

Remuneration Report 2023

Remuneration Report

The transparent and comprehensible presentation of the remuneration of the Management Board has been an integral element of good Corporate Governance for the Company for many years. The remuneration of the members of the Management Board and the Supervisory Board of Masterflex SE for fiscal year 2022 is presented and explained in the following Remuneration Report in accordance with Section 162 of the German Stock Corporation Act (AktG).

Resolution on the approval of the remuneration system for the Management Board and the remuneration report

The current remuneration system for the members of the Management Board of the Masterflex Group was adopted by the Supervisory Board in accordance with Section 87 (1), Section 87a (1) of the German Stock Corporation Act (AktG) and approved by the Annual General Meeting on May 19, 2021 by a majority of 94.40% of the capital present. The remuneration report for fiscal year 2023 was approved by a majority of 98,94% at the Annual General Meeting on June 07, 2023. If necessary, the Supervisory Board may call in external consultants. When appointing external compensation experts, attention is paid to their independence.

Application of the remuneration system for the Management Board in fiscal year 2023

In anticipation of the approval resolution of the Annual General Meeting on May 19, 2021 on the remuneration system for the Management Board resolved by the Supervisory Board, the Management Board contracts of Dr. Bastin and Mr. Mark Becks were extended as of January 1, 2021, by another 6 years as defined in the SE Regulation, applying the contents of the new system through December 31, 2026.

Compensation components were also paid out in fiscal year 2023, however, that were still agreed under the previously applicable remuneration system. This related to the long-term targets and variable remuneration components of the Management Board for the years 2020 from the remuneration system valid until May 19, 2021.

The Supervisory Board regularly reviews the appropriateness and customary nature of the remuneration components. In this context, appropriate also means the fundamental orientation towards comparable companies in Germany, which, in view of the stock exchange listing of Masterflex SE on the one hand and its complexity and international structure on the other, does not include a fixed peer group as a benchmark. The level of remuneration of the members of the Management Board is thereby varied and reflects the areas of responsibility.

Other criteria for the appropriateness of Management Board remuneration are the tasks of the individual Management Board member, his personal performance, the economic situation, the success, the implementation of the strategic goals and the associated sustainable future prospects of the Company, as well as the customary level of remuneration taking the peer environment and the remuneration structure applicable in the Company into account. To this end, the Supervisory Board analyzes the remuneration structure in both a horizontal and a vertical comparison.

Horizontal comparison

The biennial review of the remuneration levels of the members of the Management Board and the consideration of developments in the size and structure of companies regarded as comparable over time ensure that the remuneration of the members of the Management Board

is commensurate with the situation of the Company. The Supervisory Board's aim is to offer the Management Board members remuneration that is both in line with the market and competitive within the regulatory framework. However, this is always fraught with the difficulty that few medium-sized companies like the Masterflex Group are listed on the stock exchange, and therefore there are correspondingly few comparable remuneration levels and structures available in a comprehensible manner.

Vertical comparison

In addition, the Supervisory Board takes particular account of the Company's internal remuneration structure in a vertical comparison when determining the remuneration of the Management Board. In this context, the Supervisory Board considers the ratio of the remuneration of the Management Board in relation to the remuneration of senior management and the workforce in Germany.

At Masterflex SE, the situation for the year 2023 is as follows:

The remuneration received by all employees (excluding apprentices and temporary staff) amounted to an average of EUR 44.8 thousand in 2023, and the remuneration received by the Management Board amounted to an average of EUR 588 thousand. This represents a ratio of 13.1 to the Management Board.

Compared to the current factors, such as in the DAX (other index factors are not publicly available yet), the factor of average Management Board remuneration to average employee remuneration at Masterflex SE is in a comparatively balanced ratio. On average from 2015 to 2021, the verticality in the DAX was between factor 49 and factor 54.

The structure of the Company also plays an important role in defining and determining remuneration. Masterflex SE, with its historically small structure and comparatively high number of shareholdings, can be defined as quite complex by direct comparison with many other companies of a similar size in terms of sales and employees, whereby the additional requirements of capital market orientation must also be fulfilled, which is not the case in the same way for many competitors.

Determination of the target agreements

In accordance with the applicable remuneration system, the Supervisory Board has defined specific target remuneration and related individual performance criteria for each member of the Management Board.

The performance-related components - the bonus - contain components with a multi-year assessment basis. They thus provide long-term behavioral incentives and align the remuneration structure to the sustainable development of the Company. The Company does not have any further share-based incentive systems, such as a stock option program. This is due not least to the fact that the Management Board already holds a significant stake in the Company and therefore has no additional incentive.

With regard to the targets for the variable remuneration elements, the Supervisory Board ensures that the remuneration is geared towards the sustainable development of the Company.

The appropriateness of the remuneration structure was last reviewed by the Supervisory Board during the development of the remuneration system.

Resolution on the approval of the remuneration system of the Supervisory Board

The remuneration system for the Supervisory Board, which is governed by Art. 15 of the Articles of Association and has been in place for several years, was approved by the Annual General Meeting on May 19, 2021, by a majority of 99.70% of the capital represented.

Application of the remuneration system for the Supervisory Board in fiscal year 2023

The remuneration system for the Supervisory Board, which was unchanged from previous years, was applied in fiscal year 2023 in accordance with the requirements of § 15 of the Articles of Association. At the Annual General Meeting on June 14, 2022, the amendment to § 15 of the Articles of Association concerning the compensation of the Supervisory Board and the confirmation of the compensation of the Supervisory Board (§ 113 (3) sentence 1 AktG) was approved by a majority of 99.3% of the votes.

Remuneration of the Management Board in fiscal year 2023

Overview of the structure of the remuneration system for the Management Board

The remuneration system complies with the requirements of the German Stock Corporation Act (AktG) and is to a large extent based on the recommendations of the German Corporate Governance Code.

The remuneration of the Management Board is geared towards promoting and supporting the sustainable and long-term development of the Masterflex Group. Sustainable action is an integral part of the strategy and ensures the social and economic future viability of the Masterflex Group. The demands for sustainable action are reflected in the definition of quantitative and qualitative targets for the Management Board body.

The total remuneration of the members of the Management Board is made up of fixed and variable components. The fixed, non-performance-related remuneration comprises the basic remuneration and benefits in kind. The fixed remuneration components currently correspond to around 65% of the total target remuneration for the members of the Management Board. The short-term variable cash remuneration (Short Term Incentive = STI) and the long-term variable cash remuneration (Long Term Incentive = LTI) are variable and therefore performance-related. For the members of the Management Board, these together are equivalent to around 35% of the target remuneration. The variable remuneration components are defined by the Supervisory Board before each fiscal year with adequate and performance-oriented targets, which include the long-term implementation of the Company's strategy and whose degree of achievement determines the amount of the actual payment. The possible total remuneration is limited to a maximum amount for each member of the Management Board (maximum total remuneration).

Furthermore, the remuneration system regulates whether and which payments can be made in the event of premature termination of Management Board activity. The total amount and the parameters are reviewed regularly every two years.

The following table provides an overview of the remuneration components and their basic structure. The specific targets for fiscal year 2023 are explained further in the Remuneration Report.

Remuneration components	Chairman of the Board	Chief Financial Officer
Remuneration not linked to performance		
Fixed remuneration	EUR 400 thousand	EUR 280 thousand
Fringe benefits	Company car, occupational disability insurance, accident insurance, social insurance subsidy in the amount of the employer's contribution, D&O insurance	
Total performance-related remuneration		
Total bonus for 100% target achievement	EUR 240 thousand	EUR 160 thousand
Lower/upper limit (0% to max. 100% or 150%) ¹⁾	EUR 0 thousand – EUR 300 thousand	EUR 0 thousand – EUR 200 thousand
consisting of five individual targets:	1. Market and competition, strategic development 2. Corporate and Group planning 3. EPS 4. Sustainability, CSR and compliance 5. Personal performance	
Entitlement and payment structure of performance-related remuneration:		
Targets 1, 4 and 5 predominantly qualitative	min. 0% - max. 100% achievable	
Targets 2 and 3 purely quantitative	min. 0% - max. 150% achievable	
of which A. One-year performance-related remuneration		
Annual bonus for 100% target achievement	EUR 156 thousand	EUR 104 thousand
Lower/upper limit (0% to max. 100% or 150%) ¹⁾	EUR 0 thousand – EUR 195 thousand	EUR 0 thousand – EUR 130 thousand
of which B. Long-term incentive (3 years)		
Long-term bonus in the event of 100% target achievement	EUR 84 thousand	EUR 56 thousand
Lower/upper limit (0% to max. 100% or 150%) ¹⁾	EUR 0 thousand – EUR 105 thousand	EUR 0 thousand – EUR 70 thousand
Company pension plan	None	None
Other remuneration arrangements		
Total cap on remuneration (maximum remuneration)	EUR 750 thousand	EUR 530 thousand
Transitional allowance	One annual fixed salary	One annual fixed salary
Non-compete clause	90% of the last annual salary	90% of the last annual salary
Change of control	max 1.5 annual salaries	max 1.5 annual salaries
Severance cap	2 annual remunerations	2 annual remunerations
Clawback rule	None	None
Special remuneration²⁾	EUR 50 thousand	EUR 50 thousand

¹⁾ Absolute amount of the upper limit depending on the weighting of the quantitative to the qualitative targets (here 50% qualitative and 50% quantitative targets)

²⁾ Relevant only in particularly justifiable exceptional cases

Non-performance-related remuneration components

Fixed remuneration

The fixed remuneration of the members of the Management Board is paid monthly in equal installments. The current annual fixed remuneration for the financial year 2023 for the Chairman of the Management Board is EUR 400,000 and for the Chief Financial Officer EUR 280,000.

Fringe benefits

For the duration of the service contract, the Company grants the members of the Management Board an allowance for health, pension and long-term care insurance in the amount of the employer's contribution, as it would be in the case of a statutory social security obligation within the respective statutory maximum contribution assessment limit of the member of the Management Board, however, at most in the amount of half of the amount, which the member of the Management Board spends for his health, pension and long-term care insurance.

The Company provides members of the Management Board with an appropriate Company vehicle for business purposes. The Company car may also be used by the Management Board member for private purposes. The taxes incurred for this non-cash benefit are borne by the Management Board member himself.

The Company has taken out appropriate accident insurance for the Management Board members and also reimburses the premiums for occupational disability insurance for the benefit of the respective Management Board member with a monthly benefit covering a maximum of 80% of the last contractually agreed net remuneration from fixed remuneration.

The Company has taken out D&O insurance for the Management Board with an appropriate deductible of at least 10% of any loss for which the Management Board member is responsible, up to an absolute maximum of 1.5 times the respective amount of agreed fixed remuneration.

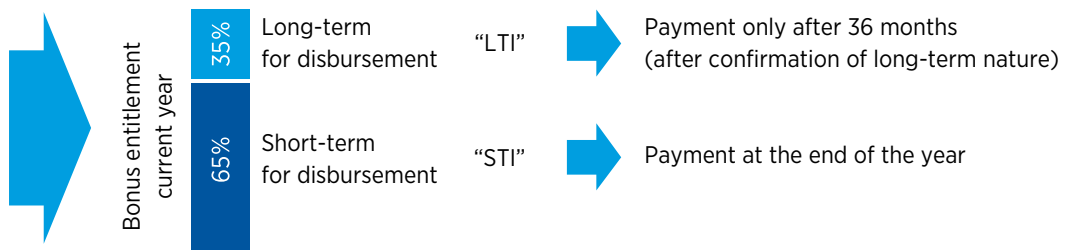
Retirement benefits and pension commitments

The Management Board of Masterflex SE does not receive any pension commitments or other retirement benefit commitments. The Management Board of Masterflex SE handles its own pension arrangements entirely itself.

Performance-related remuneration components

Structure of performance-related remuneration

The amount of the performance-related remuneration is based on the degree to which the quantitative and qualitative assessment parameters defined for the sustainable development of the Company on the basis of the planning are achieved, with a short-term (12 months - past fiscal year) and a multi-year observation period (36 months).



The quantitative and qualitative parameters for determining the achievement of the performance-related remuneration components and the respective amount of remuneration are defined by the Supervisory Board for the respective fiscal year on the basis of the short-, medium- and long-term planning of the Management Board and adjusted appropriately if necessary in the event of relevant deviations or changes in general conditions. The performance-related remuneration thus contributes to the long-term development of the Company by concretizing the operational implementation of the Company's strategy on the basis of the defined performance targets and rewarding this if the targets are met. The assessment of success is based on financial, strategic and sustainable performance criteria.

Special items that reduce earnings, which are known to and approved by the Supervisory Board, are not taken into account in the quantitative target parameters when determining the achievement of targets within the framework of the defined assessment parameters. These include unscheduled investment measures or financing costs for acquisitions. Similarly, special factors that increase earnings, such as extraordinary income from the disposal of shareholdings, are not taken into account.

If a member of the Management Board is ill or otherwise prevented from working for a period of more than six months through no fault of his own, the bonus is paid only for the first six months from the start of the illness, on a pro rata basis of 1/12 per month. After resumption of activity, the bonus entitlement for the current fiscal year is pro rata temporis according to the remaining full months of service.

The Supervisory Board has the option of granting a special bonus of up to EUR 50,000 in the case of special performance by a member of the Management Board that has not been the subject of prior planning; this requires a separate resolution and justification by the Supervisory Board.

Short-Term Incentive

65% of the maximum annual remuneration attributable to performance-related components is paid out as a short-term incentive after the end of the fiscal year. A target bonus of EUR 156,000 has been set by the Supervisory Board for the Chairman of the Management Board. A target bonus of EUR 104,000 has been agreed for the Chief Financial Officer. The maximum compensation for the Short-Term Incentive (STI) is capped at 100% for the qualitative targets and at 150% for the quantitative targets. In the current weighting, this means a cap across all parameters at 125%. This corresponds to EUR 195 thousand for the Chairman of the Management Board and EUR 130 thousand for the Chief Financial Officer.

Long-Term Incentive

35% of the maximum total performance-related remuneration is saved over the long term. The saved remuneration components (LTI) are not paid out until the third year after the entitlement to remuneration arises, together with the Short-Term Incentive (STI) then accruing and payable in that year.

If the parameters of the assessment criteria on which the bonus (LTI) is based deviate significantly from the original assessment parameters at the grant date in individual years in the two subsequent years after the bonus is determined, which the Supervisory Board reviews and determines at its due discretion at the time of determining the bonus entitlement for the respective fiscal years following the grant of the LTI, the bonus accrued up to that point is reduced in relation to any negative deviation identified in a subsequent fiscal year, while in the case of overachievement this can rise to a maximum of 150% target achievement for the quantitative targets (year-by-year assessment of the degree of achievement). When assessing target achievement, extraordinary, short-term developments are taken into account neither increasing nor decreasing.

A long-term target bonus of EUR 84,000 was set by the Supervisory Board for the Chairman of the Management Board. A target bonus of EUR 56,000 has been agreed for the Chief Financial Officer. The maximum remuneration for the Long-Term Incentive (LTI) is capped at 100% for the qualitative targets and at 150% for the quantitative targets. In the current weighting, this means a cap across all parameters at 125%. This corresponds to EUR 105 thousand for the Chairman of the Management Board and EUR 70 thousand for the Chief Financial Officer.

Assessment parameters for the granting of bonuses

The bonus for the respective past fiscal year is determined by the Supervisory Board on the basis of both qualitative assessment parameters, such as market and competitive developments, strategic milestones defined and implemented by the Management Board, the achievement of sustainability targets and the personal performance of the Management Board, and quantitative assessment parameters, such as the fulfillment of Company and Group planning, the development of the financing and equity structure of the Company and the Group, and earnings per share (EPS). Subsequent amendment of the performance criteria and the target values for the performance criteria is ruled out.

The Supervisory Board set the following quantitative and qualitative targets for the Management Board for fiscal year 2023:

Strategic further development

The goals for the strategic further development of the Masterflex Group are aligned with the four strategic pillars - Internationalization, Innovation, Operational Excellence and Digital Transformation.

In defining its goals for fiscal year 2023, the Supervisory Board focused on the further development of the corporate strategy towards EUR 200 million in revenue, including an associated acquisition and financing strategy. In order to consolidate the results from the B2DD program, a further focus was consequently on the aspect of “operational excellence”. The goals of “operational excellence” in fiscal year 2023 included: improvement of the gearing ratio, generation of measures and further pursuit of B2DD, and restructuring of Matzen & Timm GmbH.

In line with the long-term and sustainable orientation of the Company's success, the “Strategic development” of the Company is weighted with a factor of 30% in the overall target achievement.

Company and Group planning

The targets for Company and Group planning are linked to the achievement of the forecast 2023 published in the 2022 Annual Report. Achievement of the sales forecast is weighted at 10% in the overall target achievement. The EBIT forecast is included in the overall target achievement at a weighting of 30%.

Targets for 2023	Floor / “0%” target achievement	100% target achievement	150% target achievement	Actual fiscal year 2023
Sales (in EUR million)	100.0	103.0	110.0	101.1
EBIT (in %)	10.0	10.5	11.0	12.4

Earnings per share

The Supervisory Board set the quantitative target of increasing shareholder value, which is reported as earnings per share and factored into the overall target achievement by a factor of 10%.

Targets for 2023	Floor / "0%" target achievement	100% target achievement	150% target achievement	Actual fiscal year 2023
Earnings per share (in EUR)	0.77	0.90	1.03	0.83

Corporate Social Responsibility

Corporate Social Responsibility is an important factor which, in addition to regulatory aspects, also affects the culture within the Company and even its competitiveness in international business transactions. The design of a holistic Corporate Social Responsibility concept is included in the overall target achievement with a weighting of 10%. In fiscal year 2023, the focus was on the legally required adjustments to the current compliance management system as well as the expansion of the further sustainability strategy and the regulatory requirements in line with the EU taxonomy.

Personal performance of the members of the Management Board

Depending on the current business challenges, each Management Board member is also assessed according to their personal commitment. For fiscal 2023, these were the challenges of the raw materials market, in particular dealing with raw material and energy price increases and the companies' ability to deliver, and the operational implementation of regulatory requirements. The personal targets of the Management Board members are weighted at 10% of the overall target achievement.

Other agreements relevant to remuneration

Contractual terms and commitments in connection with the termination of Management Board activities

The Supervisory Board complies with the provisions of Section 84 of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code in appointing members of the Management Board and in determining the duration of their contracts.

In the case of an initial appointment to the Management Board, the term of appointment and the duration of the Management Board service contract are generally three years. In the case of reappointments or an extension of the term of office, the maximum duration of the Management Board service contract is six years, as Masterflex is an SE. In the event of termination of the contract before the end of the appointment period at the instigation of the Company, except in the case of termination for good cause, the commitments under the Management Board service contracts are fulfilled until the date of departure.

In this case, the variable remuneration components are paid out at the originally agreed times and conditions on the basis of an average degree of target achievement from the last three years before the departure of the Management Board member; the variable remuneration components are not paid out prematurely.

In accordance with the recommendations of the German Corporate Governance Code, the service contracts of the members of the Board of Management contain the provision that payments in the event of premature termination of service on the Management Board may not exceed the value of two years' remuneration (severance payment cap) and that no more than the remaining term of the respective contract of service on the Management Board will be remunerated.

Change of control

To ensure their independence, the members of the Management Board are also entitled to a severance payment in the event of a change of control within the meaning of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz – WpÜG), subject to strict conditions.

In the event of a change of control after conclusion of this agreement, the Management Board member has a one-time special termination right to terminate the service agreement by giving six months' notice to the end of the month and to resign from office on the termination date. Upon exercising the special right of termination, he is entitled to payment of severance compensation. The special right of termination may only be exercised within three months of the Management Board member becoming aware of the change of control.

A change of control shall be deemed to have occurred if a third party or several third parties acting in concert within the meaning of the WpÜG acquire more than 30% of the shares in the SE or if the position of the Management Board member as a member of the Management Board is affected more than insignificantly and this is connected with a change in the group of shareholders of at least 25% of the voting shares.

The severance payment is limited to a total of one and a half annual salaries, but not more than the total remuneration entitlement for the remaining term of the contract still existing at the time of departure. The severance payment is payable upon termination of the employment relationship.

There shall be no entitlement to a severance payment pursuant to the above paragraph if the contractual relationship would have ended automatically within the next six months, even irrespective of the occurrence of the change of control, due to the expiry of a fixed term or the reaching of the age limit, for example, or a justified termination notice already served by the Company.

Compensation payment / transitional allowance at the end of the contract

If the contract with the Management Board member is not extended or is terminated again immediately after an extension through no fault of his own, the Management Board member shall be entitled to a one-time transitional allowance in the amount of the fixed remuneration for a period of 12 months, payable upon termination of the contract, with any other remuneration then earned being offset against this allowance after the expiry of six months.

Compensation for non-competition

As the Management Board member is prohibited from working for companies that operate in the Hoses and Connecting Systems area of business or that compete directly with the Company for a period of 12 months after termination of the service agreement, compensation for non-competition has been agreed.

For the duration of the post-contractual non-competition clause, the Company will pay the Management Board member compensation amounting to 90% of his last annual fixed salary. No other income will be offset.

The Company is, however, entitled to waive the non-competition clause by written declaration prior to termination of the employment relationship with the effect that it is released from the obligation to pay the compensation upon expiry of twelve months from the declaration. The declaration of waiver must be made no later than nine months before the expiry of the agreement.

If the Management Board member breaches the non-competition agreement, the Company may demand a contractual penalty for each instance of breach. This does not affect the right to claim further damages. For the duration of the infringement, the entitlement to payment of the compensation for non-competition shall also lapse. The non-competition clause applies geographically to the member states of the European Union.

Other activities of the members of the Management Board

The remuneration for the Management Board also generally covers any activities of a member of the Management Board at affiliated companies and subsidiaries. "Affiliated companies" are all companies affiliated pursuant to Section 15 of the German Stock Corporation Act (AktG) and such companies in which Masterflex SE holds an interest of at least 25%. Insofar as members of the Management Board receive remuneration from these companies for the performance of mandates in these companies, this is offset against the remuneration.

The Supervisory Board of Masterflex SE expressly welcomes it if the members of the Management Board also assume supervisory mandates to an appropriate extent, e.g. in the form of supervisory or advisory board mandates, at companies outside the Masterflex Group. These external mandates regularly contribute to the further development of the Management Board and to the creative exchange of ideas on challenging operational and strategic issues with managers from other companies, which typically cannot be obtained on an equal footing, or at least hardly at all, in conventional further training courses and other corporate networks.

It goes without saying that such external mandates must comply with the German Stock Corporation Act, Masterflex's internal guidelines and the GCGC. In particular, none of the members of the Management Board may assume a chairmanship mandate in companies outside the Group. Conflicts of interest are to be excluded. The members of the Management Board of Masterflex SE are obliged to comply with these rules when selecting mandates and to inform the Supervisory Board of this before accepting a mandate and to obtain its approval.

The remuneration paid for assuming Supervisory Board mandates outside the Group is not offset against the remuneration of the Management Board member at Masterflex SE.

Special remuneration

In exceptional cases, which it must both determine and justify, the Supervisory Board may grant members of the Management Board a special bonus in accordance with recommendation G.11 of the German Corporate Governance Code. The special bonus is limited. It also falls under the maximum remuneration pursuant to Section 87a (1) Sentence 2 No. 1 of the German Stock Corporation Act (AktG) as an absolute upper limit on total remuneration. No such special bonus was granted in recent years or in fiscal year 2023.

Other

The Supervisory Board may deviate from the remuneration system temporarily and in justified exceptional cases if this is necessary in the interest of the long-term well-being of Masterflex SE. A deviation from the remuneration system in the aforementioned circumstances is only possible by means of a corresponding Supervisory Board resolution that establishes the exceptional circumstances and the necessity of a deviation. The components of the remuneration system from which deviation is possible are the performance criteria of the bonus and the temporary assumption of expenses for extraordinary performance and fringe benefits. In addition, the Supervisory Board has the right to grant special payments to newly appointed members of the Management Board to compensate for salary losses from a previous employment relationship or to cover costs arising from a change of location. There was no such deviation in the fiscal year.

Any entitlement to severance pay lapses if the Company effectively terminates the employment relationship extraordinarily for good cause.

Individualized disclosure of Management Board remuneration

Management Board remuneration granted in fiscal year 2023

The following table shows the remuneration components paid to the members of the Management Board of Masterflex in fiscal year 2023, which, in addition to the promised fixed remuneration and fringe benefits, consist of variable remuneration components. The variable compensation components (STI and LTI) for fiscal years 2020 and 2022 were paid out in March 2023. The variable compensation components for 2020 still relate to the compensation system valid until May 19, 2021.

	Dr. Andreas Bastin CEO				Mark Becks CFO			
	2023	2023	2023	2023	2023	2023	2023	2023
	granted	granted in %	Minimum	Maximum	granted	granted in %	Minimum	Maximum
Fixed remuneration	400		400	400	280		280	280
Fringe benefits	44		44	44	44		44	44
Total fixed remuneration granted	444	65%	444	444	324	67%	324	324
One-year variable remuneration (STI) from 2022	195		0	195	130		0	130
Multi-year variable remuneration (LTI) from 2020	49		0	82	33		0	54
Total variable remuneration granted	244	35%	0	277	163	33%	0	184
Total remuneration granted	688	100%	444	721	487	100%	324	508

The target achievement, the weighting of the respective targets, and the breakdown of the variable compensation components into short-term and long-term bonus components for the 2023 financial year are disclosed in the following table:

Dr. Andreas Bastin	Weighting (in %)	Target achievement (in %)	Cap (in %)	Basis for bonus	Target achievement 2023
Market and competitive development	30%	100%	100%	240,000	72,000
Company planning					
Revenue target	10%	211%	150%	240,000	36,000
EBIT-target	30%	204%	150%	240,000	108,000
Share/EPS	10%	223%	150%	240,000	36,000
Sustainability/CSR/Compliance	10%	100%	100%	240,000	24,000
Personal achievement	10%	100%	100%	240,000	24,000
	100%				300,000
of which for payment in the short term				65%	195,000
thereof to be deferred				35%	105,000

Mark Becks	Weighting (in %)	Target achievement (in %)	Cap (in %)	Basis for bonus	Target achievement 2023
Market and competitive development	30%	100%	100%	160,000	48,000
Company planning					
Revenue target	10%	211%	150%	160,000	24,000
EBIT-target	30%	204%	150%	160,000	72,000
Share/EPS	10%	223%	150%	160,000	24,000
Sustainability/CSR/Compliance	10%	100%	100%	160,000	16,000
Personal achievement	10%	100%	100%	160,000	16,000
	100%				200,000
of which for payment in the short term				65%	130,000
thereof to be deferred				35%	70,000

The long-term incentive (LTI) for 2020 is still based on the compensation system valid until May 19, 2021. In principle, the compensation of the Executive Board members under the former compensation system also comprised non-performance-related and performance-related components. The non-performance-related components consisted of a fixed salary and fringe benefits. The performance-related, variable components consisted of an immediately effective (66%) and a long-term incentive component (34%).

The bonus was determined by the Supervisory Board both on the basis of qualitative assessment parameters, such as the market and competitive performance of the Masterflex Group and the personal performance of the Management Board, and on the basis of quantitative assessment parameters, such as the fulfillment of Company and Group planning as well as the development of the share price in relation to comparative indices.

The previous remuneration system provided for a short-term portion (STI) of around two-thirds of the bonus to be paid out after adoption of the Annual Financial Statements. The remaining portion of around one third of the total variable remuneration (LTI), remains with the Company for a further two years and is only paid out if the performance parameters have been sustainably guaranteed over the entire three-year horizon. If, on the other hand, these parameters are not met over this period, this portion is forfeited in full or in part accordingly. A payment from the long-term remuneration component for fiscal year 2020 as defined by the former remuneration system will be made in fiscal year 2023.

In fiscal year 2023, the long-term compensation component from the bonus agreement for fiscal year 2020 was also paid out. The portion of the long-term variable compensation was already allocated in the 2020 financial year. Payment was only made after a holding period of an additional two years, provided that the performance parameters were sustainably ensured over the entire three-year horizon.

The following table discloses the target achievement of the long-term variable remuneration components for fiscal year 2020:

Dr. Andreas Bastin	Weighting (in %)	Target achievement (in %)	Basis for bonus (in EUR)	Target achievement
Market and competitive development	30%	100%	81,600	24,480
Company planning	40%	0%	81,600	0
Capital market	10%	100%	81,600	8,160
Personal performance	20%	100%	81,600	16,320
Total paid out	100%			48,960

Mark Becks	Weighting (in %)	Target achievement (in %)	Basis for bonus (in EUR)	Target achievement
Market and competitive development	30%	100%	54,400	16,320
Company planning	40%	0%	54,400	0
Capital market	10%	100%	54,400	5,440
Personal performance	20%	100%	54,400	10,880
Total paid out	100%			32,640

Compliance with the maximum remuneration

In addition to limiting the variable remuneration components, the Supervisory Board has, in accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act (AktG), set a maximum remuneration which limits the remuneration to be received in any one fiscal year. This maximum remuneration includes the basic remuneration, fringe benefits, retirement benefits and payouts from the STI and LTI, as well as any special bonus.

The STI and LTI payouts are capped at 150% for quantitative targets, while target achievement for qualitative targets may not exceed 100%. This mechanism automatically means that the permissible total remuneration (maximum remuneration) can only be exceeded in the exceptional case of a special bonus, as this was calculated on the basis of a consistent target achievement of 150% for the quantitative targets.

The maximum remuneration for the members of the Management Board is as follows:

Members of the Management Board	ACTUAL remuneration in fiscal year 2023	Maximum remuneration pursuant to Section 87a (1) sentence 2 no. 1 AktG
Dr. Andreas Bastin	EUR 688 thousand	EUR 750 thousand
Mark Becks	EUR 487 thousand	EUR 530 thousand

Remuneration components due in fiscal year 2023

On the basis of the remuneration system approved on May 19, 2021, and the variable remuneration components agreed therein, the target achievement for fiscal year 2023 for the members of the Management Board of Masterflex was determined as follows:

Dr. Andreas Bastin	Weighting (in %)	Target achievement (in %)	Ceiling (in %)	Basis for bonus	Target achievement in 2023
Market and competition	30%	reached	100%	240,000	72,000
Company planning					
Sales target	10%	33%	33%	240,000	8,000
EBIT target	30%	300%	150%	240,000	108,000
Share/EPS	10%	62%	62%	240,000	14,769
Sustainability/CSR/Compliance	10%	reached	100%	240,000	24,000
Personal performance	10%	reached	100%	240,000	24,000
	100%				250,769
of which to be paid in the short term				65%	163,000
of which to be deferred				35%	87,769
Mark Becks					
	Weighting (in %)	Target achievement (in %)	Ceiling (in %)	Basis for bonus	Target achievement in 2023
Market and competition	30%	reached	100%	160,000	48,000
Company planning					
Sales target	10%	33%	33%	160,000	5,333
EBIT target	30%	300%	150%	160,000	72,000
Share/EPS	10%	62%	62%	160,000	9,846
Sustainability/CSR/Compliance	10%	reached	100%	160,000	16,000
Personal performance	10%	reached	100%	160,000	16,000
	100%				167,179
of which to be paid in the short term				65%	108,667
of which to be deferred				35%	58,513

The Short-Term Variable Incentive (STI) for fiscal year 2023 will be paid out in March 2024. A three-year holding period applies to the Long-Term Variable Incentive (LTI).

The following table provides an overview of the remuneration components owed to the members of the Management Board of Masterflex in fiscal year 2023. The remuneration components owed for the fiscal year are not synonymous with the remuneration also paid to the Management Board. The variable compensation components owed also partly reflect the status of the compensation provisions, insofar as these are to be paid out in later years due to future maturities:

	A. Bastin CEO 2023 owed	M. Becks CFO 2023 owed
Fixed remuneration	400	280
Fringe benefits	44	44
Total fixed remuneration owed	444	324
One-year variable remuneration (STI) from 2023 ¹⁾	163	109
Multi-year variable compensation (LTI) from 2021 ¹⁾	104	70
Multi-year variable compensation (LTI) from 2022 ²⁾	105	70
Multi-year variable compensation (LTI) from 2023 ³⁾	88	59
Total variable remuneration owed	460	308
Total remuneration owed	904	632

¹⁾ Payment in March 2024

²⁾ Payment in March 2025

³⁾ Payment in March 2026

Remuneration of the Supervisory Board in fiscal year 2023

The remuneration system for the Supervisory Board, which was last amended in 2015, takes the requirements of the Corporate Governance Code into account. In accordance with the Articles of Association, the remuneration of the members of the Supervisory Board has since comprised a fixed remuneration based on their functions. This structure complies with the recommendations of the Corporate Governance Code. This is still considered appropriate in principle with regard to the various parameters, but is also reviewed for appropriateness in accordance with the legal requirements.

In accordance with the increase in Supervisory Board compensation resolved at the Annual General Meeting 2022, each member of the Supervisory Board receives, in addition to reimbursement of his or her expenses, annual fixed compensation payable at the end of each fiscal year. The fixed remuneration of the Chairman is EUR 45,000 per year, that of the Deputy Chairman EUR 30,000 per year and that of an ordinary member of the Supervisory Board EUR 25,000 per year. Members of the Supervisory Board who belong to the Supervisory Board for only part of the fiscal year receive remuneration in proportion to the length of their membership. In addition, attendance fees of EUR 500 per meeting are paid to Supervisory Board members. The total remuneration of the Supervisory Board and its breakdown in 2023 are shown in the following table.

The members of the Supervisory Board were remunerated as follows:

in EUR thousand	Fixed		Meeting fee		Total compensation relevant for disbursement	
	2022	2023	2022	2023	2022	2023
Chairman of the Supervisory Board, Georg van Hall (since June 14, 2016)	45	45	2	2	47	47
Deputy Chairman of the Supervisory Board, Dr. Gerson Link (since June 14, 2016)	30	30	2	2	32	32
Supervisory Board member, Jan van der Zouw (since June 14, 2016)	25	25	2	2	27	27
Total remuneration	100	100	6	6	106	106

Comparative presentation of remuneration and earnings development

The following comparative presentation presents the annual change in the remuneration granted and owed to current and former members of the Management Board and Supervisory Board, the Company's earnings performance and the remuneration of employees on a full-time equivalent basis. The comparative presentation of employees is based on the average wages and salaries of employees at all international locations and thus forms an appropriate benchmark for the international orientation of the Masterflex business model.

Comparative presentation of the development of remuneration and earnings for the members of the Management Board

in EUR thousand	2019	2020	2021	2022	2023
Fixed remuneration Dr. Andreas Bastin	378	378	400	400	400
STI Dr. Andreas Bastin (paid out)	118	98	95	192	195
LTI Dr. Andreas Bastin (paid out)	69	52	45	45	49
Fringe benefits	42	43	46	45	44
Total Dr. Andreas Bastin	607	571	586	682	688
Fixed remuneration Mark Becks	262	262	280	280	280
STI Mark Becks (paid out)	79	65	63	130	130
LTI Mark Becks (paid out)	37	35	30	30	33
Fringe benefits	39	38	41	43	44
Total Mark Becks	417	400	414	483	487
Total remuneration of the Management Board (paid in the fiscal year)	1,024	971	1,000	1,165	1,175
Average remuneration	512	486	500	583	588
Group operating EBIT	5,058	3,167	5,764	11,395	12,580
Net profit of Masterflex SE	-2,611	331	3,643	3,476	7,927
Average remuneration of employees	40.3	43.6	42.8	44.5	44.8
Ratio of average remuneration of Management Board/employees	12.7	11.1	11.7	13.1	13.1

STI = Short term incentive

LTI = Long term incentive

Comparative presentation of the remuneration and earnings development for the members of the Supervisory Board

in EUR thousand	2019	2020	2021	2022	2023
Fixed remuneration for Georg van Hall	30	30	30	45	45
Attendance fee for Georg van Hall	3	3	2	2	2
Total Georg van Hall	33	33	32	47	47
Fixed remuneration for Dr. Gerson Link	25	25	25	30	30
Attendance fee for Dr. Gerson Link	3	3	2	2	2
Total Dr. Gerson Link	28	28	27	32	32
Fixed remuneration for Jan van der Zouw	20	20	20	25	25
Attendance fee for Jan van der Zouw	3	3	2	2	2
Total Jan van der Zouw	23	23	22	27	27
Total Supervisory Board remuneration	84	84	81	106	106
Average remuneration	28	28	27	35	35
Group operating EBIT	5,058	3,167	5,764	11,395	12,580
Net profit of Masterflex SE	-2,611	331	3,643	3,476	7,927
Average remuneration of employees	40.3	43.6	42.8	44.5	44.8
Ratio of average remuneration Supervisory Board/employees	0.7	0.6	0.6	0.8	0.8

Report of the independent auditor on the audit of the Remuneration Report pursuant to Section 162 (3) German Stock Corporation Act (AktG)

To Masterflex SE

Audit opinion

We have formally audited the Remuneration Report of Masterflex SE for the fiscal year from January 1, 2023 to December 31, 2023, to determine whether the disclosures pursuant to Section 162 (1) and (2) German Stock Corporation Act (AktG) have been made in the Remuneration Report. In accordance with Section 162 (3) German Stock Corporation Act (AktG), we have not audited the content of the Remuneration Report.

In our opinion, the enclosed Remuneration Report complies, in all material respects, with the disclosures pursuant to Section 162 (1) and (2) German Stock Corporation Act (AktG). Our audit opinion does not cover the content of the Remuneration Report.

Basis for the audit opinion

We conducted our audit of the Remuneration Report in accordance with Section 162 (3) German Stock Corporation Act (AktG) and IDW Auditing Standard: The Audit of the Remuneration Report in Accordance with Section 162 (3) German Stock Corporation Act (IDW PS 870 (08.2021)). Our responsibility under this provision and this standard is further described in the Auditor's Responsibility section of our report. As an auditing practice, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Practice of Public Accountants (IDW QS 1). We have complied with the professional duties pursuant to the Wirtschaftsprüferordnung (German Auditors' Code) and the professional statutes for auditors/sworn accountants, including the requirements for independence.

Responsibility of the Management Board and the Supervisory Board

The Management Board and the Supervisory Board are responsible for the preparation of the Remuneration Report, including the related disclosures, which complies with the requirements of Section 162 German Stock Corporation Act (AktG). They are further responsible for such internal control as they determine is necessary to enable the preparation of the Remuneration Report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our objective is to obtain reasonable assurance as to whether the disclosures required by Section 162 (1) and (2) German Stock Corporation Act (AktG) have been made in all material respects in the Remuneration Report and to express an opinion thereon in an auditor's report.

We planned and performed our audit to obtain evidence about the formal completeness of the Remuneration Report by comparing the disclosures made in the Remuneration Report with the disclosures required by Section 162 (1) and (2) German Stock Corporation Act. In accordance with Section 162 (3) German Stock Corporation Act (AktG), we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the fair presentation of the Remuneration Report.

Dealing with any misleading representations

In connection with our audit, we have a responsibility to read the Remuneration Report taking the knowledge obtained in the audit of the Financial Statements into account and to remain alert for indications as to whether the Remuneration Report contains misleading representations as to the accuracy of the content of the disclosures, the completeness of the content of the individual disclosures or the fair presentation of the Remuneration Report.

If, based on the work we have performed, we conclude that such misleading presentation exists, we are required to report that fact. We have nothing to report in this regard.

Essen, March 26, 2024

BDO AG
Wirtschaftsprüfungsgesellschaft

signed Fritz
Certified Public Accountant

signed Dr. Falk
Certified Public Accountant



WirtschaftsWoche

GLOBAL MARKET LEADER
Champion
2024

MASTERFLEX GROUP
Hoses and Connection
Solutions made from
High-Tech Polymers

Source: Global Market Leader Index
by Dr. Walter Döring
and Prof. Dr. Christoph Müller

TOP 100
top100.de

**top innovator
2024**