

Connecting Values

# Quarterly statement 3/2022

## Masterflex at a glance

in EUR thousand	30.09.22	30.09.21	Change
Consolidated revenue	76,049	59,577	27.6%
EBITDA	14,081	9,344	50.7%
EBIT (operational)	10,413	5,761	80.7%
EBIT	10,381	5,670	83.1%
EBT	10,013	5,076	97.3%
Financial result	-368	-594	-38.0%
Consolidated result	7,337	3,763	95.0%
Consolidated earnings per share (EUR)	0.76	0.39	94.9%
EBIT margin (operational)	13.7%	9.7%	
Net return on revenue	9.6%	6.3%	
Employees (number)	589	556	5.9%

in EUR thousand	30.09.22	31.12.21	Change
Consolidated equity	52,663	44,977	17.1%
Consolidated total assets	93,881	79,286	18.4%
Group equity ratio	56.1%	56.7%	

## MASTERFLEX SE: Strong third quarter of 2022 with order situation remaining robust

- Significant growth continues
- Group revenue after nine months up 27.6% on previous year at EUR 76.0 million
- Group operating EBIT at EUR 10.4 million or 13.7% of revenue
- Clear double-digit EBIT margin maintained
- Forecast for fiscal 2022 raised

### Report by the Management Board

Gelsenkirchen, 9 November 2022 – After nine months in the 2022 financial year, the Masterflex Group remains on a growth path and is thus continuing its successful business development in the current financial year with sustainably higher profitability. The simultaneously robust order situation also allows a more optimistic outlook for the full year 2022.

In the first nine months of the current financial year, the Masterflex Group generated revenue of EUR 76.0 million, compared with EUR 59.6 million in the same period of the previous year. This corresponds to a year-on-year increase in revenue of 27.6%. The growth is based equally on volume and price effects as well as a favorable development on the currency side to the strong dollar. Broken down by customer sector, the trend seen in previous quarters continued. The traditional industries, in particular mechanical engineering, automotive and aerospace, and medical technology, continued to show strong demand. The share of high-margin medical technology business was 18%. Business in the Americas also continued to develop dynamically. Overall, growth was driven by all companies in the Masterflex Group.

The supply situation on the raw materials side and the associated price increases continued to shape the earnings situation, which is reflected in a slight increase in the materials usage ratio. Nevertheless, Masterflex increased operating EBIT by more than 80% to EUR 10.4 million in the first nine months of 2022 (9M/2021: EUR 5.8 million). The operating EBIT margin has thus sustainably stabilized in the double-digit percentage range and stands at 13.7% after nine months compared to 9.7% in the same period of the previous year. At net level, Masterflex realized a jump in profits of 95% in consolidated earnings to EUR 7.3 million (9M/2021: EUR 3.8 million) or EUR 0.76 in consolidated earnings per share (9M/2021: EUR 0.39).

The order situation remains robust. The order backlog at the end of the third quarter amounts to EUR 24.1 million (previous year: EUR 15.4 million). On the one hand, the decrease of EUR 3.9 million compared to June 30, 2022 is due to the high sales in the third quarter, after Masterflex was able to slightly reduce the order backlog compared to the high value of EUR 27.0 million at the end of the first half of the year in the past quarter. On the other hand, there was a moderate decline in order momentum due to the economic situation. Order intake nevertheless remains at a very satisfactory normal level of at least EUR 2.0 million per week. The still high order backlog secures the further development well, which enables Masterflex to look optimistically at the year as a whole and to raise the forecast for 2022 significantly.

Dr. Andreas Bastin, CEO of the Masterflex Group: „We are experiencing robust business development across the entire breadth of our activities. Above all, we are benefiting from the cross-industry applications for our hose and connection systems and, thanks to our in-depth industry expertise, from the return of all customer industries to growth. Our raised annual forecast, which calls for an increase in revenue to between EUR 92 and 96 million and operating EBIT of between

EUR 9.3 and 10.5 million, is based on our order backlog, which remains high, and order momentum, which continues to be good. 2022 will be a successful year for Masterflex, crowned with the promised return to a double-digit EBIT margin.“

## Earnings Position

### Earnings situation dominated by volume and price effects

The development of the Masterflex Group's earnings position continued in the third quarter in line with the results of the first half of the year. Revenue increased by 27.6% to EUR 76.0 million (9M/2021: EUR 59.6 million). The increase in revenue was due to price, volume and, due to the strong USD, currency effects.

Operating EBIT increased from EUR 5.8 million in the previous year to EUR 10.4 million euros in the current year. This corresponds to an increase of 80.7%. The operating EBIT margin increased further to 13.7% (9M/2022) versus 9.7% in the previous year.

EBIT development was impacted by rising raw material, freight and energy prices. However, these inflationary effects were largely offset by price adjustments. Nevertheless, the materials usage ratio (cost of materials as a percentage of sales plus changes in inventories) increased from 32.2% (9M/2021) to 33.4% (9M/2022).

In addition to annual wage and salary increases, the rise in personnel costs was mainly due to the growth-related increase in personnel at the major German sites and in the USA, as well as to the resumption of production at the Czech site. Nevertheless, as a result of the strong growth, the personnel employment ratio (measured as a percentage of total operating performance) decreased from 37.4% (9M/2021) to 32.3% (9M/2022). This is also largely due to the very successful and continued B2DD (Back to Double Digit) program of measures.

The increase in other operating expenses is mainly attributable to the volume- and price-related increase in energy, freight, and packaging costs.

## Net Assets and Financial Position

### Growth-related increase in working capital

On the assets side, the increase in total assets by EUR 14.6 million to EUR 93.9 million (quarterly financial statements 09/2022) is mainly attributable to four effects:

1. An Increase in property and buildings of EUR 3.3 million due, among other things, to the conclusion of a new lease agreement at APT Polymer Tubing and the associated application of IFRS 16.
2. An increase in technical equipment and machinery from EUR 1.0 million to EUR 11.7 million due to higher investment activity following the Corona crisis.
3. 4.4 million increase in inventories (in particular raw materials) from EUR 17.2 million (December 31, 2021) to EUR 21.6 million (September 30, 2022).
4. Increase in trade accounts receivable by EUR 5.1 million to EUR 12.1 million as of September 30, 2022.

On the liabilities side of the balance sheet, the increase in total assets is attributable to the follo-

wing effects:

1. Conditional increase in equity from EUR 45.0 million as of December 31, 2021 to EUR 52.7 million as of September 30, 2022 due to the strong quarterly results, corresponding to an increase of EUR 7.7 million.
2. Increase in liabilities from finance leases of EUR 2.9 million to EUR 4.5 million as of September 30, 2022, mainly due to the conclusion of a new lease agreement at APT Polymer Tubing.
3. Increase in income tax liabilities by EUR 1.8 million to EUR 2.2 million as of September 30, 2022 due to the positive earnings situation.
4. Volume-related increase in trade accounts payable by EUR 2.0 million to EUR 4.0 million as of September 30, 2022.

Net debt increased from EUR 15.9 million as of December 31, 2021, to EUR 18.3 million as of September 30, 2022, despite scheduled repayment of the syndicated loan agreement due to the IFRS 16 effect. The gearing ratio decreased from 1.5 as of December 31, 2021, to 1.2 as of September 30, 2022, due to the strong earnings performance and despite the IFRS 16 effect.

## Outlook

### Outlook 2022: Forecast raised

On the basis of the successful business development in the first nine months, the solid order backlog and the continued robust order intake, Masterflex raised its forecast for the 2022 financial year significantly – as communicated in the ad hoc release dated October 24, 2022. The Company now expects revenue for the 2022 financial year to increase to between EUR 92 million and EUR 96 million (previously: EUR 83 million to EUR 87 million) and operating EBIT to be between EUR 9.3 million and EUR 10.5 million (previously: between EUR 8.3 million and EUR 9.0 million).

## Consolidated Statement of Financial Position

Assets in EUR thousand	30.09.2022*	31.12.2021
<b>Non-current assets</b>		
<b>Intangible assets</b>	<b>13,122</b>	<b>13,106</b>
Licenses, industrial property rights	1,523	1,786
Development costs	1,943	1,721
Goodwill	9,187	9,187
Advance payments	469	412
<b>Property, plant and equipment</b>	<b>35,699</b>	<b>31,254</b>
Land and buildings	20,412	17,079
Technical equipment and machinery	11,744	10,697
Other equipment, operating and office equipment	2,820	2,920
Advance payments and assets under construction	723	558
<b>Financial assets</b>	<b>89</b>	<b>112</b>
Investment securities	89	112
<b>Other assets</b>	<b>449</b>	<b>34</b>
<b>Deferred taxes</b>	<b>33</b>	<b>33</b>
	<b>49,392</b>	<b>44,539</b>
<b>Current assets</b>		
<b>Inventories</b>	<b>21,610</b>	<b>17,243</b>
Raw materials consumables and supplies	12,481	9,458
Unfinished goods and services	540	465
Finished products and goods	8,533	7,320
Advance payments	56	0
<b>Receivables and other assets</b>	<b>13,199</b>	<b>7,631</b>
Trade receivables	12,090	6,971
Other assets	1,109	660
<b>Income tax assets</b>	<b>231</b>	<b>323</b>
<b>Cash and bank balances</b>	<b>9,449</b>	<b>9,550</b>
	<b>44,489</b>	<b>34,747</b>
<b>Total assets</b>	<b>93,881</b>	<b>79,286</b>

\* unaudited

## Consolidated Statement of Financial Position

Liabilities in EUR thousand	30.09.2022*	31.12.2021
<b>Equity</b>		
<b>Consolidated equity</b>	<b>52,312</b>	<b>44,655</b>
Issued capital	9,618	9,618
Capital reserve	31,306	31,306
Retained earnings	10,837	4,654
Reserve for the market valuation of financial instruments	-619	-595
Hedging instruments	385	25
Currency differences	785	-353
<b>Non-controlling interests</b>	<b>351</b>	<b>322</b>
<b>Total equity</b>	<b>52,663</b>	<b>44,977</b>
<b>Non-current liabilities</b>		
<b>Provisions</b>	<b>257</b>	<b>257</b>
<b>Financial liabilities</b>	<b>25,238</b>	<b>23,013</b>
<b>Other liabilities</b>	<b>867</b>	<b>834</b>
<b>Deferred taxes</b>	<b>971</b>	<b>823</b>
	<b>27,333</b>	<b>24,927</b>
<b>Current liabilities</b>		
<b>Provisions</b>	<b>216</b>	<b>120</b>
<b>Financial liabilities</b>	<b>2,499</b>	<b>2,455</b>
<b>Income tax liabilities</b>	<b>2,165</b>	<b>395</b>
<b>Other liabilities</b>	<b>9,005</b>	<b>6,412</b>
Trade payables	4,005	2,036
Other liabilities	5,000	4,376
	<b>13,885</b>	<b>9,382</b>
<b>Total equity and liabilities</b>	<b>93,881</b>	<b>79,286</b>

\* unaudited

## Consolidated Statement of Income (9M)

	01.01.-30.09.22*	01.01.-30.09.21*
	EUR thousand	EUR thousand
1. Sales revenue	76,049	59,577
2. Increase or decrease in inventories of finished and unfinished goods	828	760
3. Other own work capitalized	41	43
4. Other income	572	393
<b>Operating performance</b>	<b>77,490</b>	<b>60,773</b>
5. Cost of materials	-25,695	-19,445
6. Personnel expenses	-24,877	-22,584
7. Depreciation and amortization	-3,668	-3,583
8. Other expenses	-12,869	-9,491
9. Financial result		
Financing expenses	-372	-598
Other financial result	4	4
<b>10. Earnings before taxes</b>	<b>10,013</b>	<b>5,076</b>
11. Income taxes	-2,628	-1,276
<b>12. Consolidated result</b>	<b>7,385</b>	<b>3,800</b>
thereof: non-controlling interests	48	37
<b>thereof: share of shareholders of Masterflex SE</b>	<b>7,337</b>	<b>3,763</b>
<b>Earnings per share (undiluted and diluted)</b>	<b>0.76</b>	<b>0.39</b>

\* unaudited



## Consolidated Statement of Income (Q3)

	01.07.-30.09.22*	01.07.-30.09.21*
	EUR thousand	EUR thousand
1. Sales revenue	26,937	20,706
2. Increase or decrease in inventories of finished and unfinished goods	409	301
3. Other own work capitalized	13	-9
4. Other income	229	96
<b>Operating performance</b>	<b>27,588</b>	<b>21,094</b>
5. Cost of materials	-9,091	-6,910
6. Personnel expenses	-8,490	-7,716
7. Depreciation and amortization	-1,237	-1,193
8. Other expenses	-5,053	-3,285
9. Financial result		
Financing expenses	-127	-173
Other financial result	1	1
<b>10. Earnings before taxes</b>	<b>3,591</b>	<b>1,818</b>
11. Income taxes	-899	-490
<b>12. Consolidated result</b>	<b>2,692</b>	<b>1,328</b>
thereof: non-controlling interests	18	3
<b>thereof: share of shareholders of Masterflex SE</b>	<b>2,674</b>	<b>1,325</b>
<b>Earnings per share (undiluted and diluted)</b>	<b>0.27</b>	<b>0.14</b>

\* unaudited

## Consolidated Statement of Comprehensive Income (9M)

	01.01.-30.09.22*	01.01.-30.09.21*
	EUR thousand	EUR thousand
<b>Consolidated result</b>	<b>7,385</b>	<b>3,800</b>
<b>Other income</b>		
<b>Items that are subsequently reclassified to profit or loss if certain conditions are met</b>		
1. Currency gains/losses from the translation of foreign financial statements	1,189	475
2. Changes in the fair value of financial instruments	-24	31
3. Hedging transactions	360	169
4. Income taxes	-51	-32
<b>5. Other income after taxes</b>	<b>1,474</b>	<b>643</b>
<b>6. Comprehensive income</b>	<b>8,859</b>	<b>4,443</b>
<b>Comprehensive income:</b>	<b>8,859</b>	<b>4,443</b>
thereof: non-controlling interests	48	37
<b>thereof: share of shareholders of Masterflex SE</b>	<b>8,811</b>	<b>4,406</b>

\* unaudited

## Consolidated Statement of Comprehensive Income (Q3)

	01.07.-30.09.22*	01.07.-30.09.21*
	EUR thousand	EUR thousand
<b>Consolidated result</b>	<b>2,692</b>	<b>1,328</b>
<b>Other income</b>		
<b>Items that are subsequently reclassified to profit or loss if certain conditions are met</b>		
1. Currency gains/losses from the translation of foreign financial statements	578	108
2. Changes in the fair value of financial instruments	-1	4
3. Hedging transactions	176	74
4. Income taxes	-19	-4
<b>5. Other income after taxes</b>	<b>734</b>	<b>182</b>
<b>6. Comprehensive income</b>	<b>3,426</b>	<b>1,510</b>
<b>Comprehensive income:</b>	<b>3,426</b>	<b>1,510</b>
thereof: non-controlling interests	18	3
<b>thereof: share of shareholders of Masterflex SE</b>	<b>3,408</b>	<b>1,507</b>

\* unaudited

## Consolidated Statement of Cash Flow

in EUR thousand	30.09.2022*	30.09.2021*
Result for the period before taxes, interest expense and financial income	10,333	5,633
Income tax expenses	-1,366	-657
Depreciation and amortization of property, plant and equipment and intangible assets	3,668	3,583
Decrease in provisions	96	-125
Other non-cash income and gain on disposal of non-current assets	7	-6
Increase/decrease in inventories	-4,367	-1,646
Increase in trade receivables and other assets not attributable to investing or financing activities	-5,891	-4,273
Increase in trade accounts payable and other liabilities not attributable to investing or financing activities	3,216	1,232
<b>Cash flow from operating activities</b>	<b>5,696</b>	<b>3,741</b>
Payments for investments in non-current assets	-3,879	-2,293
<b>Cash flow from investing activities</b>	<b>-3,879</b>	<b>-2,293</b>
Dividends to Masterflex shareholders	-1,173	-769
Interest and dividend income	4	4
Interest payments	-306	-526
Proceeds from borrowings	0	0
Payments for lease liabilities	-831	-801
Payments for the repayment of loans	-750	-1,137
<b>Cash flow from financing activities</b>	<b>-3,056</b>	<b>-3,229</b>
<b>Cash-effective changes in cash and cash equivalents</b>	<b>-1,239</b>	<b>-1,781</b>
Changes in cash and cash equivalents due to exchange rates and other changes in value	1,138	666
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9,550</b>	<b>9,217</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9,449</b>	<b>8,102</b>

\* unaudited

## Consolidated Statement of Changes in Equity

Development of Group equity	Subscribed capital	Capital reserve	Retained earnings	Reserve for the market valuation of financial instruments	Reserve for hedging transactions	Currency differences	Shares of shareholders of Masterflex SE	Non-controlling interests	Equity
<b>in EUR thousand</b>									
<b>Equity as of 31.12.2020</b>	<b>9,618</b>	<b>31,306</b>	<b>2,142</b>	<b>-643</b>	<b>-224</b>	<b>-1,217</b>	<b>40,982</b>	<b>303</b>	<b>41,285</b>
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>3,763</b>	<b>31</b>	<b>169</b>	<b>443</b>	<b>4,406</b>	<b>37</b>	<b>4,443</b>
Consolidated result	0	0	3,763	0	0	0	3,763	37	3,800
Other income after income taxes	0	0	0	31	169	443	643	0	643
Changes in the fair value of financial instruments	0	0	0	31	0	0	31	0	31
Changes in the fair value of hedging instruments	0	0	0	0	169	0	169	0	169
Currency gains/losses from the translation of foreign financial statements	0	0	0	0	0	475	475	0	475
Income taxes on other comprehensive income	0	0	0	0	0	-32	-32	0	-32
<b>Equity as of 30.09.2021</b>	<b>9,618</b>	<b>31,306</b>	<b>5,135</b>	<b>-612</b>	<b>-55</b>	<b>-774</b>	<b>44,618</b>	<b>340</b>	<b>44,958</b>
<b>Equity as of 31.12.2021</b>	<b>9,618</b>	<b>31,306</b>	<b>4,654</b>	<b>-595</b>	<b>25</b>	<b>-353</b>	<b>44,655</b>	<b>322</b>	<b>44,977</b>
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>7,337</b>	<b>-24</b>	<b>360</b>	<b>1,138</b>	<b>8,811</b>	<b>48</b>	<b>8,859</b>
Consolidated result	0	0	7,337	0	0	0	7,337	48	7,385
Other income after income taxes	0	0	0	-24	360	1,138	1,474	0	1,474
Changes in the fair value of financial instruments	0	0	0	-24	0	0	-24	0	-24
Changes in the fair value of hedging instruments	0	0	0	0	360	0	360	0	360
Currency gains/losses from the translation of foreign financial statements	0	0	0	0	0	1,189	1,189	0	1,189
Income taxes on other comprehensive income	0	0	0	0	0	-51	-51	0	-51
<b>Equity as of 30.09.2022</b>	<b>9,618</b>	<b>31,306</b>	<b>10,837</b>	<b>-619</b>	<b>385</b>	<b>785</b>	<b>52,312</b>	<b>351</b>	<b>52,663</b>

## Share information

Stock exchange symbol	MZX
GSIN	549293
ISIN	DE0005492938
Stock Exchange	Frankfurt, FWB
Stock exchange segment	Prime Standard
Total number of shares	9,752,460 pieces
Shares outstanding	9,618,334 pieces
Own shares	134,126 shares
Dividend FY 2021	EUR 0.12
Designated Sponsor	ICF Bank AG

## Investor Relations

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### Layout

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## Forward-looking statements

This report contains forward-looking statements. These statements are based on the current expectations, assumptions and forecasts of the Management Board and the information currently available to it. The forward-looking statements are not to be understood as guarantees of the future developments and results mentioned therein. Rather, future developments and results depend on a variety of factors, they involve various risks and uncertainties and are based on assumptions that may not prove to be accurate. We assume no obligation to update the forward-looking statements made in this report.

