of the "Systems and Components" business field, especially in the area of processing nonwoven materials.

The order situation in the "**Ultrasonic / Special Machines**" sub-segment is again very positive. Since capacity utilisation here does not depend directly on the number of vehicles produced, but predominantly on the introduction of new models by vehicle manufacturers, this segment is fundamentally more resistant to economic cycles than the "**MS XTEC**" segment and has always been susceptible to crises only to a limited extent. This is favoured by the current progressive growth in the model policy of the OEMs (electric, hybrid) and the constant striving for cost-optimised lightweight vehicle construction.

The packaging machinery industry as a key target group of the "**Ultrasonic / Systems & Components**" sub-segment - which is still the smallest in terms of sales and number of employees - continues to experience strong growth rates due to the increasing share of recyclable packaging in all areas of life worldwide. In addition, "Technology Centres" are operated in Germany, Italy and the Czech Republic.

MS Industrie AG (WKN 585518; ISIN DE0005855183) has applied for the admission of its shares to trading in the "m:access" segment of the Munich Stock Exchange (<https://www.boerse-muenchen.de/maccess>) in the first half of 2023. In the opinion of the Executive Board, this special segment, which is oriented towards medium-sized companies, offers a suitable framework for the further development of the share as well as for the broadening of the shareholder base at the headquarters of the industrial holding company. In this context, the Executive Board points out that for the completion of this segment change from the "Regulated Market" to the "Open Market", an offer to acquire all shares of MS Industrie AG in accordance with the provisions of the German Stock Exchange Act ("BörsG") and the German Securities Acquisition and Takeover Act ("WpÜG") was mandatory. This was accompanied by an application for the revocation of the admission of the shares of MS Industrie AG to trading on the "Regulated Market" ("General Standard") of the Frankfurt Stock Exchange pursuant to section 39 of the Stock Exchange Act, which was granted by notice dated 17 August 2023 and with effect from 22 August 2023.

Since 01 June 2023, the shares of MS Industrie AG have thus been included for trading in the "m:access" market segment of **the** Munich Stock Exchange. In addition, trading of the shares is and will continue to be possible via the electronic trading system "XETRA". The Executive Board also assumes that the shares will be included in over-the-counter trading on almost all **other domestic stock exchanges**. **The** Executive Board and Supervisory Board are expressly committed to the continuation of the stock exchange presence in the course of the further strategic development of MS Industrie AG.

The change of segment is welcomed by the Executive Board and Supervisory Board of MS Industrie AG for reasons of increasing requirements and regulations as well as to reduce complexity and costs and, in the opinion of the Executive Board and Supervisory Board, also fits much better with the medium-sized structure and orientation of the MS Industrie Group.

This interim management report contains forward-looking statements and information - i.e. statements about future, not past, events. These forward-looking statements can be identified by formulations such as "expect", "assume", "endeavour" or similar terms. Such forward-looking statements are based on our current expectations and certain assumptions. They therefore involve a number of risks and uncertainties. A variety of factors, many of which are beyond the control of MS Industrie AG, affect the business activities, success, business strategy and results of MS Industrie AG. These factors could cause the actual results, performance or achievements of MS Industrie AG to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Munich, 24 August 2023

MS Industrie AG - The Executive Board

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