

Connecting Values

Quarterly statement 1/2022

Masterflex at a glance

in EUR thousand	31.03.22	31.03.21	Change
Consolidated revenue	23,903	19,512	22.5%
EBITDA	4,276	3,404	25.6%
EBIT (operational)	3,058	2,205	38.7%
EBIT	2,999	2,205	36.0%
EBT	2,815	1,997	41.0%
Financial result	-125	-209	-40.2%
Consolidated result	2,109	1,494	41.2%
Consolidated earnings per share (EUR)	0.22	0.16	37.5%
EBIT margin (operational)	12.8%	11.3%	
Net return on revenue	8.8%	7.7%	
Employees (number)	573	551	4.0%

in EUR thousand	31.03.22	31.12.21	Change
Consolidated equity	47,222	44,977	5.0%
Consolidated total assets	82,913	79,286	4.6%
Group equity ratio	57.0%	56.7%	

Masterflex with excellent start to fiscal year 2022 – operational EBIT +38.7%

- Significant revenue and EBIT growth in the first quarter of 2022
- Consolidated revenue increased by 22.5% to EUR 23.9 million
- Consolidated operational EBIT at EUR 3.1 million 38.7% up year-on-year
- EBIT margin increased to 12.8% (3M/2022: 11.3%)
- Order backlog increased further in the first quarter

Report by the Management Board

Gelsenkirchen, May 11, 2022 - The Masterflex Group has made an excellent start to the 2022 financial year with a strong first quarter. The Group was able to carry the momentum from 2021 into the first quarter of 2022 and significantly increase revenue and earnings. In the first quarter of 2022, Masterflex generated revenue of EUR 23.9 million, compared with EUR 19.5 million in the same period of the previous year. This corresponds to a year-on-year increase in revenue of 22.5%.

Growth was driven by all markets and industries that Masterflex operates in. Masterflex grew particularly strongly in North America and in the aviation business in the first quarter of 2022. Due to high order backlog, significantly more high-tech hoses were sold than in the prior-year's first quarter, which was impacted by the Corona pandemic. Growth was also driven by price increases in the sales markets. In addition, the share of total revenues accounted for by high-margin medical technology increased to 18% (3M/2021: 17%).

The order backlog increased at a double-digit rate in the first quarter, reaching EUR 26.7 million as of March 31, 2022, compared to EUR 22.9 million as of December 31, 2021.

At EUR 3.1 million, consolidated operational EBIT was 38.7% higher in the first quarter of 2022 than in the previous year (3M/2021: EUR 2.2 million). This corresponds to an EBIT margin in the Group of 12.8% compared to 11.3% in the first quarter of 2021. The main reasons for the increased EBIT are the margin improvements due to volume growth as well as cost discipline. In addition, the increased raw material, energy and logistics costs were largely offset.

Dr. Andreas Bastin, CEO of the Masterflex Group: "We have had a successful start to the year. The first quarter underpins our ambition to achieve a double-digit EBIT margin this year. In addition, the growing order backlog gives us confidence that the positive development will continue. Of course, we have to battle with particular challenges. The world is a different place than when we started our Back to Double Digit program. You can't compare it at all - first Corona, and now the war in Ukraine. It is not yet possible to reliably predict what further effects this will have. This is particularly evident in our case in the development of the aviation business and in the current trend in raw material and energy prices and the shortage of raw materials. As things stand, however, we are confident that we will achieve the targets set for 2022."

Earnings Position

Rising costs offset by revenue growth

Revenues in the first quarter of 2022 increased by 22.5% year-on-year to EUR 23.9 million (3M/2021: EUR 19.5 million). While the previous year was still impacted by the Corona pandemic, the increase in revenues in the first quarter of 2022 was driven by both volume increases and price increases in response to the dramatic rise in raw material and energy prices.

The cost side was primarily influenced by inflationary effects. The sharp rise in raw material prices led to an increase in the materials usage ratio (3M/2022: 34.1%; 3M/2021: 31.8%). Other operating expenses also increased by around EUR 0.7 million to EUR 3.6 million (3M/2021: EUR 2.8 million) due to the sharp rise in energy and freight costs.

The personnel cost ratio developed in the opposite direction. Personnel cost increases were disproportionately lower than revenue growth, with the result that the personnel cost ratio fell from 37.0% in the first quarter of 2021 to 33.1% in 3M/2022.

Overall, the margin effect from volume growth combined with a disproportionately low increase in personnel costs led to an increase in EBIT of EUR 0.9 million to EUR 3.1 million (3M/2021: EUR 2.2 million).

Net Assets and Financial Position

Equity ratio continues to rise

The increase in the balance sheet total as of March 31, 2022 by EUR 3.6 million to EUR 82.9 million (December 31, 2021: EUR 79.3 million) was mainly due to an increase in inventories on the assets side by EUR 1.3 million to EUR 18.6 million (December 31, 2021: EUR 17.2 million) and the increase in trade accounts receivable by EUR 4.0 million to EUR 10.9 million (December 31, 2021: EUR 7.0 million) due to volume and reporting date factors, with a simultaneous decrease in cash and bank balances by EUR 2.4 million to EUR 7.1 million as of March 31, 2022 (December 31, 2021: EUR 9.6 million). Cash and cash equivalents decreased in the three-month period due to the build-up of working capital and payments of royalties, bonuses and insurance premiums.

Consolidated equity amounted to EUR 47.2 million as of March 31, 2022, compared with EUR 45.0 million as of December 31, 2021. Despite a simultaneous expansion of total assets, the Group's equity ratio increased from 56.7% as of December 31, 2021, to 57.0% as of March 31, 2022.

Net debt increased by EUR 2.3 million to EUR 18.2 million compared to December 31, 2021 (December 31, 2021: EUR 15.9 million) due to the decrease in cash and cash equivalents.

Cash flow from operating activities in the first quarter of 2022 was characterized by the build-up of inventories and the increase in trade receivables (3M/2022: EUR -0.8 million; 3M/2021: EUR -0.3 million). In addition, more was invested in fixed assets in the first quarter compared to the same quarter of the previous year (3M/2022: EUR 1.4 million; 3M/2021: EUR 0.6 million). These effects mainly led to the reduction in cash and cash equivalents from EUR 9.6 million at the beginning of the period to EUR 7.1 million at the end of the period.

Immediate effects of the Corona crisis and the war in Ukraine

Hardly noticeable effects at present

Effects from the Corona pandemic were only noticeable in isolated cases in the first quarter of 2022. Due to the strong and rapid spread of the Omicron variant, there were higher sickness rates at a few sites. However, this did not result in any significant revenue decreases. In addition, development in China regarding a large number of regional lockdowns will have to be monitored further. However, the uncertainties regarding the further course of the Corona pandemic persist and continue to require active and situation-related action at the Masterflex Group's locations worldwide. No impairment on intangible assets was necessary.

The direct impact of the war in Ukraine is also hardly noticeable, as Masterflex traditionally has a low sales volume in both Russia and Ukraine. What consequences an embargo on gas deliveries would have is difficult to assess at the present time. The war in Ukraine has further exacerbated the situation in the raw materials markets. The situation remains tense both in terms of raw material prices and availability. The company is attempting to pass on rising input costs to the sales market, and with regard to raw material availability there is a permanent exchange with critical suppliers.

Outlook

Outlook 2022 confirmed

In view of the very good development in the first quarter, management confirms the forecast for 2022, which expects an increase in revenues in a range of EUR 83 to 87 million. At the same time, operating EBIT is expected to increase between EUR 8.3 and 9.0 million.

With a significantly improved EBIT margin (3M/2022: 12.8%; 3M/2021: 11.3%), we have made a very good start to the fiscal year. Management has thus reaffirmed its target of sustainably returning operating EBIT margin to double-digit in 2022.

Consolidated Statement of Financial Position

Assets in EUR thousand	31.03.2022*	31.12.2021
Non-current assets		
Intangible assets	13,091	13,106
Licenses, industrial property rights	1,710	1,786
Development costs	1,779	1,721
Goodwill	9,187	9,187
Advance payments	415	412
Property, plant and equipment	31,658	31,254
Land and buildings	16,728	17,079
Technical equipment and machinery	10,455	10,697
Other equipment, operating and office equipment	2,899	2,920
Advance payments and assets under construction	1,576	558
Financial assets	111	112
Investment securities	111	112
Other assets	68	34
Deferred taxes	33	33
	44,961	44,539
Current assets		
Inventories	18,560	17,243
Raw materials consumables and supplies	10,626	9,458
Unfinished goods and services	465	465
Finished products and goods	7,469	7,320
Advance payments	0	0
Receivables and other assets	12,006	7,631
Trade receivables	10,945	6,971
Other assets	1,061	660
Income tax assets	282	323
Cash and bank balances	7,104	9,550
	37,952	34,747
Total assets	82,913	79,286

* unaudited

Consolidated Statement of Financial Position

Liabilities in EUR thousand	31.03.2022*	31.12.2021
Equity		
Consolidated equity	46,890	44,655
Issued capital	9,618	9,618
Capital reserve	31,306	31,306
Retained earnings	6,762	4,654
Reserve for the market valuation of financial instruments	-596	-595
Hedging instruments	42	25
Currency differences	-242	-353
Non-controlling interests	332	322
Total equity	47,222	44,977
Non-current liabilities		
Provisions	257	257
Financial liabilities	23,026	23,013
Other liabilities	840	834
Deferred taxes	1,188	823
	25,311	24,927
Current liabilities		
Provisions	79	120
Financial liabilities	2,306	2,455
Income tax liabilities	621	395
Other liabilities	7,374	6,412
Trade payables	3,230	2,036
Other liabilities	4,144	4,376
	10,380	9,382
Total equity and liabilities	82,913	79,286

* unaudited

Consolidated Statement of Income

	01.01.-31.03.22*	01.01.-31.03.21*
	EUR thousand	EUR thousand
1. Revenue	23,903	19,512
2. Increase or decrease in inventories of finished goods and unfinished goods	7	385
3. Other own work capitalized	18	17
4. Other income	135	135
Operating performance	24,063	20,049
5. Cost of materials	-8,198	-6,370
6. Personnel expenses	-8,022	-7,428
7. Depreciation and amortization	-1,218	-1,199
8. Other expenses	-3,626	-2,847
9. Financial result		
Finance expenses	-125	-209
Other financial result	0	1
10. Earnings before taxes	2,874	1,997
11. Income taxes	-755	-487
12. Consolidated result	2,119	1,510
thereof: non-controlling interests	10	16
 thereof: share of shareholders of Masterflex SE	2,109	1,494
Earnings per share (undiluted and diluted)	0.22	0.16

* unaudited

Consolidated Statement of Comprehensive Income

	01.01.-31.03.21*	01.01.-31.03.20*
	EUR thousand	EUR thousand
Consolidated result	2,119	1,510
Other income		
Items that are subsequently reclassified to profit or loss if certain conditions are met		
1. Currency gains/losses from the translation of foreign financial statements	116	251
2. Changes in the fair value of financial instruments	-1	5
3. Hedging transactions	17	102
4. Income taxes	-5	-9
5. Other income after taxes	127	349
6. Comprehensive income	2,246	1,859
Comprehensive income:	2,246	1,859
thereof: non-controlling interests	10	16
thereof: share of shareholders of Masterflex SE	2,236	1,843

* unaudited

Consolidated Statement of Cash Flow

in EUR thousand	31.03.2022*	31.03.2021*
Result for the period before taxes, interest expense and financial income	2,989	2,189
Income tax expenses	-266	-224
Depreciation and amortization of property, plant and equipment and intangible assets	1,218	1,199
Decrease in provisions	-41	0
Other non-cash income and gain on disposal of non-current assets	-8	-1
Increase/decrease in inventories	-1,317	-1,104
Increase in trade receivables and other assets not attributable to investing or financing activities	-4,884	-3,136
Increase in trade accounts payable and other liabilities not attributable to investing or financing activities	1,558	785
Cash flow from operating activities	-751	-292
Payments for investments in non-current assets	-1,432	-637
Cash flow from investing activities	-1,432	-637
Interest and dividend income	0	1
Interest payments	-98	-207
Proceeds from borrowings	0	0
Payments for lease liabilities	-276	-251
Payments for the repayment of loans	0	-368
Cash flow from financing activities	-374	-825
Cash-effective changes in cash and cash equivalents	-2,557	-1,754
Changes in cash and cash equivalents due to exchange rates and other changes in value	111	465
Cash and cash equivalents at the beginning of the period	9,550	9,217
Cash and cash equivalents at the end of the period	7,104	7,928

* 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
in EUR thousand									
Equity as of 31.12.2020	9,618	31,306	2,142	-643	-224	-1,217	40,982	303	41,285
Comprehensive income	0	0	1,494	5	102	242	1,843	16	1,859
Consolidated result	0	0	1,494	0	0	0	1,494	16	1,510
Other income after income taxes	0	0	0	5	102	242	349	0	349
Changes in the fair value of financial instruments	0	0	0	5	0	0	5	0	5
Changes in the fair value of hedging instruments	0	0	0	0	102	0	102	0	102
Currency gains/losses from the translation of foreign financial statements	0	0	0	0	0	251	251	0	251
Income taxes on other comprehensive income	0	0	0	0	0	-9	-9	0	-9
Equity as of 31.03.2021	9,618	31,306	3,636	-638	-122	-975	42,825	319	43,144
Equity as of 31.12.2021	9,618	31,306	4,654	-595	25	-353	44,655	322	44,977
Comprehensive income	0	0	2,108	-1	17	111	2,235	10	2,245
Consolidated result	0	0	2,108	0	0	0	2,108	10	2,118
Other income after income taxes	0	0	0	-1	17	111	127	0	127
Changes in the fair value of financial instruments	0	0	0	-1	0	0	-1	0	-1
Changes in the fair value of hedging instruments	0	0	0	0	17	0	17	0	17
Currency gains/losses from the translation of foreign financial statements	0	0	0	0	0	116	116	0	116
Income taxes on other comprehensive income	0	0	0	0	0	-5	-5	0	-5
Equity as of 31.03.2022	9,618	31,306	3,636	-596	42	-242	46,890	332	47,22

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

CROSS ALLIANCE communication GmbH
 Susan Hoffmeister
 Phone: +49 (0) 89 125 09 03-33
 E-mail: sh@crossalliance.de
www.crossalliance.de

Imprint

Responsible

Masterflex SE
 Willy-Brandt-Allee 300
 45891 Gelsenkirchen, Germany
 Phone: +49 (0) 209 970 77-0
 Fax: +49 (0) 209 970 77-33
 E-mail: info@MasterflexGroup.com
www.MasterflexGroup.com

Text & Editing

CROSS ALLIANCE communication GmbH
www.crossalliance.de

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Sommerprint GmbH
www.sommerprint.com

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.