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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 2025**

MS Industrie AG





„Great works are performed
not by strength but by
perseverance.“

Samuel Johnson



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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 2025 financial year, MS Industrie AG achieved consolidated turnover totaling around EUR 145 million. Compared with the previous year's turnover (EUR 171 million), this represents a decline of approximately 15.5%. This decline was attributable to the extent of around EUR 31 million to the sale and deconsolidation of the Ultrasonic Technology division in mid-2024, resulting in an increase of around 3% – on a comparable basis – from approximately EUR 140 million to approximately EUR 145 million.

Due to economic developments in the second half of 2025, the performance of the various key earnings indicators unfortunately deviated significantly from the original annual plan. The Group's net profit after income tax amounted to EUR -5.3 million (previous year: EUR -3.9 million), with a slightly lower equity ratio of 40.8% (previous year: 44.0%).

We would like to highlight a few key milestones and developments for the readers of this annual report which,

in our view, are significant for the assessment of the 2025 financial year and the outlook going forward:

- The business situation in the **MS XTEC** division got off to a positive start in the first half of 2025, in line with our expectations; however, due to volatile customer call-offs, it declined slightly again in the second half of the year, yet still managed to achieve a year-on-year increase of +3% with total revenue of EUR 145 million; Consequently, the adjusted operating profit (EBIT) at the Trossingen site increased significantly and returned to positive territory.
- The other **factors affecting earnings**, which ultimately led to a negative consolidated net profit for the year, resulted primarily (i) from the start-up costs of the new site in Charlotte, USA, amounting to approximately EUR -1.7 million, (ii) the net exchange rate losses for the year amounting to EUR -1.1 million, (iii) unscheduled write-downs on a minority interest, and the valuation as at the balance sheet date of the 49% stake in MS Ultraschall Technologie GmbH, totaling EUR -1.3 million.
- The new site in **Charlotte, USA**, was officially inaugurated in September 2025 and subsequently underwent various testing and validation procedures by the American customer MTU/Rolls-Royce for large stationary engines. Series production commenced in January 2026 with the first items and will gradually expand over the course of 2026 on the basis of existing orders, so that the break-even point can be reached as planned by the end of the current year.
- We see further growth potential in the medium to long term for complex and automated machining in small to medium batch sizes across **a wide range of industries** beyond the truck sector. In particular, the supply of

power and emergency power using heavy-duty generators for AI data centres is set to be a major driving factor in the coming years – not only in the USA. For this purpose, MS XTEC supplies systems and components designed for the highest (continuous) loads. Furthermore, MS XTEC has received its first orders outside the automotive sector, including from the defence sector

- The ultrasonic technology division (“**MS Ultrasonic Technology Group**”, also known as “MS UTG”), in which the Group now holds only a minority stake, has unfortunately seen a decline compared with the previous year due to weaker demand in the mechanical engineering sector, generating turnover of around EUR 61 million (previous year: EUR 68 million) within the Schunk Group, with a slightly negative overall result. Although the implementation of synergies between MS UTG and Schunk Sonosystems GmbH has been initiated, it has not yet yielded the effects originally anticipated, particularly in the areas of engineering and development.
- In August 2025, the **commercial property** at the former **Zittau site** was successfully sold to a local entrepreneur. This marks another step forward in the disposal of assets no longer required for business operations.
- The **minority stake** in Deutsche Elektromotoren Holding GmbH was written down by an extraordinary amount of EUR 0.6 million to EUR 0.2 million as at 31 December 2025, as MS Industrie AG’s shareholding was diluted from the original 15% to around 7% following further capital increases by the main shareholder in early 2026.

The **outlook for the Group** in 2026 is positive, as the decline in demand in the truck sector appears to have been overcome and demand for heavy trucks in Europe and the US has stabilised again. **MS XTEC’s order backlog** for the next six months has risen again by +2.5% to around **EUR 80 million** since 31 December 2025. Despite the conflict in Ukraine and the Middle East, the ongoing US tariff policy and all the resulting political and economic risks, we expect the MS Industrie Group to return to **positive growth** in the coming years.

The **share price** of **MS Industrie** (WKN 585518; ISIN DE0005855183) started the year at EUR 1.32 per share and rose to a peak of over EUR 1.90 per share during 2025, but

had fallen by 7% to a closing price of EUR 1.23 per share by the end of 2025. The current **share price** is once again **averaging around EUR 1.30 per share**, a level which, in our view, is likely to remain influenced by uncertainties regarding the global political situation and the timeline for the disposal of non-strategic assets and holdings.

The focus for the coming years will be **on further reducing dependencies**, particularly on the customer and sector sides. At MS XTEC, the major investment cycle of recent years in Germany has been completed, and the new site in the USA will make a steadily increasing contribution to the Group’s value creation.

We would like to extend our special thanks to all the employees of MS Industrie AG, who have worked together to overcome the challenges of 2025 with great commitment, perseverance and team spirit.

Yours faithfully,



Dr. Andreas Aufschnaiter



Armin Distel

Munich, 20. April 2026

A sense for technology since 1965

PRODUCTION SITES

MS XTEC's innovative strength, reliability, and premium quality form the basis of our partnerships with renowned customers worldwide. As a recognized contract manufacturer for small, medium, and large series production, MS XTEC offers manufacturing solutions tailored precisely to the needs of companies across a wide range of industries.

Location and production area in Germany:

- **MS XTEC GmbH**
in Trossingen-Schura, Baden-Württemberg: 22.600 m²

Location and production area in the USA:

- **MS XTEC, L.L.C.**
in Charlotte, North Carolina: 1.600 m²



PRODUCTS

Machining Technology and Assembly:

MS XTEC possesses comprehensive expertise in delivering precision-engineered solutions for the entire powertrain. The company develops, manufactures, assembles, and supplies high-performance systems and components to many renowned automotive and commercial vehicle manufacturers, as well as to leading engine and transmission manufacturers worldwide. In doing so, MS successfully combines decades of manufacturing experience with state-of-the-art machining technologies. The product portfolio is complemented by components for use in the agricultural, logistics, and motorsports sectors. MS XTEC also supplies the defense and security industry.

- **Systems**
e.g.: complete valve trains, rocker arm assemblies
- **Components**
e.g.: transmission housings, valve and slide valve housings
- **Development**
e.g.: innovative and cost-effective valve control systems and braking systems



Overview of key figures

Annual report 2025

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

Balance sheet key figures

	31.12.2024	31.12.2025
Total assets	137.609	134.048
Equity and non-controlling interests	60.512	54.753
Equity ratio (%)	44,0 %	40,8 %
Trade receivables	9.754	8.345
Liquid funds (Cash and cash equivalents ./ Current accounts)	-4.028	-7.750
Net Working Capital (Inventories + Trade receivab ./ Trade payables)	11.057	10.085

Cashflow key figures

	2024	2025
Net cash generated from operating activities	4.153	4.845
Net cash used in investing activities	29.195	-44
Net cash used in financing activities	-10.496	-8.523

Income statement key figures

Revenues

	2024	2025
Other operating income	3.114	3.221
Cost of materials (incl. changes in inventories)	92.249	87.764

Gross profit

Personnel expense	82.016	60.060
Other operating expense	43.837	28.258
	30.673	27.824
	7.506	3.978

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

Depreciation and amortisation expense	8.922	6.132
	-1.416	-2.154

Operating Profit (EBIT)

Finance costs, net	-4.973	-3.214
	-6.392	-5.368

Profit before income tax (EBT)

	-3.899	-5.301
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Profit for the year after non-controlling interests (EAT)

	-0,13	-0,18
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Consolidated earnings per share in EUR

Income statement key figures (prev. adjusted for non-recurring items)

	2024	2025
Revenues	140.371	144.603
Gross profit	57.499	60.060
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	4.788	3.978
Operating Profit (EBIT)	-2.423	-2.154
Profit before income tax (EBT)	-4.483	-5.368
Profit for the year after non-controlling interests (EAT)	-3.261	-5.301
Consolidated earnings per share in EUR	-0,11	-0,18

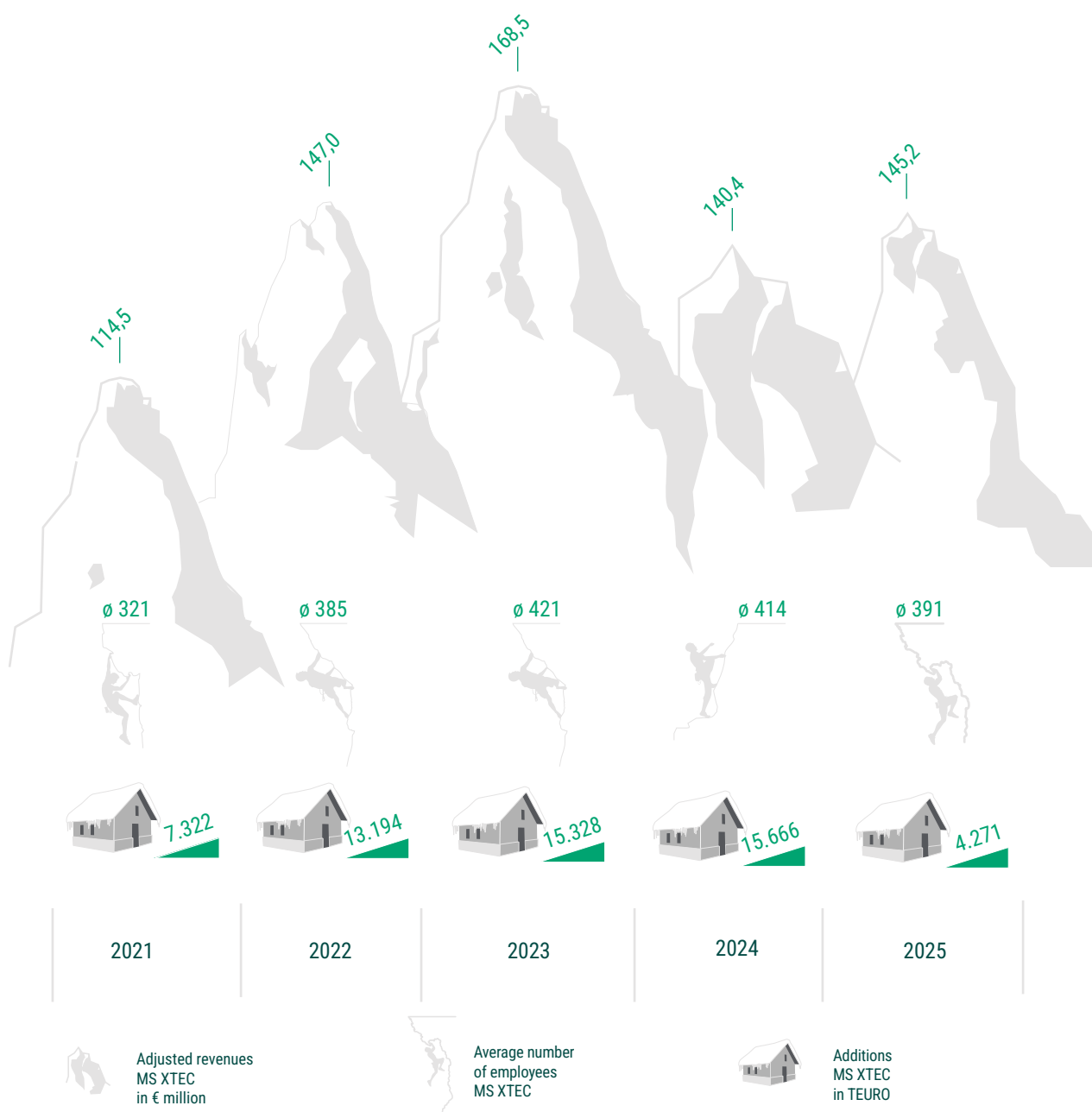
P and L - key figures 2025 - from a purely operational perspective

Revenues
 Gross profit
 Earnings before interest, taxes, depreciation and amortisation (EBITDA) *)
 Operating Profit (EBIT) *)
 Profit before income tax (EBT) **)

Extraordinary effects	2025 operating
-	144.603
-	60.060
-2.845	6.823
-2.845	691
-4.141	-1.227

*) Start-up losses in the USA (TEUR -1.731) and net exchange rate losses (TEUR -1.114)

***) in addition to *): impairment loss on the DEMH investment (TEUR -600) and consolidation of MS UTG using



MS Industrie AG, Munich
Consolidated Income Statement for the 2025 Fiscal Year

	2025	2024
	TEUR	TEUR
1. Revenue	144,603	171,151
2. Change in inventories of finished goods and work in progress	2,201	-1,006
3. Other capitalized in-house work	212	1,667
4. Other operating income	<u>3,221</u>	<u>3,114</u>
	150,237	174,926
5. Cost of materials		
a) Expenses for raw materials, supplies, and consumables, and for purchased goods	84,651	86,662
b) Expenses for purchased services	<u>5,526</u>	<u>6,248</u>
	90,177	92,910
6. Personnel expenses		
a) Wages and salaries	23,653	36,616
b) Social security contributions and expenses for pensions and support	<u>4,605</u>	<u>7,221</u>
	28,258	43,837
7. Amortization of intangible assets		
Fixed Assets and Property, Plant, and Equipment	6,132	8,922
8. Other operating expenses	27,803	32,420
9. Income from investments	599	535
10. Income from investments in associates	-696	279
11. Income from loans of financial assets	0	23
12. Other interest and similar income	373	319
13. Depreciation of financial assets	600	0
14. Interest and similar expenses	2,890	4,332
15. Income taxes	-67	-2,493
(of which from deferred taxes: TEUR -310; prior year: TEUR -3,088)		
16. Net income	-5,280	-3,846
17. Other taxes	<u>21</u>	<u>53</u>
18. Consolidated net income	<u>-5,301</u>	<u>-3,899</u>
19. Retained earnings	<u>18,635</u>	<u>22,534</u>
20. Consolidated net income	<u>13,334</u>	<u>18,635</u>

Balance Sheet as of December 31, 2025

	12/31/2025	12/31/2024
	TEUR	TEUR
ASSETS	134,084	137,609
A. Fixed assets	79,998	85,656
I. Intangible assets	52	38
Industrial property rights and similar rights and assets acquired for consideration	52	38
II. Property, plant, and equipment	62,488	66,956
1. Land, rights equivalent to land, and buildings	14,242	17,091
2. Plant and machinery	33,021	32,280
3. Other equipment, plant, and office and business furnishings	12,168	13,200
4. Advance payments and assets under construction	3,057	4,385
III. Financial assets	17,458	18,662
1. Investments in associates	16,659	17,355
2. Equity investments	799	1,237
3. Loans to companies in which the company holds an equity interest	0	70
B. Current assets	45,051	42,761
I. Inventories	22,822	18,170
1. Raw materials, supplies, and consumables	16,173	13,722
2. Work in progress	2,720	2,596
3. Finished goods and merchandise	3,929	1,852
II. Receivables and other assets	21,923	22,304
1. Trade receivables	8,345	9,754
2. Receivables from companies in which the company holds an equity interest	4,273	3,860
3. Other assets	9,305	8,690
III. Cash on hand and bank balances	306	2,287
C. Prepaid expenses and deferred income	492	1,052
D. Deferred tax assets	8,045	7,810
E. Net gain from asset offsetting	498	330

	12/31/2025	12/31/2024
	TEUR	TEUR
LIABILITIES	134,084	137,609
A. Equity	54,753	60,512
I. Subscribed capital	30,000	30,000
./ Book value of treasury shares Issued capital	-	272
II. Capital reserve	29,728	29,728
III. Retained earnings	7,585	7,585
1. Legal reserve	4,272	4,272
2. Other retained earnings	439	439
IV. Equity difference from currency translation	3,833	3,833
V. Consolidated net income	-166	292
B. Special item for investment grants for fixed assets	13,334	18,635
C. Provisions	63	277
1. Provisions for pensions and similar obligations	14,779	14,683
2. Tax provisions	1,059	1,124
3. Other provisions	5,658	5,783
D. Liabilities	8,062	7,776
1. Bonds	64,394	62,022
2. Liabilities to banks	9,050	8,350
3. Advance payments received on orders	10,922	11,914
4. Trade payables	154	63
5. Other liabilities	21,081	16,867
E. Deferred income	23,187	24,812
	95	115

Consolidated Cash Flow Statement 2025 in TEUR

	2025 TEUR	2024 TEUR
Consolidated net income	-5,301	-3,899
+/- Amortization/revaluation of intangible assets and property, plant, and equipment	6,068	8,762
+/- Increase/decrease in provisions	221	1,220
+/- Other non-cash expenses/income	-214	0
+/- Decrease/increase in inventories, trade receivables and trade receivables, as well as other assets not included in the investment or attributable to financing activities	-3,704	9,883
+/- Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	5,144	-14,087
-/+ Gains/losses on the disposal of property, plant, and equipment and intangible assets	-170	-74
+/- Interest expense/interest income, including income from loans of financial assets	2,517	3,990
+/- Income from investments in associates	696	-279
- Other income from investments	-599	-535
+/- Depreciation/amortization and write-ups on financial assets	600	-25
+/- Losses/gains from deconsolidation	0	1,800
+/- Income tax expense/income	-67	-2,493
-/+ Income tax payments	-346	-110
Cash flow from operating activities	4,845	4,153
- Payments for investments in equity interests and associates	-162	0
- Payments for investments in intangible assets	-84	-604
+ Proceeds from disposals of property, plant, and equipment	2,683	152
- Payments for investments in property, plant, and equipment	-2,633	-5,454
+ Proceeds from disposals outside the scope of consolidation, net of cash sold	0	34,880
+ Proceeds from the repayment of loans to subsidiaries	70	0
+ Proceeds from dividends received	4	113
+ Interest received	78	108
Cash flow from investing activities	-44	29,195
+ Proceeds from the issuance of bonds	683	3,828
+ Proceeds from the raising of loans and other financial borrowings	0	0
- Payments from the repayment of loans and other financial credits	-2,733	-4,319
+ Proceeds from finance lease transactions	1,247	279
- Payments from finance lease transactions	-5,228	-6,272
- Interest paid	-2,492	-4,012
Cash flow from financing activities	-8,523	-10,496
Cash changes in cash and cash equivalents	-3,722	22,852
+ Cash and cash equivalents at the beginning of the period	-4,028	-26,880
Cash and cash equivalents at the end of the period	-7,750	-4,028

MS Industrie AG, Munich

Extracts from the Group's Management Report for the 2025 Financial Year

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1. Management Report

1.a. Macroeconomic and sector-specific conditions

According to a preliminary analysis by the “Federal Statistical Office, Wiesbaden” (“Destatis”) in January 2026, with a price- and calendar-adjusted increase in gross domestic product (“GDP”) of +0.3% (compared with a decline of -0.2% in the previous year, 2024), performing slightly better than in the previous year.

After two years of recession, the German economy has grown slightly again. This growth is primarily attributable to increased consumer spending by private households and the government.

By contrast, exports declined once again. The export sector faced fierce headwinds from higher US tariffs, the appreciation of the euro and increased competition from China. Furthermore, the slump in investment persisted. Investment in both equipment and construction was lower than in the previous year.

Gross value added fell slightly overall in 2025. Adjusted for price changes, it was 0.1% lower than in the previous year. However, there were significant differences between sectors. In the manufacturing sector, output fell in 2025 for the third consecutive year. Price-adjusted gross value added fell by 1.3% compared with the previous year. The decline was thus less severe than in the two previous years. Large sectors in particular, such as the automotive industry and mechanical engineering, recorded losses. Both sectors faced stronger competition in global sales markets. In the chemical industry and other energy-intensive sectors, economic activity fell slightly below the low levels of previous years once again.

In what was a turbulent year for German foreign trade, exports fell again in 2025 (-0.3%), marking the third consecutive decline. This was driven by goods exports, which were 0.7% below the previous year’s level when adjusted for price changes. Core sectors of the German export economy were affected: according to the foreign trade statistics available to date up to October 2025, fewer motor vehicles and motor vehicle parts, machinery and chemical products were exported. By contrast, exports of services were 1.1% higher than in the previous year, adjusted for price changes.¹

Gross domestic product (GDP) rose by 0.3% in the fourth quarter of 2025 compared with the third quarter of 2025 – adjusted for price, seasonal and calendar effects. Private and government consumption expenditure in particular increased. The German economy thus ended 2025, a year that was particularly turbulent for foreign trade, on a positive note.²

In the USA and Canada – which, with a combined share of around 10.2% (previous year: 14.8%) of Group revenue in 2025, remained MS Industrie AG’s most important sales market outside the EU – economic development in 2025, with real GDP growth of around +2.2%, was once again significantly higher than in Germany.³

In this global economic environment, the US dollar-to-euro exchange rate fluctuated between 1.03 US dollars and 1.19 US dollars over the course of 2025. At the end of the year, the euro stood at 1.17 US dollars, significantly higher than at the start of the year at 1.04 US dollars.

¹ Source: Federal Statistical Office (Destatis), Press Release 017/25, dated 15 January 2026.

² Source: Federal Statistical Office (Destatis), Press Release 035/26, dated 30 January 2026.

³ Source: ‘BEA’ (Bureau of Economic Analyses), as of 20 February 2026.

This trend should also be viewed against the backdrop of a European market ('EFTA') for heavy goods vehicles over 16 tonnes that is set to contract again in 2025, with registrations falling by 6.3% in the first four quarters of 2025 compared with the same period the previous year (registration decline in Germany: -11.7%). In the 2025 financial year, diesel lorries continued to dominate, accounting for 93.2% of new registrations in the EU, which corresponds to a volume decline of -8.0% compared with the same period of the previous year. Plug-in electric lorries maintained their market share at a relatively constant 4.2% year-on-year.⁴ As the market for heavy commercial vehicles over 16 tonnes is the most relevant sales market for the "MS XTEC" division of the MS Industrie Group, these figures are generally in line with expectations; the Executive Board does not anticipate a rise in heavy-duty truck registrations until 2026.⁵

The key truck sales markets declined as expected. In North America, the market for heavy-duty trucks (Class 8) fell by 16% to 258,000 units. New registrations of heavy-duty trucks in the EU30 region (European Union, United Kingdom, Switzerland and Norway) also declined. Market volume fell by 6% to 296,000 units in the reporting year. The Brazilian market for heavy-duty trucks performed more weakly in 2025, showing a decline of 11%, whilst the markets in India (>9 tonnes, +7%) and China (+39%) recorded growth. In Japan, the market volume for heavy trucks was slightly above the previous year's level (+1%).⁶

1.b. Group Business Performance

Since the sale of 51% of the shares in MS Ultraschall Technologie GmbH, Spaichingen, on 5 July 2024, the "Ultrasonic Technology" division has been fully consolidated in the purchaser's balance sheet. Within the MS Industrie Group, the remaining minority interest has since been accounted for using the equity method. This strategic measure reduced the MS Industrie Group's annual turnover by approximately EUR 70 million per annum.

The industrial focus of MS Industrie AG will continue to centre on the "MS XTEC" business division, with its core competence in high-precision and flexibly automated metalworking for a wide range of customer industries. In the current year, MS Industrie AG generated revenue of around EUR 145 million at MS XTEC, with significant planned increases in the coming years underpinned by multi-year contracts. The cash inflow from the sale transaction in the previous year, totalling around EUR 35 million, was used to settle the vast majority of the bank liabilities of MS XTEC GmbH, Trossingen.

The business situation of the "MS XTEC" operating division returned to an overall stable capacity utilisation level during the financial year. However, key customers' call-off volumes were significantly below target. Revenue performance in the "MS XTEC" division was therefore slightly below target and slightly above the previous year's revenue. The order backlog of the "MS XTEC" business division stood at a total of around EUR 78 million at the end of 2025 (previous year: EUR 72 million), and was thus slightly higher than the order backlog at the end of the previous year, at around 8% in total.

The total number of employees in the "MS XTEC" division fell slightly from 406 (excluding agency workers and trainees) at the end of December 2024 to 389 at the end of December 2025.

In all product areas, in addition to ongoing sales activities, marketing measures targeting both existing and new customers were intensified, and potential new customers were evaluated. Furthermore, the Group is seeking to expand its system partnerships.

⁴ Source: "ACEA" – "Association des Constructeurs Européens d'Automobiles", Brussels, as at 28 January 2025.

⁵ Source: "ACEA", Heavy commercial vehicle registrations, 28 January 2026.

⁶ Source: "Daimler Truck AG", Annual Report 2025, Summary Management Report, p. 47.

The Group's earnings performance in the 2025 financial year, in terms of key earnings indicators – in particular earnings before interest, taxes and depreciation and amortisation (**EBITDA**), operating profit before interest and taxes (**EBIT**) and profit after tax (**EAT**) – both unadjusted and adjusted for one-off effects such as start-up costs in the USA – unfortunately showed only very modest growth compared with the previous year.

To ensure comparability, the following table compares the income and expenses of the reporting year with the income and expenses attributable to the continuing operations in the previous year, as well as with the forecast made in the previous year's management report. Please refer to the notes to the consolidated financial statements for the breakdown of the previous year's income and expenses into 'discontinued operations' and 'continuing operations'.

	1 January to 31 December 2025		Pro forma income statement Continuing operations 1 January to 31 December 2024		Changes		Forecast Management Report 2024:	2025 forecast met
	TEUR	%	TEUR	%	TEUR	%		
	Revenue	144,603	100.0	140,371	100.0	4,232		
Other operating income	3,221	2.2	2,736	1.9	485	17.7		
Cost of materials (including changes in inventories)	87,764	60.7	85,608	61.0	2,156	2.5		
Gross profit	60,060	41.5	57,499	41.0	2,561	4.5	Gross profit margin (neutral)	Yes
Staff costs	28,258	19.5	27,754	19.8	504	1.8		
Other operating expenses and other taxes	27,824	19.2	24,957	17.8	2,867	11.5		
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,978	2.8	4,788	3.4	-810	-16.9	Rising significantly	No
Depreciation	6,132	4.2	7,211	5.1	-1,079	-15.0		
Operating profit (EBIT)	-2,154	-1.5	-2,423	-1.7	269	11.1	Rising significantly; EBIT margin showing a significant positive trend	No
Income from investments in associates	-696	-0.5	279	0.2	-975	-349.5		
Other financial result	-2,518	-1.7	-2,339	-1.7	-179	-7.7		
Consolidated earnings before tax (EBT)	-5,368	-3.7	-4,483	-3.2	-885	-19.7	Rising significantly	No
Income tax (expense +, income -)	-67	0.0	-1,222	-0.9	1,155	94.5		
Consolidated profit (EAT)	-5,301	-3.7	-3,261	-2.3	-2,041	62.6	Slightly positive	No

The Group's revenue from continuing operations rose slightly in the 2025 financial year. Consolidated total revenue for the 2025 financial year amounted to approximately EUR 144.6 million (previous year: EUR 171.2 million including discontinued operations) and is thus almost exactly in line with the revenue of around EUR 145.0 million forecast in spring 2025, as well as slightly above the previous year's revenue from continuing operations. However, contrary to the forecast, the key earnings figures EBITDA (-16.9%) and EBT margin (-0.5 percentage points) developed significantly more negatively.

Key factors influencing this were the higher-than-expected start-up costs for the new site in the USA (EUR -1.7 million) and net exchange rate losses (net EUR -1.1 million; previous year: net exchange rate gains of EUR 0.9 million). In addition, EBT includes an impairment loss on a minority interest of EUR 0.6 million, as well as a negative amount arising from the equity method valuation of the 49% minority interest in MS Ultraschall Technologie GmbH, Spaichingen, amounting to approximately EUR 0.7 million.

Cash flow from operating activities in the 2025 financial year was slightly higher than in the previous year and also exceeded the forecast (which had been slightly lower than the previous year). Nevertheless, the Group's liquid funds fell significantly during the 2025 reporting period. The significant decline in the 2025 financial year by EUR -3.7 million – from EUR -4.0 million at the start of the financial year to EUR -7.75 million as at 31 December 2025 – is primarily attributable to the negative cash flow from financing activities (loan repayments and payments arising from finance lease transactions).

In percentage terms, the change in consolidated equity (-9.5%), in line with the earnings trend, is below forecasts (slight increase in consolidated equity). Accordingly, with total assets falling slightly from EUR 137.6 million to EUR 134.1 million, the equity ratio decreased from 44.0% to 40.8%. Contrary to the forecast, the net debt ratio (previous year: 68.6%) deteriorated slightly to 75.7%.

With regard to the development of non-financial performance indicators, the previous year's report predicted 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 strive to keep staff turnover as low as possible through staff retention schemes. Based on the originally planned revenue growth, no further staff expansion was planned for 2025, particularly in the specialist and management sectors; however, depending on the further development of automation, the employment of a corresponding number of temporary workers was envisaged. Due to the short-term decline in volume, which was not foreseen in the 2025 annual plan, a slight reduction in staff was implemented in the 2025 financial year, partly to enable a better and more timely response to the volume fluctuations expected to continue 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 specifically preparing future managers for demanding tasks.

Ongoing, individual further training and professional development also continue to be a high priority within the Group. It was also planned to do everything possible to maintain customer satisfaction at least at the current high level, to further enhance the Group's already very high level of innovation in our assessment, and to continue to ensure ongoing delivery capability across all business areas and product divisions.

1.c. Group's financial position

Profitability

The key financial indicators of our Group's earnings performance compared with the previous year are presented and explained below.

	1 January to 31 December 2025		1 January to 31 December 2024		Changes	
	TEUR	%	TEUR	%	TEUR	%
Revenue	144,603	100.0	171,151	100.0	-26,548	-15.5
Other operating income	3,221	2.2	3,114	1.8	107	3.4
Cost of materials, including changes in inventories	87,764	60.7	92,249	53.9	-4,485	-4.9
Gross profit	60,060	41.5	82,016	47.9	-21,956	-26.8
Staff costs	28,258	19.5	43,837	25.6	-15,579	-35.5
Other operating expenses	27,824	19.2	30,673	17.9	-2,849	-9.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,978	2.8	7,506	4.4	-3,528	-47.0
Depreciation	6,132	4.2	8,922	5.2	-2,790	-31.3
Operating profit (EBIT)	-2,154	-1.5	-1,416	-0.8	-738	52.1
Deconsolidation result and result from associates	-696	-0.5	-1,521	-0.9	825	-54.2
Other financial result	-2,518	-1.7	-3,455	-2.0	937	27.1
Consolidated profit before income tax (EBT)	-5,368	-3.7	-6,392	-3.7	1,024	-16.0
Income tax (expense +, income -)	-67	0.0	-2,493	-1.4	2,426	97.3
Consolidated profit (EAT)	-5,301	-3.7	-3,899	-2.3	-1,403	36.0

Following a significant decline of around 31.5% in the previous year, external revenue fell further by around 15.5% to approximately EUR 144.6 million during the reporting period. This means that the previous year's forecast of a decline in revenue to around EUR 145.0 million has been realised. This decline in revenue is primarily attributable to the sale and deconsolidation of the "Ultrasonic" business unit during the previous year.

Geographically, there were again significant differences in revenue performance: Whilst the domestic market, which remains the strongest in terms of revenue, recorded a slight decline in industrial revenue of around -6.8%, and exports to the EU30, the strongest foreign market in terms of revenue, recorded a decline of around -21.3% in the reporting year, the significant decline in revenue in the North America/Canada – the second-largest foreign market with a consolidated revenue share of 10.2% – was around -41.5%.

Revenue primarily comprises the external revenue of the MS XTEC Group amounting to EUR 144,597 thousand (previous year: EUR 139,990 thousand) and, in the previous year, that of the MS Ultrasonic Group amounting to EUR 30,779 thousand for the first half of 2024.

We are therefore satisfied with the revenue performance of the MS Group as a whole, as well as on a regional basis. However, the operating performance at the various profit levels is still well below our expectations.

Other operating income includes, in particular, income from the release of provisions and other deferred liabilities, as well as other income not attributable to the current period totalling EUR 961 thousand (previous year: EUR 752 thousand). In addition, exchange rate gains of EUR 261 thousand (previous year: EUR 1,181 thousand) are included.

The gross profit margin (gross profit = revenue including changes in inventories and other income less cost of materials), relative to revenue, amounted to 41.5% in the financial year (previous year: 47.9%). The significant decline in percentage terms is primarily due to the almost identical level of other operating income, coupled with a significant increase in the cost of materials ratio to 60.7% (previous year: 53.9%). The latter is a consequence of the discontinuation of sales revenue from the "Ultrasonic" business division in the previous year from the third quarter of 2024 onwards.

Personnel expenses fell significantly by around -35.5% compared with the previous year, almost in line with the overall, equally significant reduction in the number of employees, with an average headcount of 395 permanent staff, excluding temporary workers and trainees (same period last year: 612 employees). The main reason for this is the sale of the "Ultrasonic" business division in the previous year.

In the financial year, therefore, following a significant reduction in other operating expenses, which fell by a total of EUR 2.8 million to EUR 27.8 million, earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 4.0 million (previous year: EUR EUR 7.5).

As expected, depreciation and amortisation fell by EUR 2,790 thousand in the financial year, from EUR 8,922 thousand in the previous year to EUR 6,132 thousand. Overall, the financial year resulted in a loss before financial result and tax (EBIT) of EUR 2.2 million (previous year: EUR 1.4 million).

The EBIT margin, relative to revenue, amounted to approximately -1.5% in the financial year (previous year: -0.8%). The significant deterioration in the EBIT margin is primarily attributable to the disproportionately smaller decline in other operating expenses, partly due to the factors mentioned above.

The result from associates for the financial year amounted to EUR -696 thousand (previous year: EUR +168 thousand) and arose from the 'at-equity' valuation of the 49% minority stake in MS Ultraschall Technologie GmbH, Spaichingen.

The other financial result improved by around +27.1% on balance compared with the previous year. The main reason for this is the significant reduction in debt following the partial sale of the "Ultrasonic" division. The financial result includes financial income of TEUR 972 (previous year: TEUR 877) and financial expenses, including write-downs on financial assets, of TEUR 3,490 (previous year: TEUR 4,332).

The sale of the MS Industrie Group's "Ultrasonic" activities at the German site in Spaichingen and at the Group's US site in Howell, Michigan, USA, resulted in a negative, extraordinary deconsolidation result totalling approximately EUR -1.8 million before tax in the previous year.

The reconciliation from the unadjusted key figures to the adjusted key figures for the previous year 2024 is as follows:

1 January to 31 December 2024

	Unadjusted	Impact of UTG disposal	Adjusted for dis- continued operati- ons
	TEUR	TEUR	TEUR
Revenue	171,151	-30,780	140,371
Gross profit	82,016	-24,517	57,499
Earnings before interest, tax, depreciation and amortisation (EBITDA)	7,506	-2,718	4,788
Operating profit (EBIT)	-1,416	-1,007	-2,423
Consolidated profit before income tax (EBT)	-6,392	1,909	-4,483
Consolidated profit (EAT)	-3,899	638	-3,261

Financial position

Principles and objectives of financial management

Ensuring financial flexibility is the top priority in the Group's financing strategy. This flexibility is achieved through a broad range of financing instruments and a high degree of diversification amongst investors and financial institutions. The maturity profile of the Group's liabilities shows a broad spread of maturities. When selecting financing instruments, market capacity, investor diversification, flexibility, lending conditions and the existing maturity profile are taken into account.

Presentation and analysis of the financial position

	2025 TEUR	2024 TEUR
Cash flow from operating activities	4,845	4,153
Cash flow from investing activities	-44	29,195
Cash flow from financing activities	-8,523	-10,496
Cash flow from changes in cash and cash equivalents	-3,722	22,852
Cash and cash equivalents at the beginning of the period	-4,028	-26,880
Cash and cash equivalents at the end of the period	-7,750	-4,028

The negative change in cash and cash equivalents (cash and cash equivalents less current account liabilities) is primarily attributable to the negative cash flow from financing activities.

Cash flow from operating activities primarily reflects a significantly positive EBITDA.

Cash flow from investing activities in the previous year, amounting to approximately EUR 34.9 million, primarily reflects the inflows in the 2024 financial year from the disposal of fully consolidated subsidiaries, less cash and cash equivalents transferred upon sale. Although the proceeds from the sale were primarily used to repay bank loans, the negative cash

and cash equivalents of the “Ultrasound Technology” business segment, amounting to EUR 22.0 million, were also de-consolidated, meaning that the Group’s overall financial position has improved significantly. Part of the investments for the financial year was again made through hire purchase finance leases that were not cash-effective at the time of investment (EUR 2.3 million; previous year: EUR 10.8 million).

As at 31 December 2025, cash and cash equivalents amounted to EUR 0.3 million (previous year: EUR 2.3 million). In addition, undrawn overdraft facilities of EUR 1.6 million (previous year: EUR 3.3 million) are available.

Financial Position

The following table shows the key changes in the Group’s financial position:

	31 December 2025		31 December 2024		Changes	
	TEUR	%	TEUR	%	TEUR	%
ASSETS						
Fixed assets	79,998	59.7	85,656	62.2	-5,658	-6.6
Current assets /ARAP	46,041	34.3	44,143	32.1	1,898	4.3
Deferred tax assets	8,045	6.0	7,810	5.7	235	3.0
Total assets	134,084	100.0	137,609	100.0	-3,525	-2.6
LIABILITIES						
Equity	54,753	40.8	60,512	44.0	-5,759	-9.5
Special items for investment grants for fixed assets	63	0.0	277	0.2	-214	-77.3
Borrowings / PRAP	79,268	59.2	76,820	55.8	2,448	3.2
Total liabilities	134,084	100.0	137,609	100.0	-3,525	-2.6

The Group’s fixed assets fell by around 6.6% during the financial year and, at around 59.7% of total assets (previous year: around 62.2%), due to depreciation of intangible assets as well as technical equipment and machinery.

The slight increase in current assets and ARAP of around +4.3%, against a backdrop of significantly lower cash and cash equivalents, remained largely unchanged. The main reason for the decrease in fixed assets during the financial year is primarily the schedule to slightly higher inventory levels. In relation to total assets, the percentage share of current assets and ARAP remained virtually unchanged at around 34.3% (previous year: around 32.1%) at the end of the financial year.

Net working capital (inventories and trade receivables less trade payables) amounted to EUR 10.1 million as at 31 December 2025 (previous year: EUR 11.1 million), representing a slight decrease of approximately -9.0% year-on-year.

The decrease in equity, which fell slightly by EUR 5.7 million compared with 31 December 2024 to EUR 54.8 million (previous year: EUR EUR 60.5) is primarily attributable to the net loss for the year of EUR -5.3 million (previous year: net loss for the year of EUR -3.9 million). The Group's equity ratio has fallen slightly compared with 31 December 2024 and stands at around 40.8% as at the balance sheet date, with total assets having fallen slightly by around 2.6% (31 December 2024: 44.0%).

The Group's debt-/PRAP ratio rose slightly by around +3.2% to EUR 79.3 million. The Group's net debt-to-equity ratio (defined as net debt divided by equity) deteriorated from 68.6% at the end of 2024 to 75.7% at the end of the financial year. The net debt ratio is calculated by comparing debt – defined as long-term and short-term financial liabilities (excluding derivatives and financial guarantees) less cash and bank balances – to equity (the Group's subscribed capital and reserves). The previous year's forecast of a significant reduction in the debt ratio during the financial year has not materialised.

Overall assessment of the Group's business performance and financial position

The 2025 financial year was characterized by a focus on the "MS XTEC" business division.

The financial position at the end of 2025 and currently – with sufficiently high freely available credit lines – can still be described as sound. All subsidiaries remain well placed to meet their payment obligations arising from day-to-day operations.

As no positive consolidated profit was achieved in the financial year, equity has fallen in absolute terms. The financial position can still be described as sound, with a slightly lower equity ratio of 40.8% (previous year: 44.0%).

Operating performance in the first quarter of 2026 developed well despite the ongoing, indirect effects of the Russia-Ukraine war and the conflicts in the Middle East. At the time of preparing the 2026 Group Management Report, the financial position, cash flow and profitability were sound.

Munich, 20 April 2026

The Executive Board



Dr Andreas Aufschnaiter
(Chairman)



Armin Distel



MS Industrie AG

Brienner Straße 7
80333 Munich, Germany

Telephone +49 89 20 500 900
Fax +49 89 20 500 999
E-mail info@ms-industrie.ag
Internet www.ms-industrie.ag