NOT LEGALLY BINDING
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

EXTRACTS FROM THE GROUP'S MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2023

MS Industrie AG

If you focus too much on obstacles,
you lose your vision.

Kurt Haberstich

Content

Dear shareholders, employees and business partners of MS Industrie AG!

Armin Distel and Dr. Andreas Aufschnaiter
Executive Board of MS Industrie AG

In 2023, MS Industrie AG realized a total **turnover** of around EUR **246.7 million.** Compared to the previous year's revenue (EUR 206.2 million), this once again represents a very pleasing increase of around **+20%.** This was the result of very robust market demand for heavy trucks in the Drive Technology segment and – after overcoming most of the supply chain problems – a significantly stronger business in the Ultrasonic Technology segment.

The development of the various key earnings figures was largely as planned. **Consolidated net income for the year** after taxes amounted to EUR **4.4 million** (previous year: EUR 1.2 million) with a slightly improved **equity ratio** of **37.0%** (previous year: 34.1%), partly due to the lower balance sheet total.

We would like to highlight a few key milestones and developments for the readers of this annual report that we believe are significant when assessing the 2023 financial year and the further outlook:

- The business situation in the Drive Technology segment ("**MS XTEC**", formerly: "MS Powertrain Technology Group") developed very positively from the start of 2023. Overall, MS XTEC generated a positive result from ordinary activities that was slightly above the previous year, albeit below plan.

- In 2023, the MS XTEC management succeeded in further expanding the **automation / digitalization** of production by means of new robotic systems in parallel with the completion of the **hall expansion** at the Trossingen site by around 3,500 m² of production space. Certain inefficiencies in processes, logistics and personnel deployment could not be avoided and had a negative impact on current earnings.

- An **extension of the existing supply contract** for commercial vehicle valve train systems for heavy goods vehicles until 2031 – plus an extension option – was agreed with a long-standing major truck customer. The contract extension underlines the high-quality and strategic cooperation with MS XTEC and significantly increases the predictability and visibility of future business development. This type of valve train is already suitable or pre-equipped for sustainable and climate-neutral operation, for example with hydrogen or e-fuels.

- In mid-2023, MS Powertrain Technologie GmbH changed its **name** to **MS XTEC GmbH.** This step reflects the strategic 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 emphasizes the affiliation to the MS Industrie Group. "X" because it emphasizes the flexible and adaptable orientation for all industries. "TEC" reflects the complex technologies and ultra-modern manufacturing concepts of this segment.

- An important milestone in the **internationalization** of the MS XTEC segment was reached with the establishment of a new location in North America. The new location in the USA is in **Charlotte, North Carolina.** A suitable building with around 1,600 square meters of floor space has been rented. Production is scheduled to start in mid-2024. We see further growth potential in the area of complex and automated 5-axis machining for small to medium batch sizes. Future target markets will also be in the medical, aviation, spare parts, defense and industrial sectors.

- In the ultrasonic technology segment (**"MS Ultrasonic Technology Group"**, also known as "MS UTG" for short), we achieved considerable sales growth of +36% to EUR 78.3 million in 2023 and returned to profitability. In particular, the **ultrasonic custom machine construction** segment enjoyed brisk demand from our customers in the automotive industry as the usual variety of models returned. Over the course of the year, we overcame the problems with the procurement of components and purchased parts and were able to deliver the machines already in production in 2022. The reduction in inventories, which were still very high at the beginning of the year, had a correspondingly positive effect.

- The business with **"MS sonxTOP"** brand **ultrasonic series machines** developed very positively with a further increase in business volume. The increasing number of machines installed at customer sites regularly leads to follow-up inquiries and demand for service, spare parts and tools.

- In the **Ultrasonic Systems and Components** business unit at the Ettlingen site, the technologies for joining, embossing and perforating **nonwovens** and sealing packaging were continuously developed further together with customers as part of reference orders. The large number of existing inquiries from a wide range of application areas provides a solid basis for further business expansion.

The **Group's order backlog** amounted to around EUR 144 million at the beginning of 2023 and normalized again to around **EUR 124 million** by December 2023 after the backlogs from supply chain delays were reduced. Despite the unstable international economy as a result of the escalated conflicts in Ukraine and the Middle East, we expect **stable development** overall for the MS Industrie Group's business segments.

At the end of August 22, 2023, the admission of MS shares to trading on the regulated market (General Standard) of the Frankfurt Stock Exchange was revoked in accordance with the application. As the shares of MS Industrie AG have already been included for trading in the **m:access market segment of the Munich Stock Exchange** since June 1, 2023, the **segment change** was completed successfully. In our opinion, this SME-oriented special segment offers the appropriate framework for the further development of the share and for broadening the shareholder base at the headquarters of the industrial holding company. Trading in MS shares is and will continue to be guaranteed via the XETRA electronic trading system, as well as over-the-counter trading on almost all other domestic stock exchanges.

The **MS Industrie share** price (WKN 585518; ISIN DE0005855183) started at an average level of EUR 1.45/share and recovered by +25% to a closing price of EUR 1.82/share in the course of 2023. The current price level is an **average** of **+/- EUR 1.75/share,** which we believe is still characterized by uncertainties regarding the remaining outlook for 2024, although the long-term growth prospects of the MS Industrie Group remain intact.

We will continue to dedicate ourselves to the **steady, profitable growth** of the MS Industrie Group while at the same time reducing risks and dependencies of any kind. We are convinced that the foundations and prerequisites for this have been laid in both segments.

Our special thanks go to all employees of MS Industrie AG, who have always mastered the challenges of 2023 together with great commitment, perseverance and team spirit.

Yours sincerely,

Dr. Andreas Aufschnaiter
Munich, April 22, 2024

Armin Distel

A sense for technology since 1965

PRODUCTION LOCATIONS

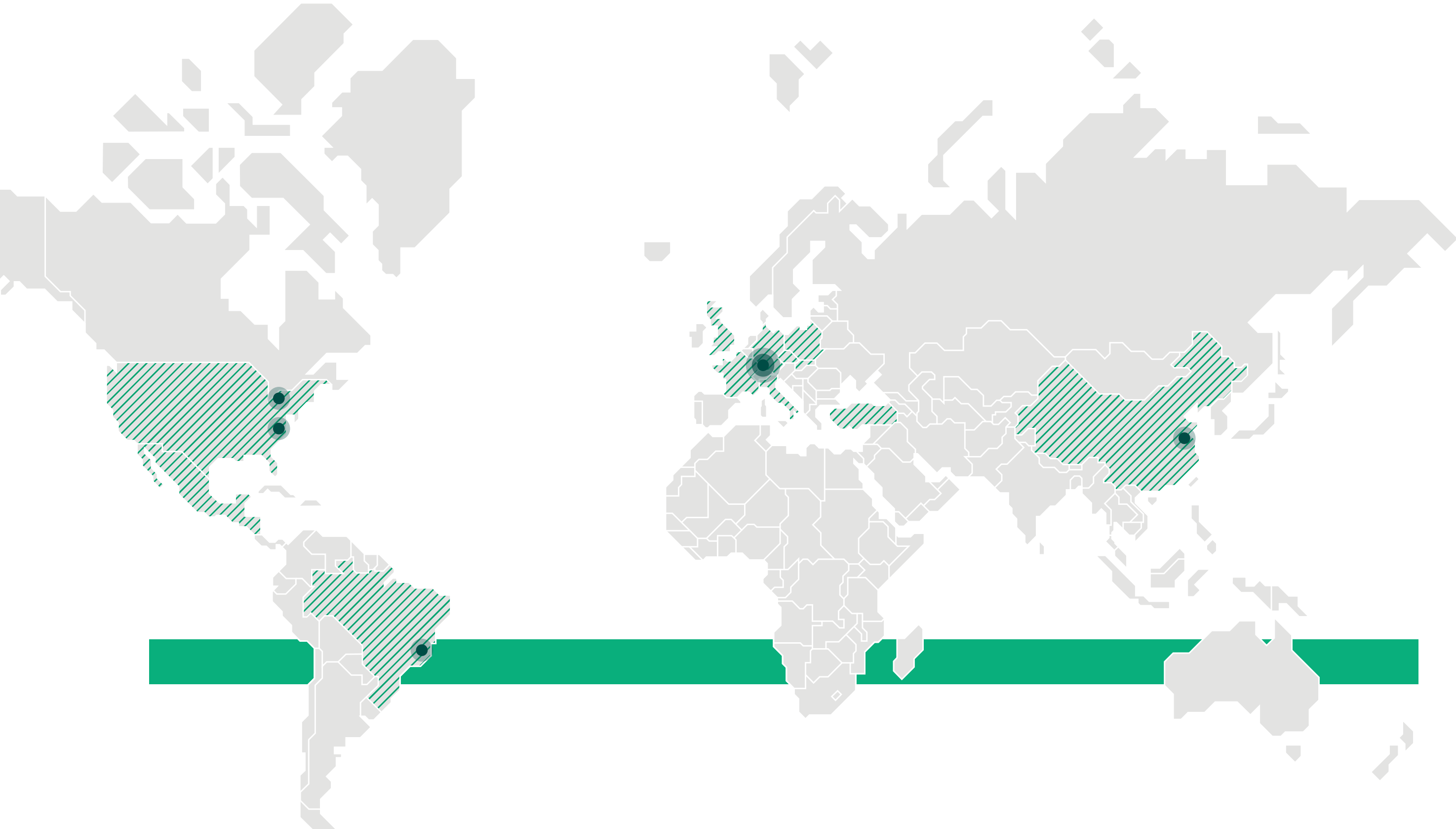
Reputed customers around the world rely on us for our innovativeness, reliability and the premium quality of our products. We maintain production locations around the globe:

Production locations in **Germany:**
- **MS Ultraschall Technologie GmbH**
  in Spaichingen, Baden-Württemberg: 18,000 m²
  in Ettlingen, Baden-Württemberg: 1,800 m²
- **MS XTEC GmbH**
  in Trossingen-Schura, Baden-Württemberg: 21,700 m²

Production locations in the **United States:**
- **MS Ultrasonic Technology, L.L.C.**
  in Howell, Michigan: 2,400 m²
- **MS XTEC, L.L.C.**
  in Charlotte, North Carolina: 2,000 m²

Production locations in **Brazil:**
- **WTP MS Ultrasonics**
  in Belo Horizonte: 900 m²

Production locations in **China:**
- **Shanghai MS soniTEC Co., LTD.**
  in Jiangyin: 4,000 m²



PRODUCT AREA POWERTRAIN TECHNOLOGY

MS XTEC GmbH
MS XTEC, L.L.C.

Products:

- Systems
  complete valve trains, rocker arms
- Components
  Gear box housings, valve bodies
- Development
  innovative and targeted cost-related valve control and engine braking systems

Machining technology and module assembly:
The MS Powertrain Technology Group has extensive knowledge for perfectly customised solutions over the entire power train. It develops, manufactures, assembles and delivers powerful systems and components for and to many well-known automobile and commercial vehicle manufacturers as well as leading engine and gear manufacturers globally. MS does this by successfully combining many years of manufacturing experience with the latest processing technologies.

PRODUCT AREA ULTRASONIC TECHNOLOGY

MS Ultraschall Technologie GmbH
MS Ultrasonic Technology, L.L.C.
WTP MS Ultrasonics
Shanghai MS soniTEC Co., LTD.

Products:

- Ultrasonic custom machines MS sonxMAC
  for the automotive industry
- Ultrasonic servo presses MS sonxTOP
  for industry-independent ultrasonic applications
- Ultrasonic systems MS sonxSYS
  for customized ultrasonic solutions
- Ultrasonic components MS sonxCOM
  for industry-independent ultrasonic applications

Ultrasonic technology:
The MS Ultrasonic Technology Group operates globally and across all industries. As a leader in innovation in the area of ultrasonic technology, it provides customisable special machines, innovative servo presses, modular systems and efficient components as powerful integrated solutions in connection and processing technology for thermoplastic materials, films and textiles as well as for cutting food.

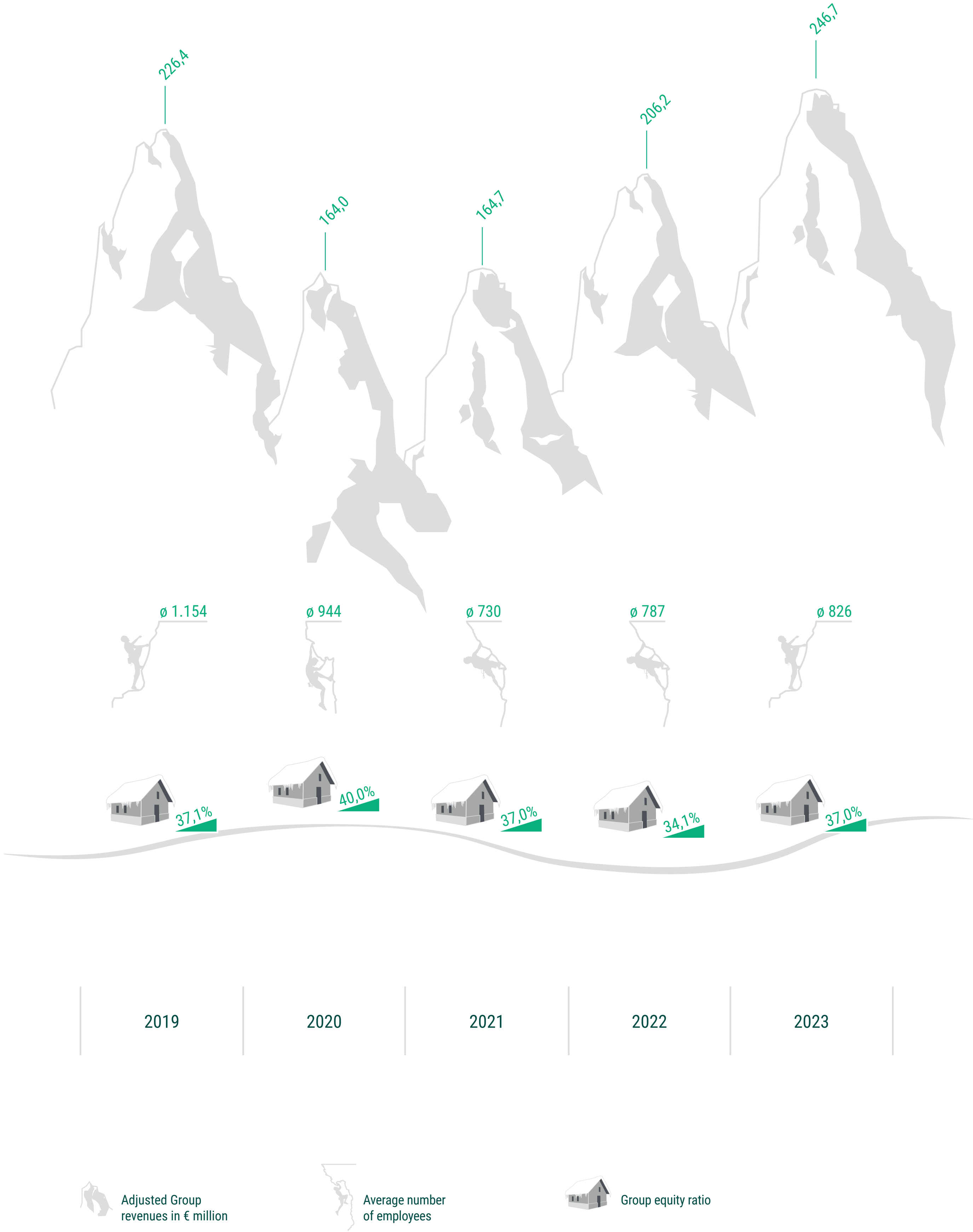
Overview of key figures Annual report 2023

MS INDUSTRIE GRUPPE, ACCRODING TO IFRS, AUDITED, IN TEUR

Balance sheet key figures	31.12.2022	31.12.2023
Total assets	210.543	202.417
Equity and non-controlling interests	71.703	74.898
Equity ratio (%)	34,1%	37,0%
Trade receivables	30.701	31.304
Liquid funds (Cash and cash equivalents ./. Current accounts)	-27.796	-26.880
Net working capital (Inventories + Trade receivab. ./. Trade payables)	62.868	57.282

Cashflow key figures	2022	2023
Net cash generated from operating activities	1.872	21.061
Net cash generated from investing activities	-3.762	-6.864
Net cash used in financing activities	-7.148	-13.281

Income statement key figures	2022	2023
Revenues	206.157	246.702
Other operating income	6.871	5.026
Cost of materials (incl. changes in inventories)	109.007	128.336
Gross profit	104.021	123.392
Personnel expense	57.738	62.404
Other operating expense and IFRS 9	31.204	39.236
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	15.079	21.752
Depreciation and amortisation expense	12.353	12.391
Operating Profit (EBIT)	2.726	9.361
Finance costs, net + share of profit of investments accounted for using the equity method	-1.746	-3.126
Profit before income tax (EBT)	980	6.235
Profit for the year after non-controlling interests (EAT)	1.178	4.448
Consolidated earnings per share in EUR	0,04	0,15


226,4
164,0
164,7
206,2
246,7
ø 1.154
ø 944
ø 730
ø 787
ø 826
37,1%
40,0%
37,0%
34,1%
37,0%
2019
2020
2021
2022
2023
Adjusted Group revenues in € million
Average number of employees
Group equity ratio

MS Industrie AG, Munich
Consolidated income statement for the financial year 2023

	2023 TEUR		2022 TEUR
Revenues		246.702	206.157
Changes in inventory of work in process and finished goods		-2.439	3.239
Other income		5.026	6.871
		249.289	216.267
Cost of materials			
a) Costs of raw materials and consumables used and of goods purchased	117.919		105.679
b) Costs of services	7.978		6.567
		125.897	112.246
Personnel expense		62.404	57.738
Depreciation of property, plant and equipment and amortisation of intangible assets		12.391	12.353
Impairment Loss (-) / Income (+) IFRS 9		35	-7
Other expense		39.271	31.197
		239.928	213.541
Operating Profit		9.361	2.726
Finance income		929	921
Finance costs		4.256	2.980
Share of profit of investments accounted for using the equity method		201	313
Profit before income tax		6.235	980
Income tax expense		1.787	-198
Profit for the year		4.448	1.178
Consolidated earnings per share, in EUR			
basic, after non-controlling interests		0,15	0,04
diluted, after non-controlling interests		0,15	0,04
Number of shares, average weighting			
basic		29.964.452	29.934.934
diluted		29.964.452	29.934.934

MS Industrie AG, Munich, Consolidated statement of comprehensive income for the financial year 2023

INDUSTRIE AG

	2023 TEUR	2022 TEUR
Profit for the year	4.448	1.178
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	-325	564
	-325	564
Items that will not be reclassified to profit or loss		
Change in value of financial assets (IFRS 9)	-788	1.494
Remeasurements of post employment benefit obligations	-131	-92
Actuarial gains/losses	-140	635
Income taxes recorded in other comprehensive income	76	-152
	-983	1.885
Other comprehensive income for the year, net of tax	-1.308	2.449
Total comprehensive income for the year	3.140	3.627

MS Industrie AG, Munich

Consolidated balance sheet as at Dec. 31, 2023

INDUSTRIE AG

	31.12.2023 TEUR	31.12.2022 TEUR
ASSETS		
Intangible assets	3.404	2.658
Property, plant and equipment	30.708	27.615
Investment property	21.510	21.857
Right of use-assets according to IFRS 16	40.439	39.258
Investments	2.598	3.386
Investments in associates	1.579	1.305
Deferred income tax assets	4.177	5.326
Other non-current financial assets	10.000	9.828
Other non-current assets	238	258
Non-current assets	**114.653**	**111.491**
Inventories	41.176	40.233
Trade receivables	31.304	30.701
Cash and cash equivalents	2.123	2.347
Income tax assets	178	178
Contract assets	8.523	18.847
Other current financial assets	1.903	4.031
Other current assets	2.557	2.715
Current assets	**87.764**	**99.052**
TOTAL ASSETS	**202.417**	**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	4.217	5.525
Consolidated profit	28.674	24.226
Equity	**74.898**	**71.703**
Non-current Borrowings	11.750	8.882
Provisions for pensions and similar obligations	382	535
Other non-current financial liabilities	30.162	30.253
Non-current income tax liabilities	5.601	5.973
Other non-current liabilities	1.159	1.469
Non-current provisions and liabilities	**49.054**	**47.112**
Current Borrowings	34.225	43.567
Trade payables	22.794	25.742
Current income tax liabilities	85	0
Current accruals	1.215	990
Contract liabilities	927	1.171
Other current financial liabilities	10.563	9.500
Other current liabilities	8.656	10.758
Current provisions and liabilities	**78.465**	**91.728**
TOTAL EQUITY AND LIABILITIES	**202.417**	**210.543**

MS Industrie AG, Munich

Consolidated cash flow statement 2023

	2023 TEUR	2022 TEUR
Profit for the year	4.448	1.178
Income tax expense (recognised through profit and loss)	1.787	-198
Finance income (recognised through profit and loss)	-929	-921
Finance costs (recognised through profit and loss)	4.256	2.980
Depreciation of property, plant and equipment and amortisation of intangible assets	12.391	12.353
Write-up of property, plant and equipment and amortisation of intangible assets	-183	0
Material non-cash other expenses (+) or income (-):		
- Gains/losses on revaluation of investment property	-72	-468
Losses/gains (-) on disposal of investment property	0	-101
Losses/gains (-) on investments accounted for using the equity method	-201	-313
Losses/gains (-) on disposal of property, plant and equipment and intangible assets	331	-8
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	8.201	-24.089
Increase/decrease (-) in trade payables and other liabilities not assigned to investing or financing activities	-4.980	13.511
Interest received	119	154
Interest paid	-3.539	-2.143
Income tax received	3	15
Income tax paid	-571	-55
Net cash generated from operating activities	**21.061**	**1.872**
Proceeds from sale of property, plant and equipment and intangible assets	264	669
Purchases of property, plant and equipment and intangible assets	-9.391	-9.229
Proceeds from disposal of fully consolidated subsidaries less cash and cash equivalents transferred under the sale	0	4.294
Payments received from disposals of investments	0	182
Proceeds from disposals of investment property	0	225
Proceeds from disposals of investments held for sale	0	158
Purchase of investments	0	-205
Proceeds received from cashback of borrowings	2.145	19
Proceeds received from investments	118	125
Net cash used in investing activities	**-6.864**	**-3.762**
Proceeds from issuance of debt-equivalent bonds	1.465	2.773
Proceeds from borrowings	0	1.934
Repayments of borrowings	-5.334	-5.918
Proceeds from finance lease transactions	0	2.508
Payments made for finance lease transactions	-9.412	-8.445
Net cash used in financing activities	**-13.281**	**-7.148**
Net decrease in liquid funds	**916**	**-9.038**
Exchange gains/losses on liquid funds	**0**	**0**
Liquid funds at beginning of period	-27.796	-18.758
Liquid funds at end of period	**-26.880**	**-27.796**

INDUSTRIE AG

MS Industrie AG, Munich

EXTRACTS from the Group´s management report for the 2023 financial year

Table of contents

1. Economic report

1.a. Macroeconomic and sector-specific framework conditions

According to a preliminary evaluation by the Federal Statistical Office in Wiesbaden ("Destatis") from January 2024, the German economy did not perform as well as it did in the previous year, with a price and calendar-adjusted decline in gross domestic product ("GDP") of -0.1% in 2023 (compared to the previous year's increase of +1.9% in 2022). However, GDP in 2023 was still +0.7% higher than in 2019, the last year before the start of the Covid 19 pandemic.

The energy crisis and geopolitical tensions unsettled producers, investors and consumers. Global trade lost momentum, with negative consequences for the German export industry. Energy prices, which had risen sharply in 2022 as a result of the Russian attack on Ukraine, stabilized at a high level and weighed on industrial production in particular. Rising interest rates worsened the financing conditions that had been favorable for years, which slowed down the construction industry in particular. Overall, prices remained high at all levels of the economy despite the recent declines. As a result, the German economy slipped into negative territory in 2023.

Most service sectors were once again able to expand their economic activities compared to the previous year and supported the economy in 2023. However, the increase was weaker overall than in the two previous years. The largest price-adjusted growth was recorded by the information and communication sector at +2.6%, continuing its long history of growth, which only slowed in the first year of coronavirus in 2020. Public service providers, education, health (+1.0%) and business service providers (+0.3%) also recorded slight growth. In contrast, price-adjusted gross value added in the combined economic sector of trade, transport and hospitality fell by -1.0%. This was primarily due to the wholesale and retail sectors, which fell significantly, while the motor vehicle trade and transport sector increased. In the construction industry, in addition to the continuing high construction costs and the shortage of skilled workers, the increasingly poor financing conditions were particularly noticeable. Building construction was particularly affected by this. In contrast, production in civil engineering and the finishing trade increased. Overall, the construction industry achieved a small price-adjusted increase of +0.2% in 2023. Economic output in the manufacturing sector (excluding construction) fell significantly by -2.0% overall. This was mainly due to much lower production in the energy supply sector. In addition to the shutdown of the last three German nuclear power plants on April 15, 2023, energy production from lignite and hard coal also fell. In contrast, energy production from renewable energies grew significantly. In addition, more electricity was purchased abroad. The foreign trade data available to date shows a double-digit percentage increase in price-adjusted electricity imports with lower electricity exports at the same time. The manufacturing sector, which accounts for almost 85% of the manufacturing industry (excluding construction), was also down in 2023 after adjusting for price (-0.4%), albeit to a much lesser extent. Positive impetus came primarily from the automotive industry and other vehicle construction. In contrast, production and value added in energy-intensive industries such as the chemical and metal industries fell again, after economic output in these sectors had already reacted particularly strongly to rising energy prices in 2022.

After peaking in summer 2022, energy prices at producer level fell by an average of -11.5% year-on-year between January and November 2023. However, this only compensated for a fraction of the increase in 2021 and 2022. In the second half of 2023, energy prices stabilized at a very high level and continued to weigh on production in energy-intensive industries, which fell by -10.6% year-on-year between January and November 2023. This in turn slowed down overall industrial production. In addition to high energy prices, the shortage of materials continued to be a problem for companies in the manufacturing sector. Although the shortage of materials decreased over the course of 2023 according to surveys by the "ifo" Institute, almost a third of companies still reported bottlenecks on average for the year. In addition, wage costs increased as a result of collective wage agreements. As a result, producer prices for industrial products excluding energy, which had already risen by an average of +14.0% in 2022, increased by a further +3.9% year-on-year between January and November 2023. Prices for consumer and capital goods rose in particular. As the price increases at producer level were also reflected in consumer prices, the increased cost pressure for companies was compounded by a noticeable reluctance to consume.

In 2023, consumer spending by private households in Germany fell by -1.1% year-on-year in price-adjusted terms and was therefore still below the pre-crisis level of 2019 (-2.1%). This is likely to be primarily due to high consumer prices. The inflation rate - measured as the change in the consumer price index ("CPI") compared to the previous year - is expected to average 5.9% in 2023, below the historic high of 2022 (+6.9%). Food prices in particular rose. In contrast to the trend at producer level, energy prices were also higher than in the previous year. However, the slightly lower inflation rate and wage increases for many employees were unable to prevent the decline in private consumer spending. The main areas affected by declines were those in which prices either remained at the high level of the previous year or rose even further over the course of the year. This applies in particular to food, beverages and tobacco products, for which significantly less was spent in 2023 than in the previous year (-4.5%) on a price-adjusted basis. For durable goods such as furnishings and household appliances, whose prices remained high in 2023, price-adjusted expenditure fell even more sharply (-6.2%). Private households also bought fewer short-lived goods such as clothing and shoes (-0.8%). In contrast, consumer spending by private households on transport increased by +2.4% in 2023, adjusted for price. This includes, for example, car purchases and expenditure on transport services. Private households also spent more on leisure, entertainment and culture (+1.3%) than in the previous year, which was reflected in higher spending on package holidays, for example.

The state also reduced its price-adjusted consumer spending in 2023 for the first time in almost 20 years (-1.7%). This was mainly due to the discontinuation of state-financed coronavirus measures such as vaccinations and compensation payments for free bed capacity in hospitals. Government consumption had supported economic output in the years from 2020 onwards through such measures. Price-adjusted construction investment fell by -2.1% in 2023. In addition to the high construction prices, the noticeable rise in construction interest rates had an impact, which slowed down residential construction in particular. Both incoming orders in residential construction and the number of apartments approved for construction fell significantly in the first three quarters of 2023 compared to the same period of the previous year, adjusted for price. Positive signals came from the finishing trade, which is likely to have been due in part to the high demand for energy-efficient renovations. In contrast, price-adjusted investments in equipment - primarily investments in machinery, equipment and vehicles - were significantly higher than in 2022 (+3.0%). This was primarily due to the increase in new commercial car registrations, which was boosted by the environmental bonus for electric cars in the company car sector, which is valid until August 2023.

The subdued global economic momentum and weak domestic demand in 2023 also had an impact on trade with other countries, which declined despite falling prices. Imports (price-adjusted -3.0%) fell more sharply than exports (price-adjusted -1.8%). This resulted in a positive net trade balance, which supported GDP.[1]

Gross domestic product ("GDP") fell by -0.3% in the 4th quarter of 2023 compared to the 3rd quarter of 2023 - adjusted for price, seasonal and calendar effects. After the German economy roughly stagnated in the first three quarters, economic output fell in the fourth quarter of 2023. In particular, price, seasonally and calendar-adjusted investments in buildings and equipment were significantly lower than in the previous quarter. In a year-on-year comparison, "GDP" in the 4th quarter of 2023 was -0.4% lower than in the 4th quarter of 2022, adjusted for price and calendar effects, the decline was smaller (-0.2%), as there was one working day less available than in the same period of the previous year.[2]

Import prices in December 2023 were -8.5% lower than in December 2022. According to the Federal Statistical Office (Destatis), the rate of change compared to the same month of the previous year was -9.0% in November 2023 and -13.0% in October 2023. The main reason for the sharp declines continues to be a base effect due to the high price increases in 2022. Compared to November 2023, import prices fell by -1.1% in December 2023. On average for 2023, import prices were -8.3% lower than in the previous year. This was the sharpest year-on-year price decline since 2009 (-8.6% compared to 2008).[3]

After the German economy shrank by -0.3% last year, geopolitical uncertainties and a cooling global economy mean that no significant growth impetus is expected in 2024, according to the consulting firm Roland Berger. The Federal Constitutional Court's ruling on special funds and the federal budget is causing additional domestic political uncertainty and is likely to have a negative impact on companies' propensity to invest. With energy prices remaining high, industrial production weakened further in 2023. Energy-intensive production in particular is in crisis. Increased material costs and interest rates, high regulations and the shortage of skilled workers are putting pressure on the construction industry. In view of a significant decline in construction financing and approvals, the sector is facing another difficult year. The labor market, which has been robust for a long time, is also showing the first signs of a slowdown. The number of job vacancies has already fallen significantly, while the number of unemployed has risen. Nevertheless, the shortage of labor remains one of the most pressing problems. One ray of hope is the decline in inflation for both producers and consumers. This should continue to normalize in 2024 and give the central bank the necessary leeway for the first interest rate cuts over the course of the year. In view of this mixed situation, the outlook for the German economy remains gloomy. In an international comparison, Germany is thus falling further behind other industrialized nations.[4]

In the USA and Canada - still MS Industrie AG's most important sales market outside the EU with a total share of around 15.9% (previous year: 16.4%) of Group sales in 2023 - economic development in 2023 was again significantly higher than in Germany, with real GDP growth of around +2.5%[5] .

In this global economic environment, the US dollar/euro exchange rate fluctuated between USD 1.11 and USD 1.07 over the course of 2023. At USD 1.11 at the end of the year, the euro exchange rate was slightly lower than at the beginning of the year at USD 1.07.

[1] Source: Federal Statistical Office (Destatis), press release 019/24, dated January 15, 2024.

[2] Source: Federal Statistical Office (Destatis), press release 038/24, dated January 30, 2024.

[3] Source: Federal Statistical Office (Destatis), press release 039/24, dated January 31, 2024.

[4] Source: Roland Berger, "The German economy in 2024", Jan. 31, 2024.

[5] Source: "BEA" (Bureau of Economic Analyses), as of Jan. 25, 2024.

Demand activity in the Drive Technology segment ("MS XTEC") developed very positively overall in Europe at +19.5% in the course of 2023, with a disproportionately positive +25.2% in Germany (95.7% diesel share). For Q.4 / 2023, however, this meant a slight year-on-year decline of -2.2% to 78,220 units.[6]

The key truck sales markets developed very positively. In North America, the market for heavy trucks (Class 8) grew by +7% to 331 thousand units. Sales of heavy trucks in the EU30 region (European Union, United Kingdom, Switzerland and Norway) were also very dynamic. The market volume rose by +15% to 342 thousand units in the reporting year. The Brazilian market for heavy trucks weakened significantly with a decline of -17% compared to the previous year. In Japan, the market volume of heavy trucks increased by +24%, while the market in China grew by +36%.[7]

The decline in orders in the mechanical and plant engineering sector slowed slightly in December 2023 - but the bottom line is still a double-digit drop in orders for the year as a whole. Overall, orders in 2023 as a whole were down 12% on the previous year in real terms, and there is still no sign of a turnaround. In the major sales markets of Europe, the US and China, there is a lack of confidence in a lasting global economic upturn, which the capital goods industry in particular would urgently need. In 2023, companies recorded a drop in orders of -11% in Germany and -13% fewer orders from abroad. The drop in orders from euro countries amounted to -16%, while non-euro countries recorded a decline of -11%. Nevertheless, December 2023 was less bad on its own, with incoming orders at the end of the year down -6% in real terms, only a single-digit decline on the previous year. This was due to customers from non-euro countries, whose orders even rose slightly by +1%. As a result, the decline from abroad as a whole was comparatively moderate at -3% compared to the previous year. However, double-digit declines were also recorded in Germany (-13%) and from euro countries (-11%) in December. In the less volatile period from October to December 2023, companies recorded a drop in incoming orders of -9% in real terms compared to the previous year. At -15%, domestic business recorded much sharper declines than foreign business at -6%. The euro countries ordered -4% less machinery and equipment in this period, while non-euro countries reduced their orders by -7%. A look at the curve shows that foreign orders are bottoming out. Domestic orders, on the other hand, are still on a downward trend.[8]

1.b. Group business performance

For the MS Industrie Group, the 2023 financial year was even more clearly characterized by economic recovery than the previous year, which was still characterized by inflationary cost increases for energy and raw materials as well as supply chain problems.

In the two main operating segments "**Drive Technology**", also known as "**MS XTEC**" (until June 28, 2023: "MS Powertrain"), and "**Ultrasonics**", also known as "**Ultrasonic**", the sales trend in the 2023 financial year was very positive. As at the end of the 2023 financial year, external sales in the "**MS XTEC**" segment were significantly higher than in the previous year at around +14%. External sales in the "**Ultrasonic" segment were** also significantly higher than in the previous year at around +36%. In the financial year, sales in the "**MS XTEC**" segment contributed around 69% (previous year: 73%) and sales in the "Ultrasonic" segment around 31% (previous year: 27%) to consolidated Group sales. The sales trend in the "MS XTEC" segment and the "Ultrasonic" segment, as well as overall across all segments, is slightly

[6] Source: "ACEA", Heavy commercial vehicle registrations, January 26, 2024.

[7] Source: "Daimler Truck AG", Annual Report 2023, Combined Management Report, p. 40.

[8] Source: "VDMA", Press release: Moderate drop in orders at the end of the year, February 2, 2024.

above plan. In April 2019, the "Traton" Group was awarded the contract for the series production of valve train components for a new engine platform for heavy trucks. The organizational and mechanical preparations for the start of series production, which has now been postponed slightly to 2023, have been completed according to plan. With the achievement of full unit numbers through gradual deployment in all of the customer's brands by 2026, the MS Industrie Group expects an additional target sales volume in the range of around EUR 25 million p.a. to EUR 30 million p.a.

The total number of employees in the **"MS XTEC"** segment increased slightly from 414 employees (excluding temporary workers and trainees) at the end of December 2022 to 419 employees at the end of December 2023.

The **"Ultrasonic"** segment is fundamentally very differentiated and is divided into the areas of "Special-purpose machines" and the two technology areas of "Series machines" and "Systems and components". The latter primarily include applications for the packaging industry and industrial cutting and the "Nonwovens" business area (rotary, continuous welding of nonwovens of all kinds, in particular hygiene articles worldwide), which was launched in 2021, as well as other "R&D" fields such as "Ultrasonic cleaning" (in particular component excitation, etc.).

The **(ultrasonic) special machinery** segment - which continues to account for the largest and most important share within the segment - had a rather difficult financial year in 2023 due to supply chains and inflation. The core problem of the last four years has been the restructuring and the associated significant reduction in the model ranges of almost all OEMs with regard to new drives (electric and hybrid). The development of new "combustion engine" models has been increasingly discontinued, face-lifts have been stopped or postponed and only basic versions of new (electric) models have been launched, but no derivatives. The automotive industry, which still accounts for more than 20% of German mechanical engineering production, is undergoing massive structural change, which is leaving its mark not only on 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 2023 financial year. It should be emphasized that the demand for **"(ultrasonic-)special machines"** is independent of the type of drive and the quantities produced and depends only on the variety of new models.

The other business areas in the **ultrasonic technology segment** are developing positively across the board. The fact that these products are recording high growth rates, particularly in sectors outside of the automotive industry (medicine, white goods, toys, consumer goods, etc.), is having a very positive impact, further reducing dependence on the automotive industry.

Business with (**ultrasonic) series machines** based on Industry 4.0 under the **"MS sonxTOP"** brand developed very positively with a further increase in business volume. The number of machines installed at customers worldwide is rising steadily, leading to follow-up inquiries and increasing demand for service and tools. After overcoming the Covid 19 pandemic, various trade fairs were once again held in Europe and North America, including the well-known "Fakuma" trade fair in Friedrichshafen in October 2023. Due to our technological market leadership with many unique selling points in this product area, we expect growth to continue, increasingly also in the area of service/spare parts due to the steadily growing base of installed machines. The product range of fully recyclable plastics produced with our machines extends from syringes, cannulas and dialysis filters to baby pacifiers, water tanks, diapers and electrical components such as battery packs. To the best of our knowledge, we offer the most efficient machines with the lowest energy consumption. Our machines can also be found in the packaging industry. We join and weld thermoplastic, recyclable films. These can be found in toothbrush blister packs or films for food, among other things.

The competence center rented for the (**Ultrasonic**) **Systems & Components** business division at the Ettlingen site in the district of Karlsruhe, with an area of around 1,800 m², develops customer-specific solutions for the continuous joining, embossing and perforating **of nonwovens** and the sealing of packaging. In 2023, the technology was significantly further developed and further orders were successfully acquired. "MS UTG" will establish itself as a technology partner for machine manufacturers that serve manufacturers of medical products, hygiene articles, wound dressings, etc. worldwide. Due to the new packaging legislation in force since 2021 and the resulting need for new developments in ultrasonic systems for welding recyclable products, further growth can also be expected here. The Executive Board had already decided in 2021 to expand the Ultrasonic Technology division to include **the Nonwovens** business area. This meant massive investments in personnel (application technology, sales, service), in development (construction and development of a laboratory calender including ultrasonic welding units and control system), in production (complex roller production) and in appropriate facilities (equipping the "Competence Center" in Ettlingen/Karlsruhe with high-quality workstations and laboratories). We are now expecting the first material orders from this promising area in 2024.

In addition to ongoing sales activities, marketing measures aimed at existing and new customers were intensified in all product areas and potential new customers were evaluated. The expansion of system partnerships is also being pursued.

At around EUR 124 million as at the end of December 2023 (previous year: EUR 144 million), the order backlog was around -14% below the previous year's level (around -30% in the "Ultrasonic" segment and around -2% in the "MS XTEC" segment).

In the 2023 financial year, the Group's operating earnings position developed very positively overall compared to the previous year in terms of the key earnings indicators, in particular earnings before interest, taxes, depreciation and amortization (**EBITDA)**, operating earnings before interest and taxes (**EBIT)**, earnings before taxes (**EBT)**, earnings after taxes (**EAT)** and **earnings per share (EpS)**, unadjusted and adjusted for one-off effects.

The Group's sales also developed very positively in the 2023 financial year. Consolidated total sales amounted to around EUR 246.7 million in the 2023 financial year (previous year: EUR 206.2 million) and were therefore slightly above the sales forecast in spring 2023 of around EUR 235 million and significantly above the previous year's sales. In addition, the key earnings figures EBITDA (+44.3%), EBIT (+243.4%), EBT (+536.2%), earnings per share (EUR 0.15/share; previous year: EUR 0.04/share) and EBIT margin (+2.5 percentage points) developed much more positively than in the previous year, as forecast, but not as positively as originally expected in the spring. In contrast, the gross profit margin (50.0%) fell by -0.5 percentage points, in contrast to the forecast in spring 2023. In addition to the reasons mentioned above, this is primarily due to supply bottlenecks, such as the microchip shortage, high fluctuations in capacity utilization and future-oriented development investments in the "Ultrasonic" segment.

The number of machines at the two German "MS" sites in Trossingen and Spaichingen continued to increase significantly over the course of 2023. Another key project in 2023 was the expansion of the production hall at the Trossingen site by around 3,500 square meters, which was completed in April 2023. However, these positive medium-term developments are only partially reflected in the key figures for the past financial year in the form of corresponding volume growth.

As forecast, cash flow from operating activities in the 2023 financial year was well above the previous year's level and cash flow from financing activities was also within the forecast range. The Group's cash and cash equivalents decreased slightly in the reporting period from EUR 2.3 million at the beginning of the financial year to EUR 2.1 million as at December 31, 2023. The slight decrease of EUR -0.2 million in the 2023 financial year is primarily due to the negative cash flow from financing activities.

In balance sheet terms, the change in Group equity (+4.5%) is in line with the earnings trend and within the forecast range. In contrast, the equity ratio increased from 34.1% to 37.0% in line with the forecast, while total assets fell slightly from EUR 210.5 million to EUR 202.4 million. The net gearing ratio (previous year: 69.9%) fell significantly to 58.5%.

With regard to the development of non-financial performance indicators, it was forecast in the previous year's report that the MS Industrie Group would do everything in its power to continue to comply with all relevant environmental standards and would continue, as it has done successfully in the past, to try to keep staff turnover as low as possible through staff retention concepts. Due to the originally planned sales development, a further increase in personnel was planned for 2023, particularly in the specialist and management area, but depending on the further development of automation, the employment of a correspondingly lower number of temporary workers. Due to the sustained increase in volume assumed in the 2023 annual plan, a slight increase in personnel was implemented in the 2023 financial year, also in order to be able to react better and more quickly to the fluctuations in volume expected in the future, at least in the short term. However, these measures are always taken against the backdrop of counteracting a shortage of skilled workers and preparing future managers for challenging tasks in a targeted manner.

Ongoing, individual further and advanced training also continues to be a high priority within the Group. It was also planned to do everything possible to maintain customer satisfaction at least at the existing high level and to further increase the Group's already very high innovative strength as well as to continue to ensure ongoing delivery capability in all business areas and product divisions. All of this was implemented as planned, with the Group's research and development expenses falling slightly from EUR 5.1 million to EUR 4.7 million in the financial year and thus remaining at a very high level. With the exception of supply chain-related delays for purchased parts in mechanical engineering, delivery capability was always ensured in the reporting year and customer satisfaction remains very high.

1.c. Situation of the Group

All figures have been calculated in accordance with IFRS as applicable in the EU.

Earnings situation

This section presents and explains the key figures of our Group's earnings position compared to the previous year.

	1.1. to 31.12.2023		1.1. to 31.12.2022		Changes	
	TEUR	%	TEUR	%	TEUR	%
Sales revenue	**246.702**	**100,0**	**206.157**	**100,0**	**40.545**	**19,7**
Other income	5.026	2,0	6.871	3,3	-1.845	-26,9
Cost of materials (incl. changes in inventories)	128.336	52,0	109.007	52,9	19.329	17,7
Gross profit	**123.392**	**50,0**	**104.021**	**50,5**	**19.371**	**18,6**
Personnel expense	62.404	25,3	57.738	28,0	4.666	8,1
Other expense and impairment result in accordance with IFRS 9	39.236	15,9	31.204	15,1	8.032	25,7
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**21.752**	**8,8**	**15.079**	**7,3**	**6.673**	**44,3**
Depreciation and amortization	12.391	5,0	12.353	6,0	38	0,3
Result from ordinary activities (EBIT)	**9.361**	**3,8**	**2.726**	**1,3**	**6.635**	**243,4**
Financial result	-3.327	-1,3	-2.059	-1,0	-1.268	-61,6
Result from associated companies	201	0,1	313	0,2	-112	-35,8
Consolidated earnings before taxes (EBT)	**6.235**	**2,5**	**980**	**0,5**	**5.255**	**536,2**
Income taxes (expense +, income -)	1.787	0,7	-198	-0,1	1.985	1.002,4
Consolidated earnings after taxes (EAT)	**4.448**	**1,8**	**1.178**	**0,6**	**3.270**	**277,6**

In the 2023 financial year, external revenue in the "**Drive Technology**" segment was around +13.5% higher than in the previous year. Revenue in the "**Ultrasonic**" segment was around +35.9% higher than in the previous year, although there were major delays in the delivery of machines in the following year in this segment in the 2022 financial year, primarily due to supply chain problems.

Following a significant increase of around +25.2% in the previous year, external sales therefore rose significantly again by around +19.7% to around EUR 246.7 million in the reporting period. The previous year's forecast of a significant increase in sales of around +14% to around EUR 235.0 million was therefore fulfilled. This strong increase in sales is attributable both to the "**Drive Technology**" segment, and here mainly to the increase in customer call-offs and the start of series production of new products ("Scania", "Liebherr" etc.), and to the "**Ultrasonic**" segment.

Geographically, there were again clear differences in the sales trend: While a significant increase in industrial sales of around +12.3% was recorded in the domestic market, which continues to be the strongest market in terms of sales, and exports to the EU, the second strongest foreign market in terms of sales, even recorded a significant increase of around +54.7% in the reporting year, the equally significant increase in sales in the North America/Canada region, the strongest foreign market with a consolidated sales share of 15.9%, amounted to around +16.0%.

Sales primarily include the external sales of the MS XTEC Group in the amount of TEUR 169,843 (previous year: TEUR 149,603) and the MS Ultrasonic Group in the amount of TEUR 76,480 (previous year: TEUR 56,136).

We are therefore very satisfied with the sales performance of the MS Group as a whole, as well as by region. The operating performance of the various earnings levels across all segments is still below our expectations in some cases.

Other income includes, in particular, income from the reversal of provisions and other accrued liabilities as well as other prior-period income totaling TEUR 2,417 (previous year: TEUR 2,381). It also includes exchange rate gains of TEUR 1,030 (previous year: TEUR 2,849).

The gross profit margin (sales revenue including changes in inventories and other income less cost of materials) in relation to sales revenue amounted to 50.0% in the financial year (previous year: 50.5%). The slight decline is primarily due to lower other income, while the cost of materials ratio fell slightly to 52.0% (previous year: 52.9%). The latter is the result of the disproportionately high increase in sales in the "Ultrasonic" segment.

Personnel expenses increased slightly by around +8.1% compared to the previous year, but largely in proportion to the slight increase in the number of employees, with an average headcount of 826 permanent employees, excluding temporary staff and trainees (previous year: 787 employees). The main reason for this is the slight increase in personnel in the "MS XTEC" segment.

After a significant increase in other expenses, which rose by a total of EUR 8.0 million to EUR 39.2 million, earnings before interest, taxes, depreciation and amortization (EBITDA) therefore improved significantly to EUR 21.8 million in the financial year (previous year: EUR 15.1 million).

As expected, depreciation and amortization remained virtually unchanged in the financial year by TEUR +38 from TEUR 12,353 to TEUR 12,391 due to the consistently high investment rate.

After a slight increase in personnel expenses and almost unchanged depreciation and amortization as well as a disproportionately high increase in other expenses compared to sales, earnings before interest and taxes (EBIT) improved significantly to EUR +9.4 million in the financial year (previous year: EUR +2.7 million).

The EBIT margin, based on sales revenue, amounted to around +3.8% in the financial year (previous year: +1.3%). As described above, the slight improvement in the EBIT margin is primarily due to the increase in sales revenue and the medium-term effects of the restructuring measures initiated and already implemented in the MS XTEC Group in previous years.

On balance, the financial result deteriorated by around -61.6% compared to the previous year. The main reason for this is the change in the interest rate environment, which led to significantly higher interest expenses, particularly with regard to the Group's short-term, variable-rate loans. The financial result includes financial income of TEUR 929 (previous year: TEUR 921) and financial expenses of TEUR 4,256 (previous year: TEUR 2,980).

In the financial year, the result from associated companies resulted in the amount of TEUR 1 (previous year: TEUR -50) from the at-equity valuation of Shanghai MS soniTEC Co., Ltd., China, and in the amount of TEUR 200 (previous year: TEUR 363) from the at-equity valuation of WTP Ultrasonic Industria e Comercio de Maquinas Ltda, Contagem City, Brazil.

At EUR +6.2 million, consolidated earnings before taxes (EBT) are clearly positive and have improved massively compared to the previous year. In the previous year, the Group achieved a positive pre-tax result of EUR +1.0 million.

The consolidated net income after taxes (EAT) is significantly better than in the previous year and amounts to EUR +4.4 million (previous year: EUR +1.2 million).

Consolidated earnings per share improved significantly year-on-year from EUR +0.04 per share in the previous year to EUR +0.15 per share in the financial year under review.

Cash situation

Principles and objectives of financial management

Ensuring financial flexibility is a top priority in the Group's financing strategy. This flexibility is achieved through a broad selection of financing instruments and a high diversification of investors and financial institutions. The maturity profile of the Group's liabilities shows a broad spread of maturities. Market capacity, investor diversification, flexibility, covenants and the existing maturity profile are taken into account when selecting financing instruments.

Presentation and analysis of the financial position

	2023 TEUR	2022 TEUR
Cash flow from operating activities	21.061	1.872
Cash flow from investing activities	-6.864	-3.762
Cash flow from financing activities	-13.281	-7.148
Net increase/decrease in liquid funds	**916**	**-9.038**
Liquid funds at the beginning of the period	-27.796	-18.758
Liquid funds at the end of the period	**-26.880**	**-27.796**

The increase in liquid funds (cash and cash equivalents less current account liabilities) is primarily due to the positive cash flow from operating activities.

The improved and clearly positive cash flow from operating activities primarily reflects the positive annual result with a slight reduction in working capital compared to the previous year. The negative cash flow from investing activities reflects in particular the payments for investments in property, plant and equipment and intangible assets in the 2023 financial year. Some of the investments in the financial year were again made through non-cash finance leases at the time of investment (EUR 8.6 million; previous year: EUR 14.5 million).

As at December 31, 2023, cash and cash equivalents amounted to EUR 2.1 million (previous year: EUR 2.3 million). In addition, free overdraft facilities of EUR 3.5 million (previous year: EUR 2.9 million) are available and current assets (EUR 87.8 million) exceed current liabilities (EUR 78.5 million) by EUR 9.3 million as at the balance sheet date.

Of the liabilities to banks amounting to EUR 46.0 million as at the reporting date, EUR 39.0 million and EUR 3.1 million of the open credit lines amounting to EUR 3.5 million are subject to financial covenants.

The syndicated loan agreement was newly concluded on December 15, 2023 with closing on January 18, 2024 in the amount of EUR 35.0 million (previously: EUR 30.0 million) and has a term until December 15, 2026 with two one-year extension options.

Financial situation

The following table shows the main changes in the Group's net assets:

	31.12.2023		31.12.2022		Changes	
	TEUR	%	TEUR	%	TEUR	%
ASSETS						
Deferred tax assets	4.177	2,1	5.326	2,5	-1.149	-21,6
Other non-current assets	110.476	54,5	106.165	50,5	4.311	4,1
Current assets	87.764	43,4	99.052	47,0	-11.288	-11,4
Total assets	**202.417**	**100,0**	**210.543**	**100,0**	**-8.126**	**-3,9**

	31.12.2023		31.12.2022		Changes	
	TEUR	%	TEUR	%	TEUR	%
EQUITY AND LIABILITIES						
Equity capital	74.898	37,0	71.703	34,1	3.195	4,5
Other borrowed capital	127.519	63,0	138.840	65,9	-11.321	-8,2
Total liabilities	**202.417**	**100,0**	**210.543**	**100,0**	**-8.126**	**-3,9**

Our Group's other non-current assets increased slightly by around +4.1% in the financial year and, at around 54.5% of total assets (previous year: around 50.5%), have not changed significantly. The main reason for the increase in non-current assets in the financial year were mainly the additions to property, plant and equipment, intangible assets and right-of-use assets totaling TEUR 17,973.

This is offset by the amortization of intangible assets, technical equipment and machinery and right-of-use assets in accordance with IFRS 16.

The significant decrease in current assets of around -11.4% is primarily due to significantly lower contract assets with a slight decrease in cash and cash equivalents. As a percentage of total assets, current assets fell slightly to around 43.4% at the end of the financial year (previous year: around 47.0%).

Net working capital (inventories, contract assets and customer receivables less trade payables and contract liabilities) amounted to EUR 57.3 million as at December 31, 2023 (previous year: EUR 62.9 million), a slight decrease of around -8.9% compared to the previous year.

The increase in equity, which rose slightly in absolute terms by EUR +3.2 million compared to December 31, 2022 to EUR 74.9 million (previous year: EUR 71.7 million), is mainly due to the positive consolidated comprehensive income of EUR

+3.1 million (previous year: EUR +3.6 million). The Group's equity ratio increased slightly compared to December 31, 2022 and amounted to around 37.0% (December 31, 2022: 34.1%) with a slight decrease in total assets of around -3.9% as at the reporting date.

Other liabilities in the Group fell slightly by around -8.2% to EUR 127.5 million. The previous year's forecast of a reduction in the gearing ratio in the financial year was also confirmed, with total assets falling slightly by around -3.9%.

The Group's net gearing ratio (defined as net debt/equity) improved significantly from 69.9% at the end of 2022 to 58.5% at the end of the financial year. The net gearing ratio is calculated by dividing debt, defined as non-current and current financial liabilities (excluding derivatives and financial guarantees) less cash and cash equivalents and bank balances, by equity (subscribed capital and Group reserves).

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

The 2023 financial year continued to be characterized by the focus on the two business segments Drive Technology and Ultrasonic Technology ("MS XTEC" and "Ultrasonic") and the further measures for the sale of the strategically no longer relevant investments.

Taking into account the new binding syndicated loan agreement that was only concluded in January 2024, the financial position at the end of 2023 and currently - with sufficiently high freely available bank lines - can still be described as orderly. All subsidiaries can continue to meet their payment obligations from ongoing business operations.

The continuation of the strong organic growth requires a longer-term orientation of the MS Industrie Group's financing. The Management Board will therefore continue the placement of the "6.25% MS Industrie Bond 2022/27" (ISIN: DE000A30VS72, WKN: A30VS7) issued in October 2022 in the coming months. The bond has a total volume of up to EUR 20 million. A nominal amount of EUR 4.6 million of the bond had been subscribed as at the balance sheet date, with a nominal amount of EUR 5.3 million subscribed and EUR 14.7 million freely available as at the balance sheet date.

As a positive overall Group result was achieved again in the financial year, equity increased in absolute terms. With a slightly higher equity ratio of 37.0% (previous year: 34.1%), the asset situation can still be described as orderly.

Operating business performance in the first quarter of 2024 was good at all operating subsidiaries despite the ongoing indirect effects of the war in Russia/Ukraine and the conflict in the Middle East. From April 2024, the lower call-offs of two main customers in the MS XTEC segment will have a dampening effect. At the time the 2023 Group management report was prepared, the net assets, financial position and results of operations were in order. For the revised call-off forecasts of the two MS XTEC customers and the effects of the war in Russia/Ukraine and the conflict in the Middle East, please refer to the comments in the forecast report.

Munich, 19. April 2024

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