

Connecting Values

# Quarterly statement 1/2021



## Masterflex at a glance

in EUR thousand	31.03.21	31.03.20	Change
Consolidated revenue	19,512	20,510	-4.9%
EBITDA	3,404	3,261	4.4%
EBIT (operational)	2,205	2,051	7.5%
EBIT	2,205	1,968	12.0%
EBT	1,997	1,693	18.0%
Financial result	-209	-192	8.9%
Consolidated result	1,494	1,311	14.0%
Consolidated earnings per share (EUR)	0.16	0.14	14.3%
EBIT margin (operational)	11.3%	10.0%	
Net return on sales	7.7%	6.4%	
Employees (number)	551	632	-12.8%

in EUR thousand	31.03.21	31.12.20	Change
Consolidated equity	43,144	41,285	4.5%
Consolidated total assets	78,378	76,354	2.7%
Consolidated equity ratio	55.0%	54.1%	

## Masterflex SE returns to its growth path in the first quarter of 2021 – operational EBIT +7.5%

- Some industries already at or above the previous year's level
- Consolidated revenue at a high level of EUR 19.5 million
- Consolidated operational EBIT at EUR 2.2 million
- Implementation of the B2DD program is showing effect – EBIT margin in the double-digit range at 11.3%

### Report by the Management Board

Gelsenkirchen, May 12, 2021 – The consistent implementation of the “Back to Double Digit” (B2DD) optimization program proved effective in the first quarter of 2021 and is reflected in the increase in operating profitability. The stable development in the first quarter of 2021 is based on the Masterflex Group's diversified focus on a variety of industries. This makes the business model less susceptible to economic fluctuations. Thus, the Masterflex Group was able to partially offset individual industry-specific turbulences caused by the corona pandemic.

In the first three months of the current fiscal year, the Masterflex Group generated sales revenue of EUR 19.5 million, compared to EUR 20.5 million in the same period of the previous year. This represents a year-on-year decline in revenue of 4.9%, although the two quarters are not fully comparable due to the different economic conditions. For example, the negative effects of the corona pandemic had hardly any impact in the first quarter of 2020. Business performance in the same period of the previous year was characterized in particular by restrained demand in the automotive product area.

The positive trend of the second half of 2020 continued in the first quarter of 2021. While demand in the area of aerospace in particular is stagnating at a low level, most of the customer industries – medical technology, life science, renewable energies, process industry & robotics – are showing growth again. Some companies were even operating at or above the previous year's level. The fact that the progress on immunization has been slow and raw materials have increasingly been in short supply have still dampened the growth potential in the reporting period and the outlook for the coming months, however. Overall, these effects led to an increase in working capital and consequently to a decrease in cash flow from operating activities (3M/2021: EUR - 0.5 million, 3M/2020: EUR 0.9 million).

The Masterflex Group reacted early to the changed demand structures in the relevant industries by closing its production facilities in the Czech Republic and France in the previous fiscal year so that the economic development of the subsidiaries in the first three months of the current fiscal year was even above the previous year's level in terms of earnings.

The optimization of manufacturing capacities was part of the comprehensive “Back to Double Digit” (B2DD) program, which laid the foundations for a sustainable double-digit EBIT margin in 2022. The development of operational EBIT is an important indicator of the effectiveness of the packages of measures implemented.

In the first quarter, consolidated operational EBIT of EUR 2.2 million was up 7.5% on the same period of the previous year (3M/2020: EUR 2.1 million). This represents an EBIT margin of 11.3% in the Group compared to 10.0% in the same period of the previous year. Group EBITDA reached

EUR 3.4 million in the three-month period (3M/2020: EUR 3.3 million) and net income EUR 1.5 million (3M/2020: EUR 1.3 million).

“We achieved the primary goal of our optimization program of substantially increasing personnel productivity on the way to what we call operational excellence. This can already be seen in how earnings developed in the first quarter, which was still challenging in some industries. We can see that the economy is picking up, however, a lot depends on the progress that is being made with the vaccination program. We are slowly emerging from the pandemic as an extreme situation and assume that all sectors will tend to grow over the next few years. We see 2021 as the starting year for a continuation of our long-term growth path with significantly higher profitability,” said Dr. Andreas Bastin, CEO of the Masterflex Group.

## Earnings Position

### Measures of the B2DD program are proving effective

The measures of the B2DD program implemented in fiscal year 2020 are taking effect and strengthened operating profitability in the first quarter of 2021.

While rising raw material prices led to a nominal and relative increase in the costs of material (3M/2021: 31.8%; 3M /2020: 29.6%), these cost increases were more than offset by savings, particularly in personnel costs and other operating expenses.

The structural adjustments of the workforce to the corona-related demand structures in the various sectors in fiscal year 2020 already showed their full impact in the first quarter of 2021. As a result, personnel costs declined by EUR 0.7 million compared to the same period of the previous year and amounted to EUR 7.4 million as of the quarterly reporting date. This equates to a personnel utilization rate of 37.0% (3M/2020: 39.2%).

Freight and travel costs as a result of the contact and travel restrictions still in place remained at a low level in the first quarter of 2021, which in total led to a nominal as well as relative reduction in other operating expenses compared to the same period of the previous year. In contrast, the previous year's period was hardly affected by corona-related regulations.

## Net Assets and Financial Position

### Asset structure influenced by the economic recovery

An increasing shortage on the raw materials side led to a strategic build-up of raw materials and supplies in the three-month period. Trade accounts receivable also increased as of the quarterly reporting date, reflecting a structural recovery in demand momentum.

As a result, the change in working capital led to an increase in total assets to EUR 78.4 million (12/2020: EUR 76.4 million).

Cash and cash equivalents decreased from EUR 9.2 million to EUR 7.9 million in the three-month period. Bonus and insurance payments influenced the development of cash and cash equivalents in the first quarter of 2021.

Consolidated equity amounted to EUR 43.1 million as of March 31, 2021, compared to EUR 41.3 million as of December 31, 2020. Despite a simultaneous increase in total assets, the Group's equity ratio increased from 54.1% as of December 31, 2020, to 55.0% as of March 31, 2021.

The net debt of the Masterflex Group showed an improvement in the first quarter of 2021.

The Group's cash and cash equivalents increased from EUR 6.9 million in the same period of the previous year to EUR 7.9 million. Cash flow from operating activities in the first quarter of 2021 was characterized in particular by the increase in inventories and trade receivables (3M/2021: EUR - 0.5 million, 3M/2020: EUR 0.9 million). Cash flow from investing activities was slightly above the previous year's level at EUR 0.6 million (3M/2020: EUR 0.5 million). Overall, investing activities were reduced to the necessary level during the COVID-19 pandemic. Cash flow from financing activities in the three-month period reflected the repayment agreements from the current syndicated loan agreement.

## Immediate effects of the corona crisis

### Industry diversification provides the framework for taking action

Uncertainties over the further course of the COVID-19 pandemic persist and continue to require active and situation-related action at the Masterflex Group's global sites.

In order to maintain profitability, the cost structures of the subsidiaries were already adjusted to the expected corona demand structures in the respective industries in fiscal year 2020. Thus, in the first quarter of 2021, the expected revenue losses (down EUR 1.0 million), particularly in the aviation sector, were partially offset by adjusted cost structures.

By contrast, the demand structure in the other industries is regaining momentum. The measures implemented to increase productivity lay the foundation for flexible structures in the event of corona-related fluctuations and shifts.

Further packages of measures are in place to strengthen profitability in the event that the pandemic leaves a skid mark on the global economy for longer than expected.

No impairment of intangible assets was necessary. The Masterflex Group has not received any government corona aid loans. On the contrary, its debt has actually been reduced. There are also no plans to utilize state aid loans in the future.

## Outlook

### Outlook for 2021 confirmed

In view of the solid development in the first quarter, management confirms its outlook for 2021, which envisages an increase in sales of 2% to 5%. At the same time, operating EBIT is expected to be above the previous year's level in absolute and percentage terms as a result of the B2DD efficiency program. These expectations are based on the assumption that there are no further hard COVID-19 lockdowns.

With a significantly improved EBIT margin of 11.3% in the first quarter of 2021 compared to the same quarter of the previous year (Q1/2020: 10.0%), performance within the Group has continued to improve. We are thus confirming our goal of returning our operational EBIT margin to double digits on a sustainable basis by 2022 through significantly higher personnel productivity and significantly improved efficiency and return on capital employed.

## Consolidated Statement of Financial Position

Assets in EUR thousand	31.03.2021*	31.12.2020
<b>Non-current assets</b>		
<b>Intangible assets</b>	<b>13,177</b>	<b>13,242</b>
Licenses, industrial property rights	1,982	2,087
Development costs	1,655	1,635
Goodwill	9,187	9,187
Advance payments	353	333
<b>Property, plant and equipment</b>	<b>30,832</b>	<b>31,434</b>
Land and buildings	16,978	17,300
Technical equipment and machinery	10,848	11,095
Other equipment, operating and office equipment	2,679	2,742
Advance payments and assets under construction	327	297
<b>Financial assets</b>	<b>69</b>	<b>64</b>
Investment securities	69	64
<b>Other assets</b>	<b>21</b>	<b>21</b>
<b>Deferred taxes</b>	<b>112</b>	<b>213</b>
	<b>44,211</b>	<b>44,974</b>
<b>Current assets</b>		
<b>Inventories</b>	<b>16,622</b>	<b>15,518</b>
Raw materials, consumables and supplies	8,535	7,723
Unfinished goods and services	1,132	715
Finished products and goods	6,952	7,075
Advance payments	3	5
<b>Receivables and other assets</b>	<b>9,266</b>	<b>6,228</b>
Trade receivables	8,312	5,558
Other assets	954	670
<b>Income tax assets</b>	<b>351</b>	<b>417</b>
<b>Cash and bank balances</b>	<b>7,928</b>	<b>9,217</b>
	<b>34,167</b>	<b>31,380</b>
<b>Total assets</b>	<b>78,378</b>	<b>76,354</b>

\* unaudited

## Consolidated Statement of Financial Position

Equity and liabilities in EUR thousand	31.03.2021*	31.12.2020
<b>Equity</b>		
<b>Consolidated equity</b>	<b>42,825</b>	<b>40,982</b>
Issued capital	9,618	9,618
Capital reserve	31,306	31,306
Retained earnings	3,636	2,142
Reserve for the market valuation of financial instruments	-638	-643
Hedging instruments	-122	-224
Currency differences	-975	-1,217
<b>Non-controlling interests</b>	<b>319</b>	<b>303</b>
<b>Total equity</b>	<b>43,144</b>	<b>41,285</b>
<b>Non-current liabilities</b>		
Provisions	165	165
Financial liabilities	24,636	24,922
Other liabilities	859	1,172
Deferred taxes	908	696
	<b>26,568</b>	<b>26,955</b>
<b>Current liabilities</b>		
Provisions	325	325
Financial liabilities	2,005	2,447
Income tax liabilities	155	149
Other liabilities	6,181	5,193
Trade payables	2,150	1,647
Other liabilities	4,031	3,546
	<b>8,666</b>	<b>8,114</b>
<b>Total equity and liabilities</b>	<b>78,378</b>	<b>76,354</b>

\* unaudited

## Consolidated Statement of Income

	01.01.-31.03.21*	01.01.-31.03.20*
	EUR thousand	EUR thousand
1. Sales revenue	19,512	20,510
2. Increase or decrease in inventories of finished and unfinished goods	385	99
3. Other own work capitalized	17	39
4. Other income	135	148
<b>Operating performance</b>	<b>20,049</b>	<b>20,796</b>
5. Cost of materials	-6,370	-6,153
6. Personnel expenses	-7,428	-8,145
7. Depreciation and amortization	-1,199	-1,210
8. Other expenses	-2,847	-3,320
9. Financial result		
Financing expenses	-209	-193
Other financial result	1	1
<b>10. Earnings before taxes</b>	<b>1,997</b>	<b>1,776</b>
11. Income taxes	-487	-479
<b>12. Consolidated result</b>	<b>1,510</b>	<b>1,297</b>
thereof: non-controlling interests	16	-14
<b>thereof: share of shareholders of Masterflex SE</b>	<b>1,494</b>	<b>1,311</b>
<b>Earnings per share (undiluted and diluted)</b>	<b>0.16</b>	<b>0.14</b>

\* unaudited

## Consolidated Statement of Comprehensive Income

	01.01.-31.03.21*	01.01.-31.03.20*
	EUR thousand	EUR thousand
<b>Consolidated result</b>	<b>1,510</b>	<b>1,297</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	251	-168
2. Changes in the fair value of financial instruments	5	-8
3. Hedging transactions	102	14
4. Income taxes	-9	12
<b>5. Other income after taxes</b>	<b>349</b>	<b>-150</b>
<b>6. Comprehensive income</b>	<b>1,859</b>	<b>1,147</b>
<b>Comprehensive income:</b>	<b>1,859</b>	<b>1,147</b>
thereof: non-controlling interests	16	-14
<b>thereof: share of shareholders of Masterflex SE</b>	<b>1,843</b>	<b>1,161</b>

\* unaudited

## Consolidated Statement of Cash Flows

in EUR thousand	31.03.2021*	31.03.2020*
Result for the period before taxes, interest expenses and financial income	2,189	1,982
Income tax expenses	-224	-54
Depreciation and amortization of property, plant and equipment and intangible assets	1,199	1,210
Other non-cash income and profit from the disposal of non-current assets	-1	-53
Increase / decrease in inventories	-1,104	162
Increase in trade receivables and other assets not attributable to investing or financing activities	-3,136	-2,396
Increase in trade payables and other liabilities not attributable to investing or financing activities	534	37
<b>Cash flow from operating activities</b>	<b>-543</b>	<b>888</b>
Payments for investments in non-current assets	-637	-515
<b>Cash flow from investing activities</b>	<b>-637</b>	<b>-515</b>
Interest and dividend income	1	11
Interest payments	-207	-192
Proceeds from borrowings	0	500
Payments for the repayment of loans	-368	-637
<b>Cash flow from financing activities</b>	<b>-574</b>	<b>-318</b>
<b>Cash-effective changes in cash and cash equivalents</b>	<b>-1,754</b>	<b>55</b>
Changes in cash and cash equivalents due to exchange rates and other changes in value	465	-66
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9,217</b>	<b>6,908</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7,928</b>	<b>6,897</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 31.12.2019</b>	<b>9,618</b>	<b>31,306</b>	<b>3,048</b>	<b>-642</b>	<b>-90</b>	<b>-607</b>	<b>42,633</b>	<b>-618</b>	<b>42,015</b>
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>1,311</b>	<b>-8</b>	<b>14</b>	<b>-156</b>	<b>1,161</b>	<b>-14</b>	<b>1,147</b>
Consolidated result	0	0	1,311	0	0	0	1,311	-14	1,297
Other income after income taxes	0	0	0	-8	14	-156	-150	0	-150
Changes in the fair value of financial instruments	0	0	0	-8	14	0	6	0	6
Currency gains/losses from the translation of foreign financial statements	0	0	0	0	0	-168	-168	0	-168
Income taxes on other comprehensive income	0	0	0	0	0	12	12	0	12
<b>Equity as of 31.03.2020</b>	<b>9,618</b>	<b>31,306</b>	<b>4,359</b>	<b>-650</b>	<b>-76</b>	<b>-763</b>	<b>43,794</b>	<b>-632</b>	<b>43,162</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>1,494</b>	<b>5</b>	<b>102</b>	<b>242</b>	<b>1,843</b>	<b>16</b>	<b>1,859</b>
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	102	0	107	0	107
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
<b>Equity as of 31.03.2021</b>	<b>9,618</b>	<b>31,306</b>	<b>3,636</b>	<b>-638</b>	<b>-122</b>	<b>-975</b>	<b>42,825</b>	<b>319</b>	<b>43,144</b>

## Information on the Share

Ticker symbol	MZX
WKN	549 293
ISIN	DE0005492938
Stock exchange	Frankfurt, FWB
Stock exchange segment	Prime Standard
Total number of shares	9,752,460
Shares outstanding	9,618,334
Treasury shares	134,126
Dividend in fiscal year 2020	0.08 €
Designated sponsor	ICF Bank AG

## Investor Relations

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## Imprint

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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 it currently has available. Forward-looking statements are not to be considered 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 do not assume any obligation to update the forward-looking statements made in this report.