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**Important notes:**

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

# MS INDUSTRIE AG

Extracts from the Group's Interim Management Report as of June 30, 2024



# Consolidated Financial Statements as of June 30, 2024 - Overview of key figures

MS Industrie-Group, according to German GAAP, unaudited, in TEUR

## Balance sheet key figures

	31.12.2023	30.06.2024
Total assets	184.219	190.060
Equity and non-controlling interests	65.511	66.494
Equity ratio (%)	35,6%	35,0%
Trade receivables	34.725	34.286
Liquid funds (Cash and cash equivalents ./ Current accounts)	-26.880	-22.419
Net working capital (Inventories + Trade receivab. ./ Trade payables)	59.476	60.066

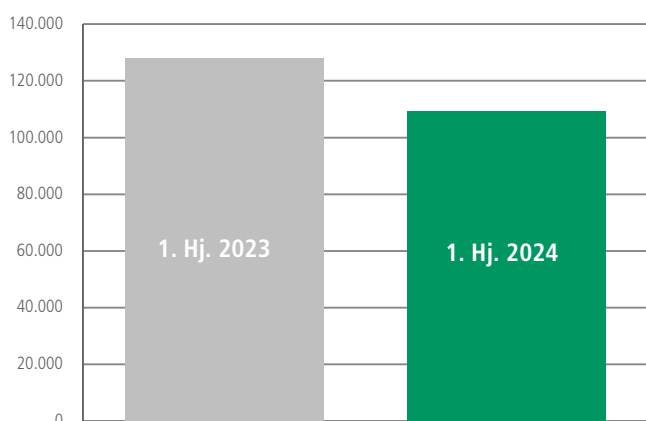
## Cashflow key figures

	1. Hj. 2023	1. Hj. 2024
Cashflow from operating activities	9.679	6.776
Cashflow from investing activities	-1.930	-10.040
Cashflow from financing activities	-6.464	7.725

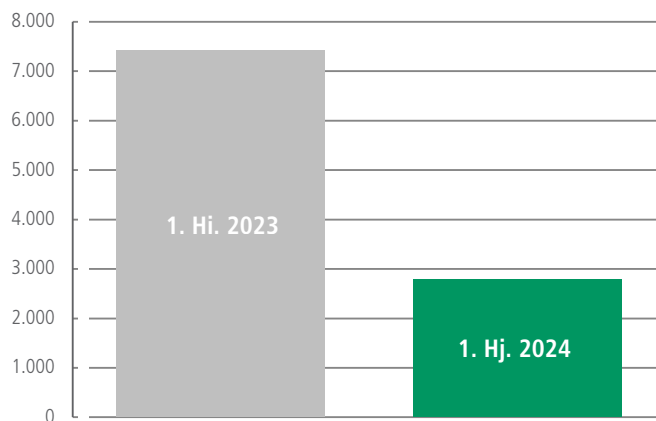
## Income statement key figures

	1. Hj. 2023	1. Hj. 2024
Revenues	128.044	109.182
Other operating income	1.132	1.722
Cost of materials (incl. changes in inventories)	66.585	54.072
<b>Gross profit</b>	<b>62.591</b>	<b>56.832</b>
Personnel expense	29.837	30.620
Other operating expense and IFRS 9	20.669	18.308
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>12.085</b>	<b>7.904</b>
Depreciation and amortisation expense	4.661	5.123
<b>Operating Profit (EBIT)</b>	<b>7.424</b>	<b>2.782</b>
Finance costs, net	-1.585	-2.432
<b>Profit before income tax (EBT)</b>	<b>5.839</b>	<b>350</b>
<b>Profit for the period after non-controlling interests (EAT)</b>	<b>4.743</b>	<b>1.985</b>
<b>Consolidated earnings per share in EUR</b>	<b>0,16</b>	<b>0,07</b>

## Total revenues in TEUR



## Operating Profit (EBIT) in TEUR



## Consolidated balance sheet as at June 30, 2024, HGB, unaudited

	TEUR	TEUR
<b>TOTAL ASSETS</b>	<b>190.060</b>	<b>184.219</b>
<b>A. Fixed assets</b>	<b>83.329</b>	<b>78.058</b>
I. Intangible assets	3.340	3.241
II Property, plant and equipment	77.224	71.929
1. land, land rights and buildings	21.773	21.784
2. technical equipment and machinery	31.985	24.915
3. other equipment, operating and office equipment	17.778	18.445
4. advance payments and assets under construction	5.689	6.785
III. financial assets	2.765	2.888
1. investments and loans to investments	2.765	2.888
<b>B. Current assets</b>	<b>93.914</b>	<b>97.028</b>
I. Inventories	48.464	51.116
1. raw materials, consumables and supplies	22.281	24.968
2. work in progress, unfinished services	23.115	21.784
3. finished products and goods	2.789	4.085
4. advance payments on inventories	279	279
II. Receivables and other assets	42.584	43.414
1. trade receivables	30.820	31.152
2. receivables from investments	3.467	3.573
3. other assets	8.297	8.689
III Securities	375	375
IV. Cash on hand and bank balances	2.492	2.123
<b>C. Prepaid expenses and deferred charges</b>	<b>2.370</b>	<b>1.223</b>
<b>D. Deferred tax assets</b>	<b>10.136</b>	<b>7.467</b>
<b>E. Excess of plan assets over pension liability</b>	<b>310</b>	<b>443</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>190.060</b>	<b>184.219</b>
<b>A. Equity</b>	<b>66.494</b>	<b>65.511</b>
I. Subscribed capital (30.00 million no-par value shares less 30,789 no-par value treasury shares held)	29.969	29.969
II. capital reserve	7.585	7.585
III Retained earnings	28.688	23.163
1. legal reserve	439	439
2. other retained earnings	28.249	22.724
IV. Consolidated net profit	1.985	4.569
V. Equity difference from currency translation	251	225
<b>B. Special item for investment grants for fixed assets</b>	<b>288</b>	<b>300</b>
<b>C. Provisions</b>	<b>13.145</b>	<b>14.402</b>
1. provisions for pensions and similar obligations	1.184	1.184
2. tax provisions	5.822	5.732
3. other provisions	6.138	7.486
<b>D. Liabilities</b>	<b>109.206</b>	<b>103.823</b>
1. liabilities to banks	48.878	45.975
2. advance payments received on orders	2.869	6.446
3. trade accounts payable	22.684	22.793
4. liabilities to companies in which participations are held	193	11
5. other liabilities	34.582	28.598
<b>E. Prepaid expenses and deferred charges</b>	<b>172</b>	<b>183</b>
<b>F. Deferred tax liabilities</b>	<b>755</b>	<b>-</b>

**Accumulated consolidated income statement for the first half of 2024 in EUR thousand, HGB, unaudited**

	1.1.- 30.06.2024 (Hj.1-24)	1.1.- 30.06.2023 (Hj.1-23)
<b>Sales revenue</b>	<b>109.182</b>	<b>128.044</b>
Change in inventories of finished goods and work in progress	-1.315	-2.380
Other own work capitalized	1.553	1.523
Other operating income	1.722	1.132
Cost of materials		
a) Expenses for raw materials, consumables and supplies and for purchased goods	50.740	61.729
b) Expenses for purchased services	3.570	3.998
Personnel expenses		
a) Wages and salaries	25.542	24.901
b) Social security contributions and expenses for pensions and other benefits	5.078	4.937
Amortization of intangible assets and depreciation of property, plant and equipment	5.123	4.661
Other operating expenses	18.302	20.641
Income from investments		
a) Result from investments in affiliated companies	0	113
b) Result from investments in associated companies	-111	0
Income from loans of financial assets	0	13
Other interest and similar income	223	34
Write-downs on financial assets	0	85
Interest and similar expenses	2.544	1.660
<b>Result from ordinary activities</b>	<b>356</b>	<b>5.868</b>
Taxes on income and earnings	177	1.582
Tax expense due to changes in deferred taxes	-1.812	-486
Other taxes	6	29
<b>Consolidated net profit for the period after taxes</b>	<b>1.985</b>	<b>4.743</b>

**Consolidated income statement for the second quarter of 2024 in EUR thousand, HGB, unaudited**

	1.4.-30.06.2024 (Q.2-24)	1.4.-30.06.2023 (Q.2-23)
<b>Sales revenue</b>	<b>55.072</b>	<b>66.886</b>
Change in inventories of finished goods and work in progress	-2.592	-2.626
Other own work capitalized	1.144	1.045
Other operating income	877	796
Cost of materials		
a) Expenses for raw materials, consumables and supplies and for purchased goods	24.687	30.386
b) Expenses for purchased services	1.927	1.934
Personnel expenses		
a) Wages and salaries	12.650	12.675
b) Social security contributions and expenses for pensions and other benefits	2.577	2.578
Amortization of intangible assets and depreciation of property, plant and equipment	2.628	2.343
Other operating expenses	9.358	11.004
Income from investments		
a) Result from investments in affiliated companies	0	-1
Income from loans of financial assets	0	13
Other interest and similar income	218	22
Write-downs on financial assets	0	15
Interest and similar expenses	1.355	849
<b>Result from ordinary activities</b>	<b><u>-574</u></b>	<b><u>4.349</u></b>
Taxes on income and earnings	40	958
Tax expense due to changes in deferred taxes	-2.004	-305
Other taxes	-25	13
<b>Consolidated net profit for the period after taxes</b>	<b><u>1.415</u></b>	<b><u>3.683</u></b>

**Consolidated cash flow statement H1-2024 in EUR thousand, unaudited (H1-2023 according to IFRS for comparison)**

	HGB	IFRS
	01.01. -30.06. 2024 TEUR	01.01. -30.06. 2023 TEUR
Consolidated net income after taxes	1.985	4.050
Income tax expense recognized in profit or loss	-1.635	1.285
Financial income recognized in profit or loss	-223	-160
Financial expenses recognized in profit or loss	2.544	1.918
Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets (previous year in accordance with IFRS 16)	5.123	6.229
<i>Significant non-cash other expenses (+) and income (-):</i>		
Losses/gains (-) from the revaluation of financial investments:		
Real estate property held	0	38
Losses/gains (-) from investments accounted for using the equity method	111	114
Losses/gains (-) from the disposal of property, plant, equipment and intangible assets	0	-2
Decrease/increase (-) in inventories, trade receivables and other assets that are not assigned to investing or financing activities	2.336	-7.491
Increase/decrease (-) in trade accounts payable and other liabilities that cannot be assigned to investing or financing activities	-1.227	5.374
Interest received	168	159
Interest paid	-2.358	-1.565
Taxes received	27	0
Taxes paid	-75	-270
<b>Cash flow from operating activities</b>	<b>6.776</b>	<b>9.679</b>
Proceeds from the disposal of property, plant and equipment and intangible assets	0	374
Payments for investments in property, plant and equipment, intangible assets and right-of-use assets	-10.151	-4.554
Proceeds from the repayment of loans to participations	0	2.136
Proceeds from distributions received	111	114
<b>Cash flow from investing activities</b>	<b>-10.040</b>	<b>-1.930</b>
Proceeds from the issue of bonds of a debt nature	730	800
Proceeds from the raising of loans and other borrowings	9.500	0
Repayments of loans and other borrowings	-2.505	-2.684
Payments for finance lease transactions	0	-4.580
<b>Cash flow from financing activities</b>	<b>7.725</b>	<b>-6.464</b>
<b>Net increase in liquid funds</b>	<b>4.461</b>	<b>1.285</b>
<b>Changes in liquid funds due to exchange rates and changes in the scope of consolidation</b>	<b>0</b>	<b>0</b>
Liquid funds at the beginning of the period	-26.880	-27.796
<b>Liquid funds at the end of the period</b>	<b>-22.419</b>	<b>-26.511</b>

**MS Industrie AG, Munich**

**EXTRACTS from the group's interim management report as of June 30, 2024**

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## MS Industrie AG, Munich

### Condensed interim Group management report for the first half of 2024

#### 1. Highlights of developments in the first half of the year

Dear shareholders, employees and business partners,

While the first six months of the 2023 financial year for the MS Industrie-Group were characterized by signs of a clear economic recovery, the first half of 2024 was characterized by a weak order intake for the MS Industrie Group, in addition to the ongoing Russia/Ukraine war and the ongoing conflict in the Middle East .

As at the interim reporting date of June 30, 2024, the MS Industrie-Group operated primarily in the industrial and service sectors with the following business activities:

##### a) Industry

MS XTEC GmbH and subsidiaries ("MS XTEC"): TIER 1 supplier of systems and components for heavy-duty combustion engines (valve trains, rocker arms, transmission housings, etc.), especially for commercial vehicles, parts for hybrid and electric engines (**Drive Technology segment - "MS XTEC"**) and

MS Ultraschall Technologie GmbH and subsidiaries ("MS UTG"): Development, manufacture and sale of industrial ultrasonic welding technology, special machines and series machines, systems for packaging materials and components (**segment Ultrasonic Technology - "MS Ultrasonic"**).

##### b) Services

Non-current assets of GCI BridgeCapital GmbH: acquisition, management and leasing of commercial real estate, MS Land & Buildings LLC, USA and non-current assets of MS Powertec GmbH: acquisition, management and leasing of commercial real estate, machinery and equipment, and

MS Industrie AG, MS Industrie Verwaltungs GmbH: management consulting.

On May 31, 2024, the Management Board announced that Schunk Sonosystems GmbH, Wetzlar, intends to acquire a simple majority stake in MS Ultraschall Technologie GmbH, Spaichingen. A corresponding agreement was signed on May 31, 2024 ("signing"). The economic completion of the transaction, the so-called "closing", was still subject to the usual formal approvals after the signing and took place on July 5, 2024.

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 "Schunk Group" specializes in machines and systems in the field of ultrasonic **metal** welding - complementary to "MS Ultrasonic" with its expertise in ultrasonic **plastic** welding. The shareholder of the Schunk Group is the Ludwig Schunk Foundation.

Once the transaction has been completed, the "Ultrasonic Technology" segment will be fully consolidated in the "Schunk Group". The remaining strategic investment in the MS Industrie-Group will be consolidated using the equity method ("at equity").

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.



As the "Ultrasonic Technology" segment will be fully consolidated in the Schunk Group from the third quarter onwards, the following comments in the interim management report 2024 mainly relate to the business of the "**Drive Technology**" division, also known as "**MS XTEC**" for short.

In the two previous main operating segments "**Drive Technology**", also known as "**MS XTEC**" for short, and "**Ultrasonic Technology**", also known as "**Ultrasonic**" for short, revenue development in the first half of the year was very subdued due to the economic situation. As at the end of the first half of 2024, external sales in the "**MS XTEC**" segment were significantly lower than the previous year at around -10%. At around -25%, external sales in the "**Ultrasonic**" segment were also significantly lower than in the previous year. In the first half of the year, sales in the "**MS XTEC**" segment accounted for around 72% (previous year: 69%) and sales in the "**Ultrasonic**" segment for around 28% (previous year: 31%) of consolidated Group sales. Overall, the sales performance of both segments is below plan.

At around EUR 107 million as at the end of June 2024 (previous year: EUR 133 million), the order backlog was around -19% below the order backlog as at June 30 of the previous year. This was attributable to the "**Ultrasonic**" segment (-23%) and the "**MS XTEC**" segment (-18%).

Unfortunately, the earnings situation deteriorated in the first half of the current financial year 2024 with regard to 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)**, and therefore declined overall.

The European market for **heavy commercial vehicles over 16 tons** has remained stable across Europe with a slight increase in registrations of +0.3% in the first half of 2024 compared to the previous year (including a slight increase in registrations in Germany: +3.0%) - and thus similarly subdued as the sector for heavy commercial vehicles in the EU as a whole (source: "ACEA" - "Association des Constructeurs Européens d'Automobiles", Brussels, as of July 30, 2024).

Diesel trucks continued to dominate in the first half of 2024, accounting for 95.7% of new registrations in the EU, an increase of 2.6% compared to the same period last year. Electrically rechargeable trucks increased their market share to 1.9%, compared to 1.3% last year.

As the market for heavy commercial vehicles over 16 tons is the actual relevant sales market for the "Drive Technology" segment of the MS Industrie Group, these figures are generally cautious; the Executive Board does not expect an increase in truck registrations in the heavy-duty segment until 2025.

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

Against this backdrop, MS Industrie AG's consolidated sales in the first half of 2024 were unable to continue the positive trend from the previous year. Consolidated total revenue amounted to around EUR 109.2 million in the first half of 2024 (previous year: EUR 128.0 million) and was therefore around -15 % lower in the first half of 2024 than in the same period of the previous year.

At the end of the first half of the year, earnings before interest, taxes, depreciation and amortization (**EBITDA**) had deteriorated significantly to EUR 7.9 million (previous year: EUR 12.1 million) and earnings before interest and taxes (**EBIT**) had also deteriorated significantly to EUR 2.8 million (previous year: EUR 7.4 million).

As a result, earnings before taxes (EBT) also deteriorated by EUR -5.4 million and amounted to EUR 0.4 million (previous year: EUR 5.8 million). Consolidated earnings after taxes (EAT) amounted to EUR 2.0 million in the first half of 2024 (previous year: EUR 4.7 million) and were therefore EUR -2.7 million lower than in the same period of the previous year.

The Group's cash and cash equivalents increased slightly in the reporting period from EUR 2.1 million at the beginning of the first half of 2024 to EUR 2.5 million as at June 30, 2024. The slight increase of EUR +0.4 million in the first half of 2024 is primarily due to the positive cash flow from operating activities and financing activities.

The **second quarter of 2024** was subdued compared to the first quarter, with significantly lower EBITDA of EUR 3.2 million (Q1 2024: EUR 4.6 million), significantly lower earnings before interest and taxes (EBIT) of EUR 0.6 million (Q1 2024: EUR 2.1 million) and significantly lower earnings before taxes (EBT) of EUR -0.6 million (Q1 2024: EUR 0.9 million).

Due to the fact that the remaining 49% stake in MS Ultraschall Technologie GmbH, Spaichingen, will be consolidated by the MS Industrie-Group using the equity method ("at-equity") in future, the Management Board assumes that the direct effects of the transaction on the MS Industrie-Group for the full year 2024 will be as follows following the sale of 51% of the subsidiary MS Ultraschall Technologie GmbH, Spaichingen, to Schunk Sonosystems GmbH, Wetzlar, on July 5, 2024:

- Reduction in Group sales of around EUR 80 million on a full-year basis
- Significant reduction in the Group's net debt by around EUR 45 million and thus also in the interest burden
- Reduction in the consolidated balance sheet total by around EUR 60 million
- Increase in the Group equity ratio to over 50% of the consolidated balance sheet total
- Reduction in the number of employees by around 450.

In future, the industrial focus of MS Industrie AG will 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, the Management Board expects sales at MS XTEC of around EUR 150 million, with significant increases in the coming years underpinned by multi-year orders. The cash inflow from the transaction totaling around EUR 45 million was used to repay most of the bank liabilities of the MS Ultrasonic Technology Group in Germany and the USA as well as the bank liabilities of MS XTEC GmbH, Trossingen.

## 2. Economic report

### 2.a. General conditions and business performance in the first half of 2024

Industrial business was very subdued overall in the first half of 2024. At the time of preparing the interim Group management report, the financial position is in order. Business performance in the first half of 2024 was below expectations at all subsidiaries. In summary, it can be stated that the economic situation of the MS Industrie-Group and thus also of MS Industrie AG is stable as at the interim balance sheet date and at the time of preparation of the interim financial statements and continues to have extremely positive prospects.

## 2.b. Position of the Group as at June 30, 2024

### Earnings situation

This item shows the significant changes in the results of operations in the first half of 2024 compared to the same period of the previous year.

	1.1. until 30.06.2024		1.1. until 30.06.2023		Changes	
	TEUR	%	TEUR	%	TEUR	%
<b>Revenues</b>	<b>109.182</b>	<b>100,0</b>	<b>128.044</b>	<b>100,0</b>	<b>-18.862</b>	<b>-14,7</b>
Other operating income	1.722	1,6	1.132	0,9	590	52,1
Cost of materials (incl. changes in inventory)	54.072	49,5	66.585	52,0	-12.513	-18,8
<b>Gross profit</b>	<b>56.832</b>	<b>52,1</b>	<b>62.591</b>	<b>48,9</b>	<b>-5.759</b>	<b>-9,2</b>
Personnel expenses	30.620	28,0	29.837	23,3	783	2,6
Other operating expenses	18.308	16,8	20.669	16,1	-2.361	-11,4
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>7.904</b>	<b>7,2</b>	<b>12.085</b>	<b>9,4</b>	<b>-4.181</b>	<b>-34,6</b>
Depreciation and amortisation expense	5.123	4,7	4.661	3,6	462	9,9
<b>Result from ordinary activities (EBIT)</b>	<b>2.782</b>	<b>2,5</b>	<b>7.424</b>	<b>5,8</b>	<b>-4.643</b>	<b>-62,5</b>
Financial result	-2.321	-2,1	-1.471	-1,1	-850	-57,8
Result from associated companies	-111	-0,1	-114	-0,1	3	-2,6
<b>Consolidated earnings before taxes (EBT)</b>	<b>350</b>	<b>0,3</b>	<b>5.839</b>	<b>4,6</b>	<b>-5.490</b>	<b>-94,0</b>
Income taxes (expense +, income -)	-1.635	-1,5	1.096	0,9	-2.731	249,2
<b>Group result (EAT)</b>	<b>1.985</b>	<b>1,8</b>	<b>4.743</b>	<b>3,7</b>	<b>-2.758</b>	<b>-58,1</b>

With the exception of the direct and indirect effects of the war in Russia/Ukraine and the conflict in the Middle East, which cannot be quantified precisely, the key earnings figures in the reporting period and in the previous year's reporting period were not affected by any significant special factors, meaning that no adjustment was necessary.

In the first half of 2024, external revenue in the "MS XTEC" segment was around -10% below the previous year's revenue. The decline in segment revenue is mainly due to the decrease in customer call-offs and the delayed series ramp-up of new products ("TRATON", "Liebherr", etc.).

In the USA/Canada ("North America") sales market, sales revenue totaling EUR 17.9 million (previous year: EUR 18.9 million) was generated in the first half of 2024. This means that around 16.4% (previous year: 14.8%) of the consolidated total sales of the MS Industrie-Group were generated in the North American market in the first half of 2024.

We are therefore not satisfied with the sales performance in the first half of the year as a whole or in terms of regions. The operating performance of the various earnings levels is also not yet in line with our expectations.

At the end of June, order backlogs in the "MS XTEC" segment across all product groups were around -18% below the high order backlogs as at June 30 of the previous year.

The sales revenues of the MS Industrie Group, which fell significantly on a consolidated basis in the reporting period, continued to result primarily from the "MS XTEC" segment in the amount of EUR 78.2 million (previous year: EUR 86.7 million) and from the "Ultrasonic" segment in the amount of EUR 31.0 million (previous year: EUR 41.3 million) (segment figures after intersegment consolidation).

Personnel expenses increased slightly by around +2.6% in the first half of the year compared to the same period of the previous year, in contrast to the slight decrease of around -4.5% in the average number of employees, with an average headcount of 789 permanent employees (same period of the previous year: 830 employees). The main reason for this is the planned reduction in headcount.

The gross profit margin (sales revenue including changes in inventories and other operating income less cost of materials) in relation to sales revenue improved to 52.1% in the first half of the year (previous year: 48.9%).

After a significant reduction in other operating expenses, which fell by a total of EUR 2.4 million to EUR 18.3 million, earnings before interest, taxes, depreciation and amortization (EBITDA) were significantly lower at around EUR 7.9 million (previous year: EUR 12.1 million).

After depreciation and amortization, earnings before interest and taxes (EBIT) deteriorated significantly to EUR 2.8 million in the first half of 2024 (previous year: EUR 7.4 million). Consolidated earnings before taxes (EBT) also deteriorated significantly in the first half of the year to EUR 0.4 million (previous year: EUR 5.8 million).

Consolidated earnings after taxes (EAT) amounted to around EUR 2.0 million (previous year: EUR 4.7 million).

## Financial position

	HY1-2024 TEUR	HY1-2023 TEUR
Cash flow from operating activities	6.776	9.679
Cash flow from investing activities	-10.040	-1.930
Cash flow from financing activities	7.725	-6.464
<b>Change in liquid funds</b>	<b>4.461</b>	<b>1.285</b>
Liquid funds at the beginning of the period	-26.880	-27.796
<b>Liquid funds at the end of the period</b>	<b>-22.419</b>	<b>-26.511</b>

As at June 30, 2024, cash and cash equivalents amounted to EUR 2.5 million (December 31, 2023: EUR 2.1 million).

Liquid funds amounted to EUR -22.4 million as at June 30, 2024 (December 31, 2023: EUR -26.9 million), a significant improvement of EUR 4.5 million compared to December 31, 2023. The increase in liquid funds is primarily due to the positive cash flow from operating activities and financing activities in the first half of the year.

## Net assets

The following table shows the main changes in the Group's net assets in the first half of 2024 compared to the previous year's reporting date:

	30.06.2024		31.12.2023		Changes	
	TEUR	%	TEUR	%	TEUR	%
<b>ASSETS</b>						
Deferred tax assets	10.136	5,3	7.467	4,1	2.669	35,7
Other non-current assets	83.329	43,9	78.059	42,4	5.270	6,8
Current assets	96.595	50,8	98.693	53,6	-2.098	-2,1
<b>Total assets</b>	<b>190.060</b>	<b>100,0</b>	<b>184.219</b>	<b>100,0</b>	<b>5.841</b>	<b>3,2</b>
<b>EQUITY and LIABILITIES</b>						
Equity	66.494	35,0	65.511	35,6	983	1,5
Deferred tax liabilities	755	0,4	0	0,0	755	100,0
Other liabilities	122.811	64,6	118.708	64,4	4.103	3,5
<b>Total equity and liabilities</b>	<b>190.060</b>	<b>100,0</b>	<b>184.219</b>	<b>100,0</b>	<b>5.841</b>	<b>3,2</b>

Other non-current assets increased by around +6.8% in the first half of the year and, at around 43.9% of the balance sheet total, and have not changed significantly. The main reason for the slight increase is the scheduled investments in fixed assets amounting to around EUR 10.2 million less scheduled depreciation.

The slight decrease in current assets of around -2.1% is primarily due to the reduction in inventories and trade receivables. In percentage terms, the share of current assets in total assets fell only slightly to around 50.8% at the end of the first half of the year.

The Group's equity ratio decreased slightly compared to December 31, 2023 due to the positive Group result and the approximately +3.2% increase in total assets in the first half of the year and amounted to 35.0% as at June 30, 2024 (December 31, 2023: 35.6%). In absolute terms, equity increased slightly by a total of EUR +1.0 million to EUR 66.5 million (December 31, 2023: EUR 65.5 million) due to the positive Group result in the first half of the year.

Primarily due to the increase in liabilities to banks, borrowed capital rose slightly in absolute terms in the Group, but also only slightly as a percentage of the slightly higher balance sheet total.

The Group's net gearing ratio (current and non-current net bank liabilities/equity) deteriorated slightly from 66.9% at the end of 2023 to 73.5% at the end of the first half of the year.

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

Overall, business was very subdued for the MS Industrie-Group in the first half of 2024. The "MS XTEC" segment was characterized by relatively weak demand from truck manufacturers. However, the supply chains in the truck sector have stabilized again. In addition, there are further effects from the non-linear ramp-up of newly acquired "MS XTEC" series orders in recent years. However, due to the stable basic capacity utilization, the Management Board is confident for the rest of the current year. In the "Ultrasonic" segment, the development of incoming orders was very restrained in all sub-segments, although the operating performance was positive due to price increases, among other things.

### **3. Opportunity and risk report**

The general comments on "Opportunities and risks" in the Group management report as at December 31, 2023 essentially apply; we refer to the detailed presentation in the Annual Financial Report 2023, which is available on the company's website at the following Internet address: <https://www.ms-industrie.de/investor-relations/finanzberichte/>.

The continued organic growth planned in the "MS XTEC" area regularly presents our group with typical new challenges such as recruiting qualified young talent, change management, adapting (IT) structures, etc. Based on the experience we have gained in the past, we try to overcome these typical challenges in the development of a company.

Opportunities exist in particular through market potential in foreign markets as well as in the generation of further synergy effects within the Group and especially through the upcoming rejuvenation of truck fleets both in Germany and worldwide.

As part of its internationalization strategy, the MS Industrie-Group is increasingly focusing on the sales regions of South America and Asia in addition to the important European and US markets. Both regions offer extensive sales potential, particularly in the automotive and mechanical engineering sectors. In close cooperation with competent, local partner companies, the MS Industrie-Group aims to achieve sustainable market entry there while minimizing potential financial risks. There are excellent development opportunities for the two most important divisions, as all well-known automotive and commercial vehicle manufacturers are now represented in these sales markets. By consistently expanding its own global sales activities, the MS Industrie-Group is also in a position to acquire and support further major global customers, including in the machining market environment.

An important milestone in the internationalization of MS XTEC GmbH has been reached with its new location in North America. The new headquarters in the USA and the new production facility of MS XTEC are located in Charlotte, North Carolina/USA. The lease for a suitable building with around 1,600 square meters of usable space was signed in November 2023. The first orders in the commercial vehicle and industrial sectors will be relocated from Trossingen to Charlotte in the course of 2024. Further growth potential is seen in the area of complex and automated 5-axis machining for small to medium batch sizes. The MS XTEC Group will broaden its production base at the new location. Future target markets will be in the medical, aerospace, spare parts, defense and industrial sectors. This will make the American market one of the MS XTEC Group's main growth areas in future and further reduce its dependence on the automotive sector. With prospective sales of around USD 30.0 million, the new location in the USA will play a central role alongside the headquarters in Germany. The attractiveness of the branch in the USA is also due to the high degree of business friendliness towards the industry. This is reflected in easier market entry, significantly more attractive energy prices and the provision of subsidies as well as joint, efficient and goal-oriented cooperation between all parties involved at the Charlotte, North Carolina/USA site.

### **4. Forecast report**

Since the publication of the 2023 Annual Financial Report in April 2024, there has been general uncertainty about future global economic developments against the backdrop of the predominantly indirect effects of the ongoing war in Russia/Ukraine and

the conflict in the Middle East. The extent to which the global economic crisis, which is latently smouldering due to the effects of the ongoing war in Russia/Ukraine and the conflict in the Middle East, will continue to affect the German real economy in the future cannot yet be definitively predicted.

For the financial year 2024 as a whole, the Executive Board continues to expect a stable order situation at a reduced level compared to the previous year, provided that the global economy remains stable overall, and continues to expect the Group to generate a clearly positive annual result with an expected sales volume of EUR 180 million.

The originally planned investment volume for 2024 (including overhang effects of around EUR 15.3 million from the previous year) amounts to a total of around EUR 22.0 million in the MS Industrie Group, of which EUR 20.6 million is in the "MS XTEC" segment. Around 42% (EUR 9.3 million) of the planned investment volume for 2024 was already invested in the first half of 2024.

In absolute terms, the greatest long-term growth is still expected in the "MS XTEC" segment. The focal points for 2024 in this segment are: the production ramp-up of the new orders acquired in previous years ("TRATON", "Liebherr", etc.), the continuation of the flexible automation strategy and the start of production in the USA.

Overall, MS XTEC GmbH, Trossingen-Schura, is expected to generate sales of over EUR 150 million in the current 2024 financial year. The business volume will increase to well over EUR 170 million per year over the next few years due to the positive order situation. Based on the current market situation, the combined volume of all long-term contracts in the "MS XTEC" segment for the coming contract years amounts to at least around **EUR 1.2 billion** up to and including 2031.

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

Munich, August 22, 2024

MS Industrie AG - The Management Board



Dr. Andreas Aufschneider  
(Spokesman of the Management Board)



Armin Distel



**MS INDUSTRIE AG**

Brienner Straße 7  
80333 Munich, Germany

Tel. +49 89 20 500 900  
Fax +49 89 20 500 999

[info@ms-industrie.ag](mailto:info@ms-industrie.ag)  
[www.ms-industrie.ag](http://www.ms-industrie.ag)