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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



EXTRACTS FROM THE GROUP'S MANAGEMENT
REPORT FOR THE FINANCIAL YEAR 2024

MS Industrie AG





The secret to getting ahead
is getting started.

Mark Twain



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



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

In the 2024 financial year, MS Industrie AG generated consolidated **revenue** of around **EUR 171 million** in total. This represents a decrease of around **-31.5%** compared to the previous year's revenue (according to HGB: EUR 250 million). This decline was mainly due to the sale and deconsolidation of the Ultrasonic Technology segment in mid-2024, but also to the decline in incoming orders in the Drive Technology segment after the start of the year, which had a drastic impact in the second half of 2024.

The development of the various key earnings figures subsequently deviated significantly from the original annual plan. The **consolidated net result for the year** after income taxes amounted to **EUR -3.9 million** (previous year according to HGB: EUR +4.6 million) with a significantly improved **equity ratio** of **44.0%** (previous year according to HGB: 35.1%) 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 2024 financial year and the further outlook:

- The business situation in the Drive Technology segment ("MS XTEC") was still reasonably stable in the first quarter of 2024, but then slipped gradually due to a sharp drop in demand and ultimately recorded a year-on-year decline of **-17.9%** with revenue totaling EUR 140 million; despite various counter-measures, only a slightly negative operating result (EBIT) was therefore achievable.
- Following the hall expansion at the Trossingen site completed in the previous year with around 3,500 m² of additional production space, the **automation / digitalization** of production using new robotics systems was largely completed in the 2024 financial year; the positive effects of the investment programme of the last three years will therefore be fully felt from the beginning of 2025.
- As part of the **internationalization** of the MS XTEC segment, the new location in the USA, namely in **Charlotte, North Carolina**, was opened and equipped with the first two 5-axis machining systems. The rented plant covers around 1,600 m² of floor space. On the North American market, we see interesting growth potential for complex and automated machining in small to medium batch sizes, also in sectors beyond the traditional commercial vehicle sector, e.g. medical technology, aviation, spare parts, defense and industry, based on our first existing customers.
- **The outlook** for MS XTEC in 2025 is clearly positive again, as the decline in demand due to the reduction of buffer stocks throughout the truck supply chain has been overcome and the demand for heavy trucks in Europe is stabilizing again. The order backlogs for the following 6 months have risen again by **+12%** since 31.12.2024, and further improvements have been announced for the second half of 2025.

- In addition, MS XTEC achieved a major milestone at the beginning of 2025 with a long-standing, renowned customer for heavy-duty off-road engines, namely the **expansion of the product range** to be supplied and the **extension of the contract** until the end of 2030 for Europe and America. The expected cumulative business volume for the next six years is over EUR 100 million.
- The ultrasonic technology segment ("**MS Ultrasonic Technology Group**", or "MS UTG" for short) continued to develop very positively compared to the previous year and a majority stake was **sold** to Schunk Sonosystems GmbH, based in Wetztenberg, with effect from July 5, 2024. Since the completion of the transaction, MS UTG has been fully consolidated in the Schunk Group. The remaining 49% stake in the MS Industrie Group is now only consolidated using the equity method ("at equity").
- **Schunk Sonosystems GmbH** is part of the Schunk Group based in Heuchelheim / Hesse, an internationally active technology group with approx. 9,600 employees in 26 countries and a total turnover of over 1.6 billion euros. The shareholder of the Schunk Group is the Ludwig Schunk Foundation.
- We have been working for some time on expanding the "MS Ultrasonic Technology Group" into a full-service ultrasonic provider and have found the ideal complementary partner for our **ultrasonic plastics** activities in Schunk Sonosystems – the global market leader for ultrasonic metal **welding**. This merger will strengthen the Spaichingen, Ettlingen and Howell / USA sites in the long term. In addition, MS UTG will benefit enormously from the global presence, network and know-how of the entire Schunk Group in the long term.
- The MS UTG / Schunk transaction had very positive effects on the balance sheet of the MS Industrie Group, in particular the significant **reduction in net debt** by around EUR 34 million with corresponding relief in the area of interest expenses, but also the significant **increase in the equity ratio** to 44% of the balance sheet total.

The Group's order backlog in the remaining MS XTEC segment amounted to around EUR 82 million at the beginning of 2024 and had recovered to around **EUR 81 million** by March 2025 after bottoming out at the end of September 2024 (around EUR 61 million). Despite the current international crises and political

uncertainties, we expect the MS Industrie Group to **perform well again** in the coming years.

The price of the **MS Industrie share** (WKN 585518; ISIN DE0005855183), which started at an average level of EUR 1.80 / share, fell significantly by -27% to a closing price of EUR 1.32 / share in the course of 2024. The share price has currently recovered to **an average of +/- EUR 1.70 / share**, which we believe is still characterized by uncertainties regarding the remaining outlook for 2025 and the timeline for the sale of non-strategic assets and investments.

We will continue to focus on the **steady, profitable growth** of the MS Industrie Group while further reducing risks and dependencies. We are convinced that the best foundations and conditions for this have been created in the XTEC segment with the completion of the last major investment cycle and the establishment of a new location in the USA.

Our special thanks go to all employees of MS Industrie AG, who once again mastered the challenges of 2024 together with great commitment, perseverance and team spirit.

Yours sincerely,



Dr. Andreas Aufschnaiter



Armin Distel

Munich, April 29, 2025

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**:

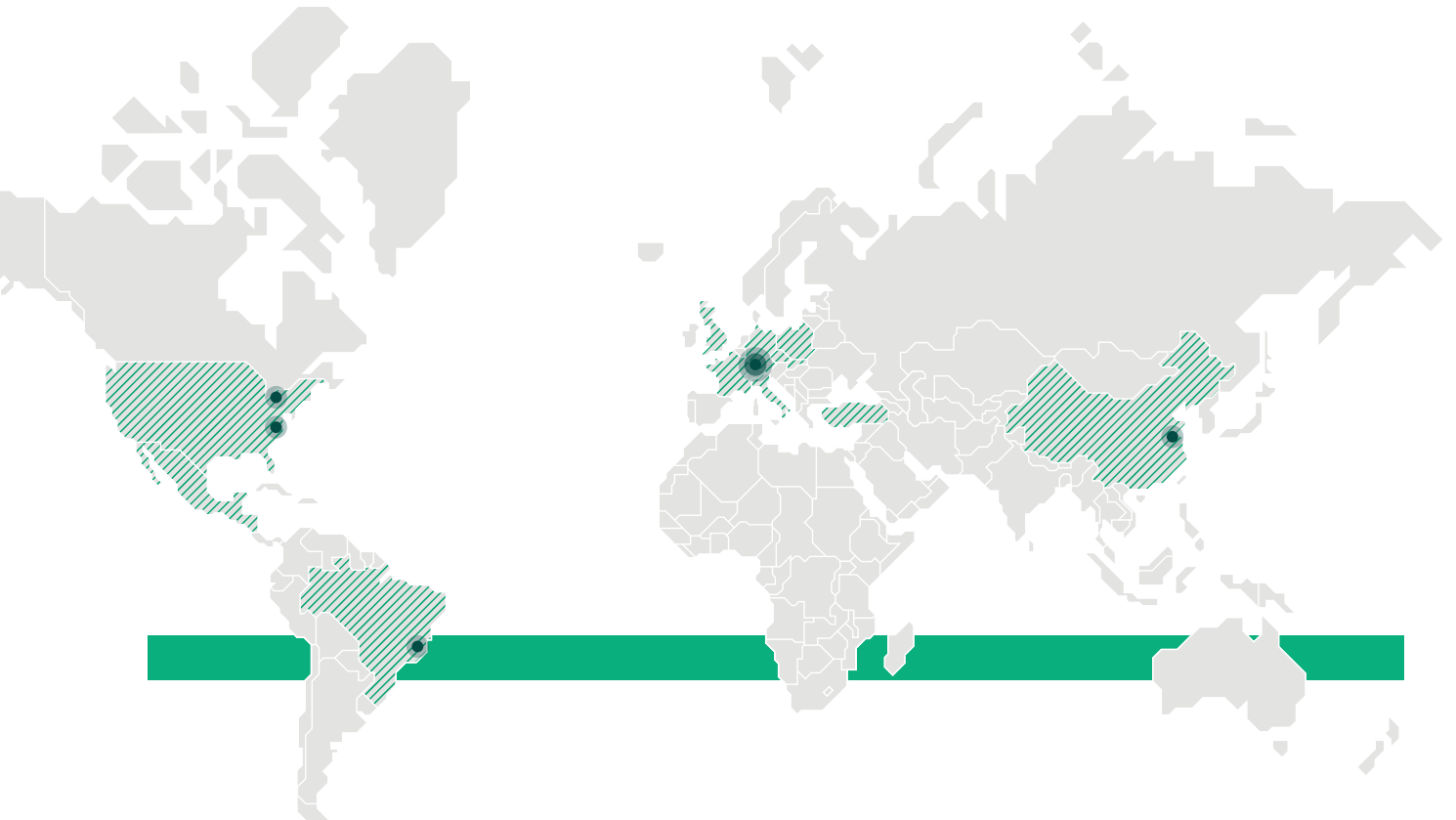
- **MS Ultrasonic Technology, L.L.C.**
in Howell, Michigan: 2,400 m²
- **MS XTEC, L.L.C.**
in Charlotte, North Carolina: 2,000 m²

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 XTEC 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

(49% since 5 July 2024)

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 internationally and independently of the industry – since 5 July 2024 under the majority management of Schunk Sonosystems GmbH. As an innovation leader in ultrasonic plastics technology, it offers high-performance complete solutions in the field of joining and processing technology for thermoplastics, films and textiles as well as food cutting with flexible custom machines, innovative series machines, modular systems and efficient components.



Overview of key figures

Annual report 2024

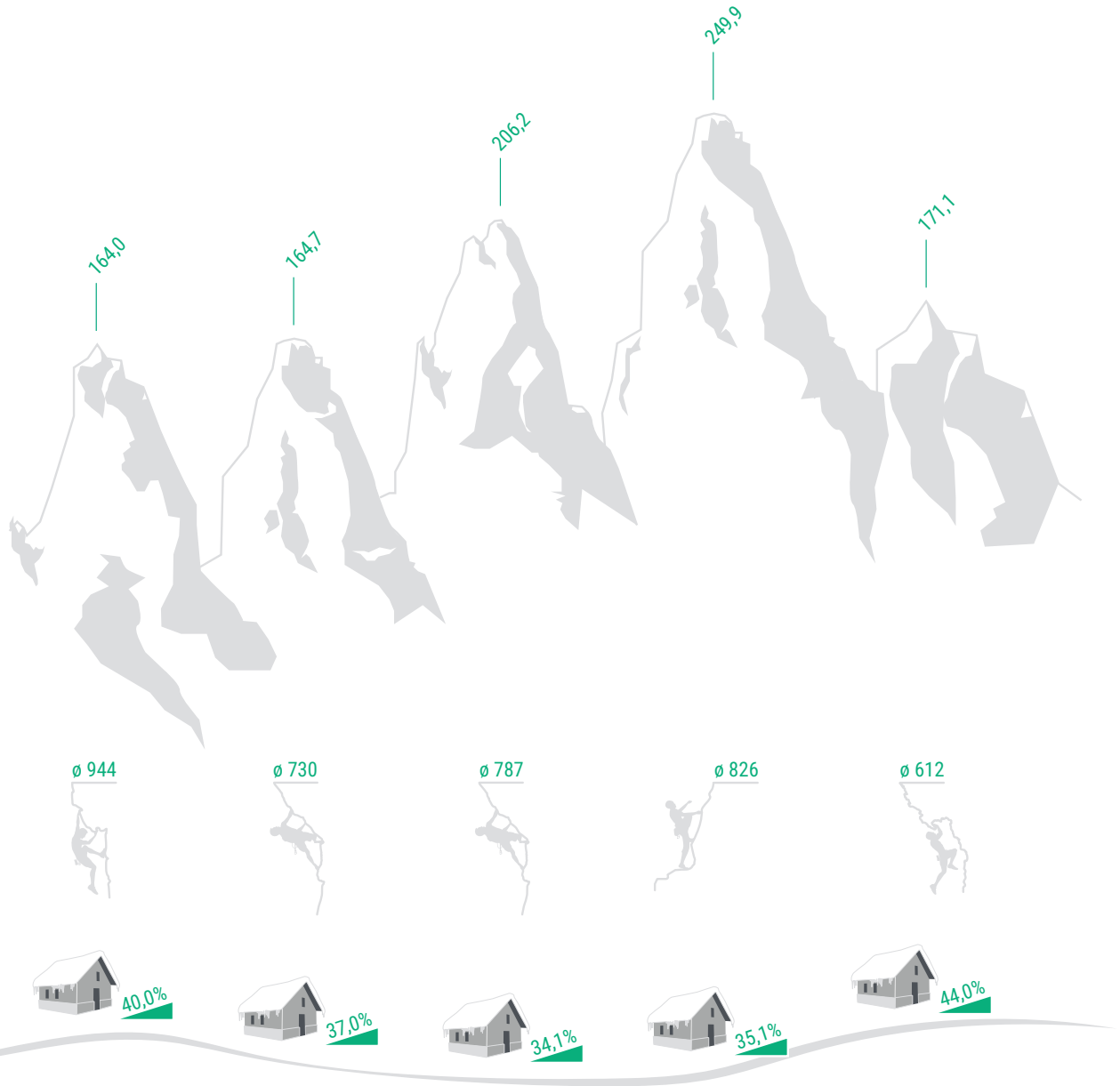
MS INDUSTRIE GROUP, ACCORDING TO GERMAN GAAP, AUDITED, IN TEUR


Balance sheet key figures	31.12.2023	31.12.2024
Total assets	184,479	137,609
Equity	64,833	60,512
Equity ratio (%)	35,1 %	44,0 %
Trade receivables	31,152	9,754
Liquid funds (Cash and cash equivalents ./ Current accounts)	-26,880	-4,028
Net working capital (Inventories + Trade receivab. ./ Trade payables)	59,475	11,057

Cashflow key figures	2023	2024
Cashflow from operating activities	21,145	4,153
Cashflow from investing activities	-6,745	29,195
Cashflow from financing activities	-13,484	-10,496

Income statement key figures	2023	2024
Revenues	249,930	171,151
Gross profit	123,118	82,016
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	17,972	7,506
Operating Profit (EBIT)	8,523	-1,416
Profit before income tax (EBT)	5,730	-6,392
Profit for the period after non-controlling interests (EAT)	4,558	-3,899
Consolidated earnings per share in EUR	0,15	-0,13

Income statement key figures (adjusted for non-recurring items)	2023	2024
Revenues	249,930	171,151
Gross profit	123,118	82,016
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	17,972	7,506
Operating Profit (EBIT)	8,523	-1,416
Profit before income tax (EBT)	5,730	-4,592
Profit for the year after non-controlling interests (EAT)	4,558	-2,099
Consolidated earnings per share in EUR	0,15	-0,07



 Adjusted Group revenues in € million

 Average number of employees

 Group equity ratio



MS Industrie AG, Munich

Consolidated income statement for the 2024 financial year

	2024	2023
	TEUR	TEUR
1. Sales revenue	171.151	249.930
2. Change in inventories of finished goods and work in progress	-1.006	-6.662
3. Other own work capitalized	1.667	3.499
4. Other operating income	3.114	4.878
	<u>174.926</u>	<u>251.645</u>
5. Cost of materials		
a) Expenses for raw materials, consumables and supplies and for Goods purchased	86.662	120.548
b) Expenses for purchased services	6.248	7.978
	<u>92.910</u>	<u>128.526</u>
6. Personnel expenses		
a) Wages and salaries	36.616	52.591
b) Social security contributions and pension expenses and for support	7.221	9.886
	<u>43.837</u>	<u>62.477</u>
7. Amortization of intangible assets and depreciation of property, plant and equipment	8.922	9.449
8. Other operating expenses	32.420	42.534
9. Income from investments	535	531
10. Result from investments in associated companies	279	201
11. Income from loans of financial assets	23	27
12. Other interest and similar income	319	370
13. Write-downs on marketable securities	0	85
14. Interest and similar expenses	4.332	3.837
15. Taxes on income and earnings of which from deferred taxes (kEUR -3,088; previous year: kEUR 844)	-2.493	1.173
16. Result after taxes	<u>-3.846</u>	<u>4.693</u>
17. Other taxes	53	135
18. Consolidated annual result	<u>-3.899</u>	<u>4.558</u>
19. Profit carried forward	<u>22.534</u>	<u>17.976</u>
20. Consolidated retained earnings	<u>18.635</u>	<u>22.534</u>

MS Industrie AG, Munich

31.12.2024

31.12.2023

Consolidated balance sheet as at December 31, 2024

Assets

TEUR

TEUR

	31.12.2024	31.12.2023
	137.609	184.479
A. Fixed assets	85.656	78.058
I. Intangible assets	38	3.241
1. Self-created industrial property rights and similar rights and assets	-	2.901
2. Purchased industrial property rights and similar rights and assets	38	340
II. Property, plant and equipment	66.956	71.929
1. Land, land rights and buildings	17.091	21.784
2. Technical equipment and machinery	32.280	24.915
3. Other equipment, operating and office equipment	13.200	18.445
4. Advance payments and assets under construction	4.385	6.785
III. Financial assets	18.662	2.888
1. Investments in associated companies	17.355	1.581
2. Shareholdings	1.237	1.237
3. Loans to companies in which a participating interest is held	70	70
B. Current assets	42.761	96.917
I. Inventories	18.170	51.116
1. Raw materials and supplies	13.722	24.968
2. in progress, unfinished services	2.596	21.784
3. Finished products and goods	1.852	4.085
4. Advance payments made	-	279
II. Receivables and other assets	22.304	43.303
1. Trade receivables	9.754	31.152
2. Receivables from companies in which a participating interest is held	3.860	3.573
3. Other assets	8.690	8.578
III. Securities	-	375
Other securities	-	375
IV. Cash on hand and bank balances	2.287	2.123
C. Prepaid expenses and deferred charges	1.052	1.223
D. Deferred tax assets	7.810	7.838
E. Excess of plan assets over pension liability	330	443

MS Industrie AG, Munich

31.12.2024

31.12.2023

Consolidated balance sheet as at December 31, 2024

Liabilities

TEUR

TEUR

	31.12.2024	31.12.2023
	TEUR	TEUR
	137.609	184.479
A. Equity	60.512	64.833
I. Subscribed capital	30.000	30.000
Calculated value of treasury shares	- 272	- 31
Issued capital	29.728	29.969
II. Capital reserve	7.585	7.585
III. Retained earnings	4.272	4.453
1. Legal reserve	439	439
2. Other retained earnings	3.833	4.014
IV. Equity difference from currency translation	292	292
V. Consolidated retained earnings	18.635	22.534
B. Special item for investment grants for fixed assets	277	300
C. Provisions	14.683	14.516
1. Provisions for pensions and similar obligations	1.124	1.184
2. Tax provisions	5.783	5.846
3. Other provisions	7.776	7.486
D. Liabilities	62.022	104.647
1. Bonds	8.350	4.550
2. Liabilities to banks	11.914	45.975
3. Advance payments received on orders	63	7.270
4. Liabilities from deliveries and services	16.867	22.793
5. Liabilities to companies in which participations are held		
6. Other liabilities	16	11
E. Prepaid expenses and deferred charges	24.812	24.048
	115	183

MS Industrie AG, Munich



Consolidated cash flow statement 2024 in TEUR

	2024 TEUR	2023 TEUR
Consolidated net income for the year	-3.899	4.558
+/- Amortization/depreciation/write-ups of intangible assets and property, plant and equipment	8.762	9.266
+/- Increase/decrease in provisions	1.220	-460
-/+ Decrease/increase in inventories, trade receivables and trade payables and services and other assets that are not assigned to the investment or attributable to financing activities	9.883	5.738
+/- Increase/decrease in trade payables and other liabilities that cannot be allocated to the investment or are attributable to financing activities	-14.087	-1.686
-/+ Gains/losses from the disposal of property, plant and equipment and intangible assets	-74	331
+/- Interest expenses/interest income including income from loans of financial assets	3.990	3.440
-Result from investments in associated companies	-279	-201
- Other investment income	-535	-531
+ Write-downs/write-ups on marketable securities	-25	85
+/- Losses/gains from deconsolidation	1.800	0
+/- Income tax expense/income	-2.493	1.173
-/+ Income tax payments	-110	-568
Cash flow from operating activities	4.153	21.145
- Payments for investments in intangible assets	-604	-990
+ Proceeds from the disposal of property, plant and equipment	152	264
- Payments for investments in property, plant and equipment	-5.454	-8.401
+ Proceeds from disposals from the scope of consolidation less cash and cash equivalents sold	34.880	0
+ Proceeds from the repayment of loans to participations	0	2.145
+ Proceeds from distributions received	113	118
+ Interest received	108	119
Cash flow from investing activities	29.195	-6.745
+ Proceeds from the issue of bonds	3.828	1.465
- Payments from the repayment of loans and other financial loans	-4.319	-5.334
+ Proceeds from finance lease transactions	279	0
- Payments from finance lease transactions	-6.272	-6.076
- Interest paid	-4.012	-3.539
Cash flow from financing activities	-10.496	-13.484
Cash-effective changes in cash and cash equivalents	22.852	916
+ Cash and cash equivalents at the beginning of the period	-26.880	-27.796
Cash and cash equivalents at the end of the period	-4.028	-26.880

MS Industrie AG, Munich

EXTRACTS from the Group's management report for the 2024 financial year

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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 2025, the German economy contracted slightly more than in the previous year, with a price- and calendar-adjusted decline in gross domestic product ("GDP") of -0.2% in 2024 (compared to -0.1% in 2023).

Economic and structural burdens stood in the way of better economic development in 2024. These include increasing competition for the German export industry in key sales markets, high energy costs, persistently high interest rates and an uncertain economic outlook.

Less was generated in the manufacturing industry, with gross value added falling significantly compared to the previous year (-3.0%). In particular, important sectors such as mechanical engineering and the automotive industry produced significantly less. In the energy-intensive industries - including the chemical and metal industries, for example - production remained at a low level. In 2023, it had fallen considerably as a result of the sharp rise in energy prices.

In the construction industry, gross value added fell even more sharply in 2024 compared to the previous year at -3.8%. The persistently high construction prices and interest rates meant that fewer residential buildings in particular were built. The finishing trade also suffered a decline in production. In contrast, the modernization and new construction of roads, railroad lines and pipelines led to an increase in civil engineering.

Gross fixed capital formation fell by 2.8% overall compared to the previous year. Continued high construction costs had a negative impact on construction investment. Adjusted for price, they fell by 3.5% in 2024. Residential construction recorded the biggest drop. Investment in this area fell for the fourth year in a row. Investment in equipment - which primarily includes machinery, equipment and vehicles - fell even more sharply than construction investment in 2024. Adjusted for prices, they were 5.5% lower than in the previous year.

Private consumer spending gave only weak positive signals in 2024. It rose by 0.3% on a price-adjusted basis. The slowdown in inflation and wage increases for many employees were only able to boost purchases to a limited extent. Price-adjusted consumer spending by private households on healthcare (+2.8%) and transport (+2.1%) saw the strongest growth.

At +2.6%, price-adjusted government consumption expenditure increased significantly more than private consumption expenditure in 2024. The increase was due in particular to the marked rise in social benefits in kind provided by the state. Social insurance, for example, spent more money on hospital treatment, medication and care, among other things. In the case of regional authorities, consumption rose primarily due to changes in social legislation in the area of youth and integration assistance.

The difficult economic situation in 2024 was also reflected in foreign trade. Exports of goods and services fell by 0.8%. Among other things, this was due to lower exports of electrical equipment, machinery and motor vehicles. Price-adjusted imports, on the other hand, rose slightly by 0.2% compared to the previous year, driven primarily by stronger imports of services.

According to preliminary calculations, state budgets ended 2024 with a financing deficit of 113 billion euros. This was around EUR 5.5 billion more than in 2023. The federal states, municipalities and social insurance increased their financing deficit, primarily due to higher expenditure on social benefits in kind and monetary social benefits. This was primarily due to higher expenditure on pensions. Significantly more was also spent on care allowances and citizens' benefits.

In contrast, the federal government was the only sub-sector to reduce its deficit. The fact that the measures to mitigate the energy crisis - in particular the gas and electricity price brakes - expired at the end of 2023 had a particularly positive effect. In relation to GDP at current prices, this results in a deficit ratio of 2.6% for Germany in 2024. This is the same as in the previous year and below the reference value of 3% from the European Stability and Growth Pact.¹

Gross domestic product ("GDP") fell by -0.2% in the 4th quarter of 2024 compared to the 3rd quarter of 2024 - adjusted for price, seasonal and calendar effects. While private and government consumer spending increased according to preliminary findings, price, seasonally and calendar-adjusted exports were significantly lower than in the previous quarter. The German economy therefore ended the year 2024, which was characterized by economic and structural challenges, in the red.²

In December 2024, German exports rose by 2.9% and imports by 2.1% compared to November 2024, adjusted for calendar and seasonal effects. According to preliminary results from the Federal Statistical Office (Destatis), exports grew by 3.4% and imports by 4.5% compared to December 2023. Adjusted for calendar and seasonal effects, exports fell by -1.0% year-on-year in 2024 as a whole, while imports decreased by -2.8%. In December 2024, calendar and seasonally adjusted goods worth EUR 131.7 billion were exported from Germany and goods worth EUR 111.1 billion were imported into Germany. The foreign trade balance therefore closed with a surplus of EUR 20.7 billion in December 2024. In November 2024, the calendar and seasonally adjusted balance of foreign trade statistics amounted to +19.2 billion euros, in December 2023 it had been +21.1 billion euros.³

The number of corporate insolvencies rose significantly by 24.3% to 22,400 cases in 2024 (2023: 18,020 cases), following an increase of over 20% in the previous year. Continued high interest rates, persistently high energy prices and other economic and structural factors are causing problems for many companies. Micro-enterprises with a maximum of ten employees account for the majority of corporate insolvencies at 81.4%. What is striking, however, is the disproportionate increase in larger companies with over 250 employees, whose insolvency figures have risen by 44.4%. Due to the persistently difficult economic conditions and the recent economic policy standstill, the number of corporate insolvencies is expected to continue to rise in 2025.⁴

In the USA and Canada - still MS Industrie AG's most important sales market outside the EU with a total share of around 14.8% (previous year: 15.) of Group sales in 2024 - economic development in 2024 was once again significantly higher than in Germany, with real GDP growth of around+ 2.8%.⁵

¹ Source: Federal Statistical Office (Destatis), press release 019/25, January 15, 2025.

² Source: Federal Statistical Office (Destatis), press releases 039/25 and 069/25, dated January 30 and February 25, 2025.

³ Source: Federal Statistical Office (Destatis), press release 048/25, dated February 07, 2025.

⁴ Source: Roland Berger, "The German economy in 2025", Jan. 2025.

⁵ Source: "BEA" (Bureau of Economic Analyses), as of Jan. 30, 2025.

In this global economic environment, the US dollar/euro exchange rate fluctuated between USD 1.12 and USD 1.04 over the course of 2024. At USD 1.04 at the end of the year, the euro exchange rate was slightly lower than at the start of the year at USD 1.11.

This development should also be seen against the backdrop of a further decline in the European market for heavy commercial vehicles over 16 tons in 2024, with a drop in registrations of -8.1% in the 1st-4th quarter of 2024 compared to the same period of the previous year (drop in registrations in Germany: -12.7%). Diesel trucks continued to dominate in the 2024 financial year, accounting for 95.1% of new registrations in the EU, which corresponds to a decline of -6.2% compared to the same period of the previous year. Electrically rechargeable trucks maintained their market share at 2.3% compared to the previous year (source: "ACEA" - "Association des Constructeurs Européens d'Automobiles", Brussels, as at January 28, 2024). As the market for heavy commercial vehicles over 16 tons is the most relevant sales market for the "MS XTEC" segment of the MS Industrie Group, these figures are generally cautious; the Executive Board does not expect truck registration figures in the heavy-duty segment to increase again until 2026.⁶

The key truck sales markets declined as expected. In North America, the market for heavy trucks (class 8) fell by -7% to 308 thousand units. New registrations of heavy trucks in the EU30 region (European Union, United Kingdom, Switzerland and Norway) also declined. The market volume fell by -8% to 315 thousand units in the reporting year. The Brazilian market for heavy trucks recovered significantly with growth of compared to the previous year. In Japan, the market volume of heavy trucks rose by +11%, while the market in China declined by -3%.⁷

1.b. Group business performance

While the 2023 financial year for the MS Industrie Group was characterized by signs of a clear economic recovery, the 2024 financial year for the MS Industrie Group was, as expected, characterized by a weak order intake and a decline in sales, primarily due to the continued gloomy economic conditions. In the "MS XTEC" segment, call-offs from truck customers in particular have fallen noticeably compared to the plan. The Executive Board and management attribute this to a reduction in inventories across the entire truck supply chain, which had built up in previous years as a result of precautionary planning by OEMs due to the negative experiences from the supply chain crisis, as well as to a "pre-buy" effect due to mandatory assistance systems for new trucks from mid-2024.

As expected, the 2024 financial year for the MS Industrie Group was also characterized by significantly lower sales compared to the previous year due to the sale of a majority stake of 51% in the "Ultrasonics" division to the "Schunk Group" with effect from July 5, 2024. In the 2024 financial year - following the sale of the "Ultrasonics" activities at the beginning of July - this applies geographically to the Group's US site in Howell, Michigan/USA and, in terms of segment, to the "Ultrasonic" segment, in addition to the German site in Spaichingen.

The key figures for the transaction, which will dominate the 2024 financial year in terms of earnings and liquidity, can be summarized as follows:

The wholly owned subsidiary MS Technologie Group AG, Munich, sold 51% of the ultrasonic activities of the MS Industrie Group at the German site in Spaichingen and at the Group's US site in Howell, Michigan/USA (in 2023: total sales of around EUR 81 million) to the Schunk Group by way of a share deal with effect from July 5, 2024. EUR 81 million) with

⁶ Source: "ACEA", Heavy commercial vehicle registrations, January 28, 2025.

⁷ Source: "Daimler Truck AG", Annual Report 2024, Combined Management Report, p. 43.

the associated machinery, current assets, liabilities and employees to the Schunk Group for a total purchase price of EUR 17.6 million. The sale resulted in a negative deconsolidation result totaling around EUR -1.8 million in the financial year.

The transaction involved the sale of 51% of the shares in MS Ultraschall Technologie GmbH, Spaichingen, including its two wholly owned US subsidiaries MS Ultrasonic Technology, LLC and MS Technology, Inc, both in Howell, Michigan/USA, after the US subsidiary MS Land & Buildings, LLC with its commercial property in Webberville, Michigan/USA, leased to the Gnutti Carlo Group/USA, had previously been sold within the Group to MS TEC Holding, Inc., Charlotte, NC/USA, in which MS XTEC GmbH, Trossingen, holds 100% of the shares. Also sold were 100% (calculated as 51%) of the shares held by MS Ultraschall Technologie GmbH in MS Enterprise Holding Ltda, Sao Paulo, Brazil , and 50% (calculated as 26%) of the indirectly held shares in Shanghai MS soniTEC Co, Ltd., Shanghai/China, and 42.5% (22%) of the indirectly held shares in WTP Ultrasonic Industria e Comercio de Maquinas Ltda. , Contagem City/Brazil.

Following completion of the transaction on July 5, 2024, the "Ultrasonic Technology" segment will be fully consolidated in the "Schunk Group" in future. The remaining minority interest staying in the MS Industrie Group will be accounted for using the equity method ("at equity"). This strategic measure will reduce the annual turnover of the MS Industrie Group by around EUR 70 million p.a.

As of the third quarter, the **Ultrasonic Technology** segment with MS Ultraschall Technologie GmbH and subsidiaries ("MS Ultrasonic" - "MS UTG") is therefore no longer included: **Development, manufacture and sale of industrial ultrasonic welding technology, special machines and series machines, systems for packaging materials and components** as part of full consolidation.

Due to the fact that the remaining 49% interest in MS Ultraschall Technologie GmbH, Spaichingen, will be accounted for by the MS Industrie Group using the equity method ("at equity") from July 5, 2024, the direct effects of the transaction on the MS Industrie Group for the full year 2024 are as follows:

- Reduction in Group sales of around EUR 35 million (sales in the second half of the year),
- Significant reduction in the Group's net debt by around EUR 34 million,
- Reduction in the consolidated balance sheet total by around EUR 62 million,
- Increase in the Group equity ratio to around 44% of the consolidated balance sheet total,
- Reduction in the number of employees by around 380.

In future, the industrial focus of MS Industrie AG will once again concentrate on the "MS XTEC" segment with its core competence in high-precision and flexible automated metal processing for a wide range of customer industries. In the current year, MS Industrie AG generated sales of around EUR 139 million at MS XTEC with significant planned increases in the coming years, underpinned by multi-year orders. The cash inflow from the transaction totaling around EUR 35 million was used to repay most of the bank liabilities of MS XTEC GmbH, Trossingen.

As the "Ultrasonic Technology" division will be fully consolidated in the Schunk Group from the third quarter onwards, the following comments mainly relate to the business of the "**Drive Technology**" division, also known as "**MS XTEC**" for short. Please refer to the unaudited interim financial statements as at June 30, 2024, published on the website at <https://www.ms-industrie.de/investor-relations/finanzberichte/> on August 22, 2024, for information on the development of the "Ultrasonic Technology" division in the first half of the year.

Unfortunately, the business situation in the main operating segment "MS XTEC" was very unstable in the financial year and capacity utilization was low from the second quarter onwards. The call-off volumes of key customers were well below plan. Sales development in the "MS XTEC" segment was therefore significantly below plan and below the previous year's sales. The order backlog in the "MS XTEC" segment totaled around EUR 72 million at the end of 2024 (previous year: EUR 82 million), which was also significantly lower than the order backlog at the end of the previous year at around -12%.

The European truck market, which accounts for around 71% of MS XTEC's turnover, is currently in recession, which is having a significant impact on business development. However, a recovery is expected in the coming years. This optimism is partly due to the expected growth in demand as truck fleets age and major customer "Traton" introduces a new standardized diesel engine for all brands. In the longer term, new areas into which the company is slowly penetrating could become more important for growth. **Conclusion:** The company is characterized by high efficiency, flexible automation, long-term contracts with large companies and continuous expansion into new markets.

The total number of employees in the "MS XTEC" segment fell slightly from 419 employees (excluding temporary workers and trainees) at the end of December 2023 to 398 employees at the end of December 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.

In the 2024 financial year, the Group's earnings situation declined year-on-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, due to the economic situation and capacity utilization.

The Group's sales also declined in the 2024 financial year. Consolidated total revenue amounted to around EUR 171.2 million in the 2024 financial year (previous year: EUR 249.9 million) and was therefore significantly below the revenue forecast of around EUR 231 million in spring 2024 and significantly below the previous year's revenue. In addition, the key earnings figures EBITDA (-58.2%), EBIT (-116.6%), EBT (-211.5%), earnings per share (EUR -0.13/share; previous year: EUR 0.15/share) and EBIT margin (-4.24 percentage points) developed significantly more negatively than in the previous year, in some cases significantly more negatively than expected during the year. The gross profit margin (47.9%) fell by 1.3 percentage points compared to the forecast in spring 2024. In addition to the reasons mentioned above, this is primarily due to the sale of the ultrasonic division during the year.

Cash flow from operating activities in the 2024 financial year was significantly below the previous year's level and cash flow from financing activities was also well below the forecast. The Group's cash and cash equivalents increased slightly in the reporting period from EUR 2.1 million at the beginning of the financial year to EUR 2.3 million as at December 31, 2024. The slight increase of EUR+ 0.2 million in the 2024 financial year is primarily to the positive cash flow from investing activities.

In absolute terms, the change in Group equity (-6.7%) is below the forecast, in line with the earnings trend. In contrast, the equity ratio increased from 35.1% to 44.0% in line with the forecast, while total assets fell significantly from EUR 184.5 million to EUR 137.6 million. The net gearing ratio (previous year: 102.8%) fell significantly to 68.6%.

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 2024, 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 short-term decline in volume not foreseen in the 2024 annual plan, a significant reduction in staff was implemented in the 2024 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 level of innovation, in our opinion, as well as to continue to ensure ongoing delivery capability in all business areas and product divisions. All of this was implemented as planned and the Group's research and development expenses fell significantly from EUR 4.7 million to EUR 0.6 million in the financial year - primarily due to the deconsolidation of the ultrasonic division. Delivery capability was always ensured in the reporting year and we believe that customer satisfaction remains very high.

1.c. Position of the Group

All figures are calculated in accordance with German commercial accounting regulations (Sections 242 et seq. of the German Commercial Code (HGB)) and the provisions of the German Stock Corporation Act (AktG).

Earnings situation

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

Unadjusted for special items:	1.1. to 31.12.2024		1.1. to 31.12.2023		Changes	
	KEUR	%	KEUR	%	KEUR	%
Sales revenues	171.151	100,0	249.930	100,0	-78.779	-31,5
Other operating income	3.114	1,8	4.878	2,0	-1.764	-36,2
Cost of materials incl. changes in inventories	92.249	53,9	131.690	52,7	-39.441	-29,9
Gross profit	82.016	47,9	123.119	49,3	-41.103	-33,4
Personnel expenses	43.837	25,6	62.477	25,0	-18.640	-29,8
Other operating expenses	30.673	17,9	42.669	17,1	-11.996	-28,1
Earnings before interest, taxes, depreciation and amortization (EBITDA)	7.506	4,4	17.973	7,2	-10.467	-58,2
Depreciation and amortization	8.922	5,2	9.449	3,8	-527	-5,6
Operating result (EBIT)	-1.416	-0,8	8.523	3,4	-9.940	-116,6
Financial result	-3.455	-2,0	-2.994	-1,2	-461	15,4
Extraordinary result and result from associated companies	-1.521	-0,9	201	0,1	-1.722	-856,7
Consolidated earnings before taxes (EBT)	-6.392	-3,7	5.731	2,3	-12.123	-211,5
Income taxes (expense +, income -)	-2.493	-1,5	1.173	0,5	-3.666	-312,5
Consolidated net income (EAT)	-3.899	-2,3	4.558	1,8	-8.457	-185,5

In the 2024 financial year, external sales in the "Drive Technology" segment were around -17.6% below the previous year's sales. The sales of the "Ultrasonic" segment are only comparable with the sales of the previous year to a very limited extent, as the sales of this segment are only included in the 2024 consolidated financial statements for the first two quarters due to the sale and deconsolidation of the MS Ultrasonic Group during the year. In total, sales for the first two quarters are around -25.1% lower than in the same period of the previous year.

Following a significant increase of around+ 19.7% in the previous year, external sales revenues fell again significantly by around -31.5% to around EUR 171.2 million in the reporting period. The previous year's forecast of a moderate decline in sales of only around -8% to around EUR 231.0 million was therefore not fulfilled. This sharp fall in sales is attributable to the weaker business in the "Drive Technology" segment, mainly due to the decline in customer call-offs, as well as to the sale of the "Ultrasonic" segment during the year.

Geographically, there were again clear differences in the sales trend: While the domestic market, which continues to be the strongest market in terms of sales, recorded a significant decline in industrial sales of around -25.3% and exports to

the EU, the second strongest foreign market in terms of sales, fell by around -38.7% in the reporting year, the equally significant decline in sales in the North America/Canada region, the strongest foreign market with a consolidated sales share of 14.8%, amounted to around -35.2%.

Sales primarily include the external sales revenues of the MS XTEC Group in the amount of EUR 139,990 thousand (previous year: EUR 169,843 thousand) and the MS Ultrasonic Group in the amount of EUR 30,780 thousand for the first half of 2024 (previous year: EUR 81,224 thousand for the full year 2023).

We are therefore not satisfied with the sales performance of the MS Group as a whole or in terms of regions. The operating performance of the various earnings levels is also still below our expectations.

Other operating income includes, in particular, income from the reversal of provisions and other accrued liabilities as well as other prior-period income totaling EUR 752 thousand (previous year: EUR 2,417 thousand). It also includes exchange rate gains of EUR 1,181 thousand (previous year: EUR 1,030 thousand).

The gross profit margin (gross profit = sales revenues including changes in inventories and other income less cost of materials) in relation to sales revenues amounted to 47.9% in the financial year (previous year: 49.3%). The slight decline in percentage terms is primarily due to the lower other operating income, while the cost of materials ratio increased slightly to 53.9% (previous year: 52.7%). The latter is due to the elimination of sales revenues in the "Ultrasonic" segment from the third quarter of 2024.

Personnel expenses fell significantly by around -29.8% compared to the previous year, almost in proportion to the overall reduction in the number of employees, with an average headcount of 612 permanent employees, excluding temporary staff and trainees (previous year: 826 employees). The main reason for this is the sale of the "Ultrasonic" segment during the year.

In the financial year, after a significant reduction in other operating expenses, which fell by a total of EUR -12.0 million to EUR 30.7 million, earnings before interest, taxes, depreciation and amortization (EBITDA) were significantly lower at EUR 7.5 million (previous year: EUR 18.0 million).

Although scheduled depreciation and amortization decreased slightly by EUR -527 thousand from EUR 9,449 thousand in the previous year to EUR 8,922 thousand in the financial year due to the consistently high investment rate, it remained virtually unchanged in absolute terms, as expected.

After significantly lower personnel expenses and slightly lower depreciation and amortization as well as a disproportionately low decrease in other operating expenses (including other taxes) compared to sales, the result for the financial year was a significant deterioration in earnings before interest and taxes (EBIT) of EUR -1.4 million (previous year: EUR+ 8.5 million).

The EBIT margin, based on sales revenues, amounted to around -0.8% in the financial year (previous year: + 3.4%). As described above, the significant deterioration in the EBIT margin is primarily due to the decline in sales revenues.

On balance, the financial result deteriorated by around -15.4% compared to the previous year. The main reason for this is the changed interest rate environment, which led to significantly higher interest expenses, particularly with regard to the Group's short-term, variable-interest loans. In contrast, the increasing reduction in debt had a positive impact on the financial result. The financial result includes financial income of EUR 877 thousand (previous year: EUR 928 thousand) and financial expenses of EUR 4,332 thousand (previous year: EUR 3,922 thousand).

In the financial year, the result from associated companies in the amount of EUR 168 thousand (previous year: EUR 0 thousand) resulted from the first-time subsequent measurement of the 49% minority interest in MS Ultraschall Technologie GmbH, Spaichingen, using the equity method. In the previous year, the result from associated companies in the amount of EUR 201 thousand resulted from the at-equity valuation of the minority interest in WTP Ultrasonic Industria e Comercio de Maquinas Ltda, Contagem City, Brazil, which was sold with MS Ultraschall Technologie GmbH, Spaichingen, in the financial year.

The sale of the MS Industrie Group's "ultrasonic" activities at the German site in Spaichingen and the Group's US site in Howell, Michigan/USA, resulted in a negative deconsolidation result totaling around EUR -1.8 million before taxes in the financial year.

The reconciliation from the unadjusted key figures to the adjusted key figures in the 2024 financial year is as follows

	1.1. to 31.12.2024			
	Unadjusted	Elimination of extraordinary effects	Adjusted	Adjusted
	TEUR	TEUR	TEUR	%
Sales revenues	171.151	0	171.151	100,0
Gross profit	82.016	0	82.016	47,9
Earnings before interest, taxes, depreciation and amortization (EBITDA)	7.506	0	7.506	4,4
Operating result (EBIT)	-1.416	0	-1.416	-0,8
Consolidated earnings before taxes (EBT)	-6.392	1.800	-4.592	-2,7
Consolidated earnings after taxes (EAT)	-3.899	1.800	-2.099	-1,2

The change in the key figures adjusted for special items ("one-off effects") is therefore summarized as follows for the respective financial years, whereby no adjustments are necessary for 2023:

	1.1. to 31.12.2024		1.1. to 31.12.2023		Changes, adjusted	
	Ad-justed	Ad-justed	Ad-justed	Ad-justed	23 / 24	23 / 24
	TEUR	%	TEUR	%	TEUR	%
Sales revenues	171.151	100,0	249.930	100,0	-78.779	-31,5
Gross profit	82.016	47,9	123.119	49,3	-41.103	-33,4
Earnings before interest, taxes, depreciation and amortization (EBITDA)	7.506	4,4	17.973	7,2	-10.467	-58,2
Operating result (EBIT)	-1.416	-0,8	8.524	3,4	-9.940	116,6
Consolidated earnings before taxes (EBT)	-4.592	-2,7	5.731	2,3	-10.323	180,1
Consolidated earnings after taxes (EAT)	-2.099	-1,2	4.558	1,8	-6.657	146,1

At EUR -6.4 million, the unadjusted consolidated earnings before taxes (EBT) are clearly negative and have deteriorated significantly compared to the previous year. In the previous year, the Group achieved a positive pre-tax result of EUR+ 5.7 million. Adjusted consolidated earnings before taxes (EBT) are also significantly lower than in the previous year, amounting to EUR -4.6 million.

The unadjusted consolidated net result after income taxes (EAT) is also significantly lower than in the previous year and amounted to EUR -3.9 million (previous year: EUR+ 4.6 million). The adjusted consolidated net result for the year after income taxes (EAT) is also significantly lower than in the previous year and amounts to EUR -2.1 million.

Adjusted consolidated earnings per share for the year deteriorated significantly year-on-year from EUR +0.15 per share in the previous year to EUR -0.07 per share in the financial year.

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 an 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

	2024 TEUR	2023 TEUR
Cash flow from operating activities	4.153	21.145
Cash flow from investing activities	29.195	-6.745
Cash flow from financing activities	-10.496	-13.484
Net increase/decrease in liquid funds	22.853	916
Liquid funds at the beginning of the period	-26.880	-27.796
Liquid funds at the end of the period	-4.028	-26.880

The positive development of liquid funds (cash and cash equivalents less current account liabilities) is primarily due to the positive cash flow from investing activities.

The cash flow from operating activities primarily reflects a significant decline in net income for the year. At EUR 34.9 million, the clearly positive cash flow from investing activities includes in particular the proceeds from the disposal of fully consolidated subsidiaries less cash and cash equivalents disposed of in the 2024 financial year. Although the proceeds from the sale were primarily used to repay bank loans, the negative liquid funds of the Ultrasonic Technology segment in the amount of EUR 22.0 million were also deconsolidated, resulting in a significant improvement in the Group's financial position. Some of the investments in the financial year were again made through hire-purchase finance leases that were not cash-effective at the time of investment (EUR 10.8 million; previous year: EUR 7.3 million).

As at December 31, 2024, cash and cash equivalents amounted to EUR 2.3 million (previous year: EUR 2.1 million). In addition, unused overdraft facilities amounting to EUR 3.3 million (previous year: EUR 3.5 million) are available.

Financial situation

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

	31.12.2024		31.12.2023		Changes	
	TEUR	%	TEUR	%	TEUR	%
ASSETS						
Fixed assets	85.656	62,2	78.058	42,3	7.598	9,7
Current assets/ ARAP	44.143	32,1	98.583	53,4	-54.440	-55,2
Deferred tax assets	7.810	5,7	7.838	4,3	-28	-0,4
Total assets	137.609	100,0	184.479	100,0	-46.870	-25,4

	31.12.2024		31.12.2023		Changes	
	TEUR	%	TEUR	%	TEUR	%
EQUITY AND LIABILITIES						
Equity	60.512	44,0	64.833	35,1	-4.321	-6,7
Special item for investment grants for fixed assets	277	0,2	300	0,2	-23	-7,7
Borrowed capital/ PRAP	76.820	55,8	119.346	64,7	-42.526	-35,6
Total liabilities	137.609	100,0	184.479	100,0	-46.870	-25,4

Our Group's fixed assets increased by around+ 9.7% in the financial year and changed significantly in relation to total assets, accounting for around 62.2% (previous year: around 42.3%). The main reason for the increase in fixed assets in the financial year is mainly the additions from the first-time consolidation of the minority interest in MS Ultraschall Technologie GmbH, Spaichingen, using the equity method, amounting to around EUR 17.4 million. This is offset by the scheduled amortization of intangible assets and depreciation of technical equipment and machinery as well as the disposal of intangible assets and technical equipment and machinery in the course of the sale of the Ultrasonic division.

The significant decrease in current assets and ARAP of around -55.2% is primarily due to significantly lower inventories and significantly lower trade receivables, while cash and cash equivalents increased slightly. In relation to total assets, the percentage share of current assets and ARAP fell significantly to around 32.1% at the end of the financial year (previous year: around 53.4%).

Net working capital (inventories and customer receivables less trade payables) amounted to EUR 11.1 million as at December 31, 2024 (previous year: EUR 59.5 million), a significant decrease of around -81% compared to the previous year.

The decrease in equity, which fell slightly in absolute terms by EUR -4.3 million compared to December 31, 2023 to EUR 60.5 million (previous year: EUR 64.8 million), is mainly due to the negative consolidated net result for the year of EUR -3.9 million (previous year: positive consolidated net result for the year of EUR +4.6 million). The Group's equity ratio has increased significantly compared to December 31, 2023 and is around 44.0% (December 31, 2023: 35.) with a significant decrease in total assets of around -25.4% as at the reporting date.

With regard to the disclosure obligation in accordance with Section 160 (1) No. 2 AktG, please refer to the corresponding information in the notes to the consolidated financial statements.

The Group's borrowed capital/PRAP fell significantly by around -35.6% to EUR 76.8 million. The previous year's forecast of a significant reduction in the gearing ratio in the financial year was also confirmed, with total assets falling significantly by around -25.4%.

The Group's net gearing ratio (defined as net debt/equity) improved massively from 106.1% at the end of 2023 to 68.6% 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 2024 financial year was characterized by the concentration on the remaining Drive Technology segment ("MS XTEC") and the strategic sale of 51% of the "Ultrasonics" activities of the MS Industrie Group in the form of 51% of the shares in MS Ultraschall Technologie GmbH, Spaichingen, including its wholly owned US subsidiaries MS Ultrasonic Technology, LLC and MS Technology, Inc. both based in Howell, Michigan/USA.

The financial position at the end of 2024 and currently - with sufficiently high freely available bank lines - can still be described as orderly. All subsidiaries are still able to meet their payment obligations from ongoing business operations.

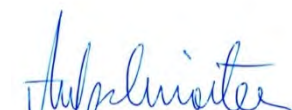
As no positive consolidated result was achieved in the financial year, equity fell in absolute terms. With a significantly higher equity ratio of 44.0% (previous year: 35.1%), the financial position can still be described as orderly.

The operating business performance in the first quarter of 2025 developed well despite the ongoing indirect effects of the Russia/Ukraine war and the conflict in the Middle East. At the time of preparing the 2024 Group management report, the net assets, financial position and results of operations were in order.

Munich, 28. April 2025

MS Industrie AG

The Executive Board



Dr. Andreas Aufschnaiter
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