

Annual Report 2023





Key Figures

Masterflex at a glance

in EUR thousand	2023	2022	Change
Consolidated revenue	101,115	100,274	0.8%
EBITDA	17,871	16,436	8.7%
EBIT (operating)	12,580	11,395	10.4%
EBIT	12,356	11,385	8.5%
EBT	11,146	10,807	3.1%
Consolidated net income (share of shareholders of Masterflex SE)	7,993	7,777	2.8%
Consolidated equity	57,602	51,985	10.8%
Consolidated balance sheet total	93,691	90,218	3.8%
Consolidated equity ratio	61.5%	57.6%	
Employees (number)	662	629	5.2%
EBIT margin (operating)	12.4%	11.4%	
Net return on sales	7.9%	7.8%	
Consolidated earnings per share (EUR)	0.83	0.81	2.5%



Content



To our shareholders

4

Letter to the Shareholders	4
Report of the Supervisory Board	8
Corporate Governance Report	12
Masterflex Share	24



Combined Management Report

28

A. Principles of the Group	29
B. Economic Report	37
C. Opportunity and Risk Report	54
D. Forecast report	68
E. Takeover-relevant information	71



Consolidated financial statements

79

Consolidated statement of financial position	80
Consolidated statement of income	82
Consolidated statement of comprehensive income	83
Consolidated statement of changes in equity	84
Consolidated cash flow statement	85
Notes to the consolidated financial statements	86



Other Information

138

Balance sheet oath	139
Independent auditor's report	140
Glossary	148
Imprint	149



Letter to the Shareholders



Dr. Andreas Bastin, CEO (right)
Mark Becks, CFO (left)

In the midst of constant change, it is and remains our mission to seize opportunities and continue to develop.





Dear shareholders, colleagues, customers and partners,

Another successful financial year lies behind us as the Masterflex Group. Despite the economic headwind in some of our customer industries, we have grown in terms of revenue and, above all, further increased our profitability in the 2023 financial year, as promised. We can be very proud of this as a company, because this success cannot be taken for granted.

We are living in a time of historic challenges: Social, geopolitical and economic tensions are increasing worldwide. The need to cope with ever more and ever new crises has now become normality. The demands placed on companies have also changed fundamentally as a result of misguided developments, particularly in energy, economic, tax and education policy and over-bureaucratization, with serious consequences for SMEs.

The good and decisive news is that we at Masterflex have been demonstrating our adaptability in all areas for almost 40 years now. We are able to recognize changes quickly and adapt to them, and we have employees who contribute to the further development of the Masterflex Group with great commitment. We would therefore also like to expressly thank them for their daily contribution to balancing the interests of all stakeholders, be they customers, suppliers, partners or investors, for the benefit of the Group.

In the midst of constant change, it is and remains our mission to seize the opportunities associated with each new challenge and to continuously develop Masterflex strategically, technologically and operationally and to further strengthen and expand our leading market position in the field of hose and connection technology - for more growth and profitability.

We are - and we are very proud of this - "Top Innovator" and "Global Market Leader Champion". Across all sectors, the term "global market leader" stands for globally active and successful companies with leading technologies and outstanding product and service quality. Getting into this "Champions League" is not easy. Establishing yourself in this league is even more difficult. However, this strength also makes it clear that our target of EUR 200 million in revenue by 2030 with higher earnings than at present is only an interim goal.

The strategic measures for the outlined growth and profitability targets are already being implemented. The focus on returns is expressed in all departments by continuously questioning existing processes and utilizing potential for improvement while at the same time implementing the digital transformation and automation of all processes.

In this context, we at Masterflex are channeling our activities and investments specifically towards defined market segments. The focus is on the Life, Mobility, Tech and Infrastructure market segments, which have both higher margin levels and sustainable growth potential. Above all, however, we can make particularly good use of our core competencies and competitive advantages in these markets.

We are taking a major step into a new era with our new HERO@ZERO strategy. It comprises a whole bundle of concrete measures and projects for our further growth and for the targeted further increase in our profitability. Above all, this includes expanding value creation by further processing our hoses and connection solutions into complete system components through to the production of complete end products. We have already made a successful start on this and the first concrete examples of this are a tumor marker in the field of medical technology and heat-resistant hose systems for welding robots in the field of robotics/automation. These are just two examples of product innovations that are key to growth and higher profitability. This is



accompanied by the global rollout of our products, which promises additional growth potential in new markets that are not yet saturated. Added to this are measures to increase profitability, such as the introduction of lean management processes in all our plants and along the entire value stream of our group of companies.

In addition to this, the strengthening part of our new strategy (HERO), we will prepare for the long-term transformation (ZERO) by supplementing our business model and transferring our product portfolio to the circular economy as part of our HERO@ZERO strategy. With this initiative, which is unique in our industry in this form, we are laying the foundations for accelerating our growth beyond 2030. We already have the necessary elements for this, from our AMPIUS data platform as a basis to production and recycling infrastructure through to partnerships such as with Remondis and expertise in areas such as logistics, recycling and disposal, or are building these up as part of initial customer projects. The result will be an expanded, data- and service-based business model that enables hose and connection solutions in a “pay per-use” model. We are approaching this transformation not only for ecological reasons or to meet the expected future legal requirements for circularity, decarbonization and sustainability, but above all, because we see great economic potential in the second half of the life cycle, which increases our addressable market by a factor of about two and, with our consulting and engineering expertise, we also offer our customers added value as a companion for their sustainability strategy.

Masterflex is and remains the dominant market leader in the market for hose connection solutions. Our company offers an attractive combination of classic value-adding industry and a future-oriented, data-driven business model geared towards sustainable growth, plus a mixture of down-to-earthiness in line with our Ruhr region tradition and the courage to pursue strategic visions. We would like to thank all our stakeholders for their trust and invite you to continue to actively contribute to the Masterflex success story in the coming years.

Your

Dr. Andreas Bastin
CEO

Mark Becks
CFO



With its future-oriented Hero@Zero strategy, Masterflex SE is forging ahead on the path to a circular economy.



The vision until 2035: to design and produce hose and connection systems in such a way that they can be taken back, recycled and reused after use. Doing this, Masterflex aims to continuously reduce resource consumption in all parts of the company and increase eco-efficiency.



Report of the Supervisory Board

Dear shareholders,

2023 was another successful financial year for the Masterflex Group. Despite a challenging market environment with global economic, interest rate and geopolitical uncertainties, supply bottlenecks and continued high raw material, energy and freight costs, we have demonstrated resilience and once again achieved a double-digit earnings margin. Thanks to our broad industry expertise, we have shown stable business development despite the economic headwinds in some of the industries we supply. In the past financial year, the topics discussed by the Supervisory Board once again focussed in particular on the strategic development of the Masterflex Group.

In fiscal year 2023, the Supervisory Board of Masterflex SE performed the duties incumbent upon it under the German Stock Corporation Act and the Company's Articles of Association in full and regularly monitored and advised the Management Board. The regular written and oral reports of the Management Board on all issues of relevance to the Company and the Group relating to Company planning, business development, in particular the business and financial position, the risk situation, risk management and compliance, provided the basis for this.

The Supervisory Board was and is closely involved in the procedures and measures of the Management Board at all times and was kept properly informed by the Management Board. If necessary, the Supervisory Board discussed documents submitted by the Management Board and Management Board matters without the Management Board in attendance.

A total of four Supervisory Board meetings were held in fiscal year 2023, each of which was attended by all Supervisory Board members and Management Board members. The following table shows the attendance in individualized form:

	March 28, 2023	June 06, 2023	September 18, 2023	December 12, 2023
Georg van Hall	x	x	x	x
Dr. Gerson Link	x	x	x	x
Jan van der Zouw	x	x	x	x

At its Supervisory Board meetings, the Supervisory Board discussed and reviewed in detail the reports and draft resolutions submitted by the Management Board. In addition, various meetings were held between individual Supervisory Board members and the Management Board to provide factual support for its activities.



Main topics in 2023

At the Supervisory Board meeting held on March 28, 2023, that was held to approve the Annual Financial Statements, the Supervisory Board discussed in detail the Annual Financial Statements, the Consolidated Financial Statements, the Non-Financial Statement, and the Combined Management Report for fiscal year 2022. The Report by the Supervisory Board, the Corporate Governance Statement and the Corporate Governance Report were also reviewed. In addition, the Supervisory Board (Financial Expert) dealt intensively with the quality of the audit in the sense of a 360° approach and held discussions with the Management Board, the auditors and accounting staff.

With regard to the compensation of the Management Board, resolutions were adopted at the Supervisory Board meeting on March 28, 2023 to determine the variable compensation for 2022 and to set the targets for the bonus agreements with the Management Board members for the 2023 financial year.

Following the Annual General Meeting on June 7, 2023, the second Supervisory Board meeting of Masterflex SE in the 2023 financial year took place. In addition to the follow-up to the Annual General Meeting, the current economic development of the company and compliance and risk management were the subject of the discussions.

In the Supervisory Board meeting on September 18, 2023, the Supervisory Board focused on the Management Board report on the current economic development and on compliance and risk management aspects. The agenda also included the dates for the Supervisory Board meetings and the 2024 Annual General Meeting. In addition, the qualification matrix for the Supervisory Board was updated and the status quo of projects was discussed.

At the last Supervisory Board meeting of the year, on December 12, 2023, the Management Board provided an outlook on the economic results in fiscal year 2023 and reported on the Group's strategic corporate planning for the financial years 2024 until 2028. In this context, the current economic development and future market prospects in particular were examined in a variety of ways and the resulting scenarios were discussed intensively between the Management Board and the Supervisory Board. The planning was approved by the Supervisory Board as presented. The update of the Declaration of Conformity with the German Corporate Governance Code in the version dated April 28, 2022 was also approved by the Supervisory Board at this meeting. After a three-year break, it was also decided to increase the fixed salaries of the Management Board with effect from 1 January 2024. The maximum remuneration (total remuneration cap) was retained.

Trusting cooperation with the Management Board

The Supervisory Board continued its open and trusting cooperation with the Management Board in the past fiscal year. Even between meeting dates, the Chairman of the Supervisory Board was in regular contact with the Management Board and was informed of all significant developments and pending decisions of particular importance to the Company. The Chairman of the Management Board informed the Chairman of the Supervisory Board without delay of all significant events of material importance for the assessment of the situation and development and for the management of the Company. All members of the Supervisory Board were fully informed of these matters by the Chairman of the Supervisory Board at the latest at the following meeting.



The Supervisory Board received regular information from the Management Board on the development of revenue and earnings and changes in key balance sheet items. In addition, the Supervisory Board addressed the issue of the effectiveness and further development of the compliance and risk management systems at all its meetings. The Chief Compliance Officer was also available to the Board to answer questions.

The Management Board reported in writing and verbally in meetings and discussions during the year, as well as in telephone conferences, on the preparation and content of the financial reports to be published quarterly and discussed these in detail with the Supervisory Board. In fiscal year 2023, the Supervisory Board approved all transactions requiring its consent after they had been examined in detail and discussed with the Management Board.

There were no changes to the Management Board in the past fiscal year.

The members of the Supervisory Board were elected at the Annual General Meeting in 2019 until the end of the Annual General Meeting that resolves on the ratification of actions for the fiscal year ending December 31, 2024. Further information on the composition of the Supervisory Board is summarized in the Corporate Governance Statement.

Supervisory Board committees

The Supervisory Board has not formed any committees. In accordance with Section 107 (4) AktG, the three-member Supervisory Board also acts as the Company's Audit Committee. There are currently no other committees, as the Supervisory Board is composed of three members and its duties can therefore be performed effectively and competently by the full Supervisory Board.

Corporate Governance

The Supervisory Board also dealt with the Company's Corporate Governance in the past financial year. Therefore, the implementation of the German Corporate Governance Code is a fixed component of the meetings of the Supervisory Board of Masterflex SE. The Supervisory Board and the Management Board intensively discussed the recommendations and suggestions of the Code in its current version dated April 28, 2022. On this basis, the Supervisory Board adopted the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) at its meeting on December 12, 2023, which has been made permanently available to our shareholders on the Company's website.

In addition to the Declaration of Conformity, the Corporate Governance Statement and the Rules of Procedure of the Supervisory Board are also available for inspection by our shareholders on the website of the Masterflex Group (www.MasterflexGroup.com).

In the interests of good Corporate Governance, the Supervisory Board undertakes regular training. In fiscal year 2023, the focus of the training measures was on information about upcoming changes in legislation. In this context, the Supervisory Board dealt intensively with the EU Supply Chain Act 2023 and the EU Whistleblower Directive.

No conflicts of interest involving members of the Supervisory Board came to light in the past fiscal year.



Adoption of the Annual Financial Statements and approval of the Consolidated Financial Statements

The Annual Financial Statements for Masterflex SE prepared by the Management Board, the Consolidated Financial Statements, the Combined Management Report and the Remuneration Report for the Group and Masterflex SE for fiscal year 2023, including the accounting, were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Essen, which was appointed as auditor by the Annual General Meeting on June 7, 2023, and issued with an unqualified audit opinion. The auditor submitted the requested Declaration of Independence to the Supervisory Board before commencing with the audit.

The documents to be examined and the auditor's reports were available to each member of the Supervisory Board at the financial statements meeting on March 26, 2024, and had been forwarded to each member of the Supervisory Board in good time for preparation. The auditors took part in the discussion of the Annual Financial Statements and the Consolidated Financial Statements. They reported on the main results of the audits and were available to provide additional information. The Supervisory Board adopted the Annual Financial Statements and approved the Consolidated Financial Statements on March 26, 2024 after a detailed examination of the documents and taking the audit reports into account.

Furthermore, the Supervisory Board examined the planning documents, the risk situation, and the risk management system of Masterflex SE. All risk areas identifiable from the perspective of the Management Board and the Supervisory Board were discussed. The risk management system was examined accordingly by the auditor. The auditor confirmed that the Management Board of the Company had taken the measures required by Section 91 (2) of the German Stock Corporation Act (AktG), in particular, to establish a monitoring system and an internal control system (ICS), in an appropriate manner and that the monitoring system was fundamentally suited for the early identification of developments that could jeopardize the continued existence of the Company and to take account of any undesirable developments that were identified. Finally, the supervisory board fulfilled its audit obligation pursuant to section 171 (1) sentence 4 of the German Stock Corporation Act (AktG) concerning the Company's non-financial statement on corporate social responsibility and found no objections.

The Supervisory Board would like to thank the Management Board and all employees of the Masterflex Group very much for their commitment and for their constructive, trusting and successful work in financial year 2023.

Gelsenkirchen, March 26, 2024
For the Supervisory Board

Georg van Hall

Chairman of the Supervisory Board



Corporate Governance Report – Declaration on Corporate Governance

The Management Board and Supervisory Board of Masterflex are committed to the principles of transparent and responsible corporate management and control. They attach great importance to the standards of good corporate governance in order to strengthen the confidence of investors, customers, employees and the public in Masterflex.

Declaration on Corporate Governance pursuant to Sections 289f, 315d HGB (unaudited)

The Declaration on Corporate Governance pursuant to Sections 289f and 315d of the German Commercial Code (HGB) is part of the Combined Management Report. In accordance with Section 317 (2) Sentence 6 HGB, the auditor's review of the disclosures pursuant to Section 289f (2) and (5) and Section 315d HGB is to be limited to whether the disclosures have been made. The information and documents referred to in this chapter, including the Articles of Association, the Rules of Procedure of the Supervisory Board, as well as the Code of Conduct and the Modern Slavery Act Statement, are available for inspection by our shareholders on the Masterflex Group website at (www.MasterflexGroup.com).

Declaration of Conformity on Corporate Governance pursuant to Section 161 of the German Stock Corporation Act (AktG)

The term corporate governance stands for the responsible management and control of companies with a focus on long-term value creation. Key aspects of good corporate governance are efficient co-operation between the Executive Board and the Supervisory Board, respect for shareholder interests and openness and transparency in corporate communications.

Masterflex SE is a European Company to which the law of the German stock corporation applies in accordance with the SE Regulation. Accordingly, the Company is managed by the Executive Board and the Supervisory Board. Masterflex SE attaches great importance to corporate governance. From the very beginning, the Executive Board and Supervisory Board have worked closely together for the benefit of the company and have maintained an intensive and continuous dialogue on the company's development.

The Code (German Corporate Governance Code in the currently valid version dated 28 April 2022)

sets out essential legal requirements for the management and supervision of German listed stock corporations and contains internationally and nationally recognized standards of good and responsible corporate governance (consisting of so-called principles, recommendations and suggestions). The Code is intended to make the German corporate governance system transparent and comprehensible. The principles set out in the Code must be observed and complied with by the company without exception. The company may deviate from the recommendations contained in the Code, but is then obliged to disclose this annually and justify the deviations. Such deviations are expressly provided for in the preamble to the Code and serve the best possible company-related governance through self-regulation and a transparent explanation of the Code's contents. The suggestions contained in the Code may be deviated from without disclosure.



The Declaration of Conformity from December is worded as follows:

Declaration of Conformity on Corporate Governance pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Management Board and Supervisory Board of Masterflex SE declare that the recommendations of the Code in the version dated 16 December 2019 have been complied with to date, except for the deviations mentioned in the last declaration of conformity dated December 2022, and that the recommendations of the Government Commission on the German Corporate Governance Code in the version dated 28 April 2022 will be complied with in future with the deviations mentioned below. The declaration is permanently available to the shareholders of Masterflex SE on the website. All previously published declarations of conformity can also be found there.

Exceptions:

A.1 p.1 and A.3 p.2

Corporate planning and corporate strategy take into account both financial and sustainability-related objectives. The complete identification of all related risks and opportunities associated with the global activities of Masterflex SE as well as the analysis and evaluation of the impact on the company's activities is still ongoing. This also includes the processes and systems for recording and processing sustainability-related data.

A.5

Compliance is discussed in the management report and has long been a regular topic of internal reporting. However, the management report does not comment on the appropriateness and effectiveness of these systems.

B.2 HS2

The procedure for appointing the Management Board follows the usual standards for important personnel decisions and is organized in advance by the Supervisory Board; however, it is not described in detail in the corporate governance statement.

D.2 S.1 and 2, D.3 S.5 and D.4 Working methods of the Supervisory Board - Committees

With three members, the Supervisory Board of Masterflex SE has so far been deliberately kept small in order to be able to pass resolutions efficiently, quickly, and flexibly through lean structures - as in the Group as a whole. The composition of the Supervisory Board with recognized experts is an important basis for Masterflex SE to work together in continuous dialogue to set the course for successful corporate development. The establishment of committees, which would also have to be composed of at least three members of the Supervisory Board, makes fundamentally no sense against this background.

In Mr van Hall, we have a proven financial expert as Chairman of the Supervisory Board. Dr Link is another member of the Supervisory Board with expertise in the field of auditing. If the Supervisory Board consists of only three members, this is now also the Audit Committee in accordance with Section 107 (4) sentence 2 of the German Stock Corporation Act (AktG) in the version applicable from 1 July 2021, which is why the Chairman of the Audit Committee and the Chairman of the Supervisory Board are then held by the same person due to this legal fiction. If necessary, the Supervisory Board also utilizes qualified external support to assess difficult issues.



F.2 Publication of the consolidated financial statements and management report

The consolidated financial statements and the associated Group management report are to be published within 90 days of the end of the financial year, which the company generally always complies with. Against the backdrop of a significant increase in regulatory requirements that has already taken place and is expected to continue, particularly from the EU, publication will be extended to a period of 120 days in the future.

G.3 Peer group comparison of Management Board remuneration

Masterflex SE is the only listed hose company which, in view of its internationality and Group structure, is also relatively complex in relation to its revenue size. Therefore, there is currently no sufficiently representative and thus suitable selection of comparable companies, so that no peer group can be properly modelled. In the opinion of the Supervisory Board, the determination and disclosure of a representative peer group is therefore currently out of the question. Irrespective of this, comparative analyses of remuneration development were of course also carried out and are traditionally monitored with a sense of proportion, so that Management Board remuneration is appropriate and customary.

G.5 External remuneration expert

If an external remuneration expert is considered necessary in order to assess the appropriateness of the Management Board's remuneration, attention is also paid to their independence. However, in view of the expertise available on the Supervisory Board and the qualified support provided by the company's legal advisors, it has not yet been considered necessary to bring in a separate independent remuneration expert.

G.6 and G.10 S.1 - G.10 S.2

The long-term variable remuneration (LTI) of the Management Board members is not higher than the short-term variable remuneration (STI) and is also not share-based or invested in shares. The company's Management Board members already have a significant stake in the company's share capital, which is why the long-term orientation of the variable remuneration intended by the Code based on the performance of the shareholding is guaranteed anyway. As before, the members of the Management Board can dispose of the variable amounts granted as LTI after three years with continuous performance measurement over the entire assessment period, which means that the multi-year feature is still reflected.

G.11 P.2

A so-called claw-back was not agreed with the members of the Management Board, as this would not have a separate behavioural control effect from the company's perspective and in view of its previous management structure, but would regularly result in an increase in remuneration from a risk perspective.

G.13 p.2, G.14 to G.16

As in the past, a change of control regulation is provided for with the Management Board members, which in the past also corresponded to a Code recommendation that the company still considers to be sensible in the future. Payments in respect of a post-contractual non-competition clause agreed with the company are not offset. There is also no offsetting of remuneration for Supervisory Board mandates outside the Group, although these are limited in number and require prior approval by the Supervisory Board, which must also be notified of the remuneration.

Gelsenkirchen, December 2023

The Management Board and Supervisory Board



Disclosures on Corporate Governance Practices

Integrity management: integrated governance, risk management and compliance (iGRC) Governance

Masterflex SE is a European stock corporation for which German stock corporation law is applied on a supplementary basis in accordance with the SE Regulation. The basic principle of German stock corporation law is the dual management principle consisting of the Management Board and the Supervisory Board, both of which have their own competences.

The structures of the Company management and supervision of Masterflex SE are regulated in the Articles of Association as well as in the rules of procedure of the Management Board and the Supervisory Board.

Corporate Governance has high priority for Masterflex SE. The Company principles of Masterflex are based on responsible management and control of the Company aimed at long-term value creation. Key aspects of this Corporate Governance include efficient cooperation between the Management Board and the Supervisory Board, respect for shareholder interests, and openness and transparency in corporate communications.

Risk management

Masterflex SE has set up a Group-wide risk management system that is constantly being further developed in order to be able to rely on an internal control system that is always effective throughout the Group. We consider risk management to be a core task of the members of the Management Board, senior executives and all employees. This allows for early identification, monitoring and control of risks without having to forego business opportunities. Risk management is described in detail in the 2023 Combined Management Report, section C “Opportunity and Risk Report.”

Compliance

To avoid regulatory risks, Masterflex SE employs a compliance management system that controls and monitors the necessary activities. Details of the Group-wide, centrally managed compliance management system can be found in the Risk Report (section C) of the Combined Management Report.

In addition, the Management Board and the Chairman of the Supervisory Board exchange information on an ongoing basis on the establishment and status of risk management and compliance as well as the measures required for this in the Company. In addition, the Supervisory Board also informs itself externally about the content of appropriate compliance and its implementation.

The Code of Conduct of the Masterflex Group is the basis of the compliance management system and provides an overview of the legal topics relevant to the Masterflex Group on the one hand and sets (minimum) standards for ethical and lawful conduct on the other. The Code of Conduct is available for download on our website in German and English.

With these principles of conduct, we clearly define the standards we set for the behavior of our employees and Management Board members as well as our business partners, and at the same time communicate the main principles of our business behavior. We consider these principles of conduct to be a minimum standard for cooperation and interaction with customers, suppliers, competitors, shareholders and authorities. By implementing this Code in our day-to-day business activities, we are also committed to combating all forms of unfair competition, corruption and deception.



Managers have a special responsibility when it comes to avoiding violations of the law. All managers of the Masterflex Group commit themselves to this in a written declaration and undertake to inform their employees about the content and significance of the Code of Conduct and to sensitize them to legal risks. Managers must regularly review compliance with the Code of Conduct on their own initiative and seek discussions with their employees to this end.

Managers and employees are systematically trained on the fundamentals of compliance. In addition to these basic training courses, target audience-specific training measures are carried out on specific compliance topics. We regard the further development and Group-wide establishment of an effective compliance management system as an essential contribution not only to risk avoidance in the Group, but also as an expression of the self-image of Masterflex SE and its commitment to fair, responsible and lawful conduct worldwide.

We have a central Compliance Officer who supports the implementation of the Code of Conduct in the Group and reports regularly to the Management Board and Supervisory Board. Under his leadership, the Group-wide compliance management system is also being further developed as part of good Corporate Governance. He is supported in this task by decentralized and appropriately oriented compliance officers who are based at all Masterflex Group sites. As a further component of the compliance management system, an external ombudsman office for internal reports has been implemented as well as an electronic whistleblower system that meets the requirements of the European specifications of the EU Whistleblower Directive.

Description of the working relationship between the Management Board and the Supervisory Board

Management Board

The Masterflex Group is managed by a two-member Management Board. Dr.-Ing. Andreas Bastin has been Chairman of the Management Board of the stock corporation or SE since 2008. Mark Becks, who holds a degree in industrial engineering, has been Chief Financial Officer since 2009.

The Management Board of Masterflex SE manages the Company's business and is bound by the interests and business policy principles of the Company pursuant to the provisions of the German Stock Corporation Act (AktG). It consists of at least one member and determines the strategic direction of the Company.

The work of the Management Board is governed by rules of procedure. These set out the matters reserved for the full Management Board and those subject to the approval of the Supervisory Board, the responsibilities of the various departments and the required majority for resolutions. Each member of the Management Board manages his or her area of work independently and under his or her own responsibility. In doing so, they are obliged to keep the full Management Board informed of important business matters on an ongoing basis: This is because the allocation of areas of work does not release any member of the Management Board from joint responsibility for the overall management of the business.

The Management Board attends the meetings of the Supervisory Board, reports in writing and orally on the individual agenda items and draft resolutions, and answers the questions of the individual Supervisory Board members. The reports provided by the Management Board on a regular basis, usually in writing, follow the contents of the applicable Rules of Procedure for the Management Board issued by the Supervisory Board.



Diversity concept on the Management Board

The Management Board currently consists of two members. Considering the size of the Company, this structure is considered sufficient. Both members of the Management Board have current terms of appointment and corresponding employment contracts. In addition, both members of the Management Board also hold a significant share in the Company's share capital, which not only documents their high level of loyalty to the Company, but is also a recognized assessment factor in the view of the Supervisory Board. In view of this, a target of zero for the participation of women on the Management Board has been set until March 31, 2027. The requirements for the share of women on the Management Board within the meaning of the Second Management Positions Act (FüPoG II) are not relevant for Masterflex SE.

Age limit on the Management Board and appointment of a Chairman of the Management Board

The Supervisory Board will not appoint a person to the Management Board who has already reached the age of 65. It is authorized to appoint a member of the Management Board Chairman of the Management Board and other members of the Management Board Deputy Chairmen of the Management Board. If the Supervisory Board does not exercise this right of appointment, the members of the Management Board shall elect a spokesperson for the Management Board from among their members.

Remuneration system for the Management Board

In the 2022 financial year, the Supervisory Board revised the remuneration system for the Management Board members in accordance with the requirements of the Second Shareholder Directive Implementation Act (ARUG II) and the requirements of the GCGC. The remuneration system was approved at the Annual General Meeting on June 14, 2022.

The Management Board and Supervisory Board report on details of remuneration in their separate remuneration report, which was prepared in accordance with the requirements of § 162 AktG. This report, together with the auditor's opinion, is available on the website www.MasterflexGroup.com and can be accessed there under Investor Relations / Financial Reports.

Diversity within the Company

The Company also has flat hierarchies throughout the Group as a distinguishing feature. There are therefore no two further management levels below the Management Board, but only one. Within this management level, which is directly subordinate to the Management Board, the share of women is already 30%, so that the legal guiding principle is already fully complied with there and in this respect, as opposed to most companies, and this has also been the case for quite some time. The Masterflex Group is always committed to its goal of having an appropriate share of women, including in management positions, throughout its entire structure, and has also demonstrated this through corresponding implementations that are compatible with the structures. Last but not least, the Masterflex Group was one of the first companies to have a female CFO on a two-person Management Board even before the discussion about the participation of women on Management Boards began in the past.

Diversity also includes the increased involvement of people with international origins or a migration background. An essential element of further personnel planning is to fill an increasing share of the workforce and functionaries with people who have their roots abroad, in line with the development of the business.



Supervisory Board

The three-member Supervisory Board of Masterflex SE has been composed of the Chairman Georg van Hall, his deputy Dr. Gerson Link and the member Jan van der Zouw since 2016 and after the re-election by the 2019 Annual General Meeting.

The Supervisory Board advises and monitors the Management Board. With three members, this body is deliberately kept small at Masterflex SE in order to be able to pass resolutions efficiently, quickly and flexibly through lean structures - as is the case in the Group.

The Supervisory Board also has its own Rules of Procedure. In accordance with Section 11 (4) of the Articles of Association, Supervisory Board members are not allowed to have reached the age of 70 at the time of their appointment.

The Supervisory Board is entitled to form committees from among its members, to which - to the extent permitted by law - decision-making powers may also be delegated. It has a financial expert for accounting in the person of the Chairman of the Supervisory Board, who is an auditor and tax advisor, and a financial expert for auditing in the person of the Deputy Chairman of the Supervisory Board. In accordance with Section 107 (4) of the German Stock Corporation Act (AktG), the three-member Supervisory Board also acts as the Company's Audit Committee. There are currently no other committees, as the Supervisory Board is composed of three members and its tasks can therefore be performed effectively and competently by the full Supervisory Board.

Important issues are also dealt with outside the meetings between the Management Board and the Supervisory Board in conference calls or in strategy meetings convened at short notice. In addition, the Chairman of the Supervisory Board regularly obtains information about the business performance and upcoming projects of Masterflex SE.

The Supervisory Board regularly discusses business development, planning, strategy and its implementation, as well as the risk situation, risk management and compliance issues with the Management Board. Major business decisions, such as the determination of the annual budget and the investment plan, the acquisition or disposal of shareholdings, the conclusion of intercompany agreements and major financial measures, are subject to its approval. The Supervisory Board may determine further transactions requiring its approval. It is also responsible for adopting or approving the Annual Financial Statements and the Consolidated Financial Statements submitted by the Management Board, unless this is left to the Annual General Meeting.

Each year, the Chairman of the Supervisory Board explains the activities of the Supervisory Board both in the Annual Report ("Report of the Supervisory Board") and at the Annual General Meeting.

The Supervisory Board reviews the effectiveness of the cooperation within the Board and also in the cooperation with the Management Board every two years as scheduled. The last self-evaluation took place in the period from September to December 2021 and did not reveal any significant changes. Individual suggestions led to adjustments in the Rules of Procedure of the Management Board and Supervisory Board. In principle, it is in line with the Supervisory Board's working methods that individual changes are also taken up and implemented during the year where necessary.



Members and mandates of the Supervisory Board

Member	Profession	Born	Member since	Appointed until the AGM that decides on the discharge for the fiscal year	Other mandates
Georg van Hall Chairman and financial expert	Certified Public Accountant	Oct. 14, 1957	August 11, 2009	2024	<ul style="list-style-type: none"> None
Dr. Gerson Link Deputy Chairman and financial expert	Board Member, InnoTec TSS AG, Dusseldorf	Aug. 5, 1971	June 14, 2016	2024	<ul style="list-style-type: none"> Waag & Zübert Value AG, Nuremberg FABRI AG, Nuremberg (Chairman) <p>Group mandate at Innotec TSS AG:</p> <ul style="list-style-type: none"> Rodenberg Türsysteme AG, Porta Westfalica (Chairman)
Jan van der Zouw	Multi Supervisory Board, formerly CEO of Eriks NV, Netherlands	June 20, 1954	June 14, 2016	2024	<ul style="list-style-type: none"> Den Helder Airport CV, Den Helder/Netherlands (Chairman) Aalberts Industries NV, Langebroek/Netherlands UTT Procurement BV Zuidland, Netherlands

Composition of the Supervisory Board

The Supervisory Board of Masterflex SE is to be composed in such a manner as to ensure qualified control and advice of the Management Board by the Supervisory Board. The Supervisory Board has defined a competence profile for the composition of the Supervisory Board. The composition of the Supervisory Board comprising recognized experts is an important basis for Masterflex SE to work together in continuous dialog to set the course for the successful development of the Company. If necessary, the Supervisory Board avails itself of qualified external assistance to assess difficult matters.

The definition of the competence profile is based on the entrepreneurial challenges the Company is facing. We are convinced that the combination of diverse areas of knowledge will achieve the best entrepreneurial success.

Competence profile

The candidates proposed for election to the Supervisory Board should, based on their knowledge, skills and experience, be capable of performing the duties of a Supervisory Board member in an internationally active, listed company.

The Supervisory Board of Masterflex SE is deliberately kept small and thus reflects the fast and efficient decision-making processes of the Masterflex Group. Due to the Company's size, the composition of the Supervisory Board with industry experts is of particular importance so that the entrepreneurial issues can be deliberated and discussed while taking market developments into account.



Our Supervisory Board members should also bring with them knowledge and experience in managing companies, relating in particular to the aspects of strategy, sales, purchasing, production, human resources, accounting, risk management and compliance.

At least one independent member of the Supervisory Board should have expertise in the field of accounting and another independent member should have expertise in the field of auditing. In addition, the Company's financial experts should have special knowledge and experience in applying accounting principles and internal control procedures.

When appointing Supervisory Board members, attention must also be paid to compliance with the age limit defined for Masterflex SE on the Supervisory Board as well as to the aspects of independence as defined by the German Corporate Governance Code.

The competence profile of the Supervisory Board is adapted regularly to the entrepreneurial challenges facing the Masterflex Group and is available on the website under https://www.masterflexgroup.com/fileadmin/group/media/investor_relations/2024/masterflex_se-qualification_matrix_supervisory_board_december_2023.pdf

Target agreement of the Supervisory Board

The Supervisory Board is to contribute to the implementation of the Masterflex strategy by aligning its expertise. The objectives for the Supervisory Board are therefore aligned with legal and corporate aspects.

Internationality

In view of the international orientation of the Company, care should be taken to ensure that the Supervisory Board comprises individuals with many years of international management experience and international networks.

The goal is to have at least one member with international management experience and international networks on the Supervisory Board in future.

Innovation

The Masterflex Group sees itself as an innovation and technology leader in its relevant markets. In order to further expand this strategic positioning in the future, the majority of the Supervisory Board / at least one member should have the relevant technological knowledge.

Diversity

The Supervisory Board agrees with the objectives of the Code that, in addition to balanced professional qualifications, appropriate internationality and adequate representation of women on management bodies should be achieved by taking diversity into account. Here, the term diversity is to be understood as international origin, upbringing, training or professional activity rather than citizenship, gender diversity or age diversity. This means that the composition of the Supervisory Board should also take appropriate account of the diversity that can be found today in an open, innovative and internationally active company such as Masterflex SE and its subsidiaries. However, it also means that no one is eliminated as a candidate for the Supervisory Board or proposed for the Supervisory Board solely because he or she possesses or does not possess a certain characteristic. In this context, women are given appropriate consideration in the case of equal qualifications and eligibility.



Independence

The Supervisory Board is to comprise what it considers to be an appropriate number of independent members. Appropriate consideration is to be given to the interests of the owners. In accordance with the requirements of the German Corporate Governance Code, more than half of the shareholder representatives should be independent of the company and the Management Board. Criteria on the question of independence are defined in Section C.7 of the German Corporate Governance Code.

Significant and not merely temporary conflicts of interest are to be avoided. Supervisory Board members should have sufficient time to exercise their mandate so that they can do so with due regularity and care. In order to ensure this, Supervisory Board members of Masterflex SE shall not hold more than three other supervisory board mandates at listed companies.

Age limit and duration of membership

The Articles of Association define the age limit and length of membership. Only persons who are not older than 70 years may be nominated for election to the Supervisory Board.

Implementation of the targets for the Supervisory Board

The competence profile, diversity concept and target agreement are taken into account by the Supervisory Board when filling Supervisory Board positions. The last Supervisory Board election took place in 2019.

All members of the Supervisory Board – Georg van Hall, Dr. Gerson Link, Jan van Zouw – are independent Supervisory Board members as defined by the German Corporate Governance Code.

Georg van Hall, who has been a member of the Supervisory Board since 2009, is a certified public accountant and holds the position of a financial expert with expertise in accounting. As a long-standing member of the Management Board of InnoTec TSS AG, Dr. Gerson Link has extensive financial expertise in auditing.

Dr. Gerson Link and Jan van der Zouw also have extensive experience in the area of company management, partly in niche markets with small-scale production and partly with larger, international industrial companies.

With Jan van der Zouw, an internationally and commercially experienced member of Dutch descent, complements the Supervisory Board, thus underscoring the diversity objectives and their representation on the Supervisory Board.

The statutory gender quota in the Supervisory Board does not apply to Masterflex SE. Nevertheless, it is the declared goal to also achieve an appropriate participation of women on the Supervisory Board. In 2022, the Supervisory Board resolved a target of zero for the participation of women in this body by March 31, 2027, in accordance with the law for the equal participation of women and men in management positions in the private and public sectors. This is because Masterflex SE has the special feature that the Supervisory Board consists of only three persons in total and is therefore of a size that would exceed the statutory target of 30% even with the participation of only one woman. This also makes it clear why the selection must be made carefully and responsibly.

In view of this, it can be assumed for the current period of appointment of the incumbent Supervisory Board that there will be no participation of a woman on the Supervisory Board. Nevertheless, the fundamental objective of proposing a woman as a member of the Supervisory Board in future Supervisory Board elections is expressly maintained.



Shareholders, Annual General Meeting, Transparency

Shareholders and Annual General Meeting

The shareholders exercise their rights at the Annual General Meeting. The Annual General Meeting of the Company takes place within the framework of the legal requirement of Art. 54 para. 1 SE Regulation in the first six months of the fiscal year. The Annual General Meeting is chaired by the Chairman of the Supervisory Board. The Annual General Meeting resolves on all tasks assigned to it by law (including ratification of the actions of the management, appropriation of profits, election of the members of the Supervisory Board, election of the auditor, amendment of the Articles of Association and capital measures).

Transparency

Uniform, comprehensive and timely information has high priority at Masterflex SE. Reporting on the Company's development is carried out via the Internet, in annual and interim reports and announcements, at analyst, press and general capital market conferences, as well as via ad hoc announcements and press releases.

All information is available on the website www.MasterflexGroup.com under Investor Relations.

Masterflex SE maintains an insider directory in accordance with Article 18 (1) of the Market Abuse Regulation. The persons listed there have been informed about the legal obligations and sanctions.

Conflicts of interest, insofar as they should exist, are comprehensively discussed and, if necessary, communicated and taken into account in the assessment of the independence of each individual member of the Supervisory Board. No conflicts of interest were identified or reported in the past.

Accounting and auditing

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German law pursuant to § 315e (1) HGB. After preparation by the Management Board, the Consolidated Financial Statements are audited by the auditor and, in turn, reviewed and, if necessary, approved by the Supervisory Board. The Annual Financial Statements are prepared in accordance with German commercial law (HGB/AktG). After preparation by the Management Board, the Annual Financial Statements are audited by the auditor and, in turn, reviewed and, if necessary, approved by the Supervisory Board. The combined management report is also reviewed by the auditor and the Supervisory Board. The interim reports are not reviewed by an auditor. In addition, monthly internal reporting is carried out in accordance with International Financial Reporting Standards (IFRS). For competitive reasons, all disclosures for the investees in the Consolidated Financial Statements are reported with the exception of the individualized statement of income.

It was agreed with the auditors that they would inform the financial experts on the Supervisory Board without delay of any significant findings and events occurring during the audit.

Control variables and control system

The focus of managing the Company is on earnings and liquidity ratios. For information on the key performance indicators used to manage the Company, please refer to the comments in the Combined Management Report 2023 under section A "Management system."



**At Novoplast
Schlauchtechnik and Fleima-
Plastic, our services do not
end with the production
of medical tubing systems
or injection-molded
components.**

”



The two medical technology specialists offer a wide range of downstream processes for medical technology such as: Assembly, hot forming, toolmaking and tool relocation, component assembly, documentation and much more.

Maximum precision is required when assembling components. Qualified teams use the latest technologies to ensure that every component fits. Entire assemblies are manufactured from individual components.



Masterflex Share

Key figures of the Masterflex share

		2023	2022	2021	2020	2019
Number of shares (Dec. 31)	Shares	9,752,460	9,752,460	9,752,460	9,752,460	9,752,460
Number of treasury shares	Shares	134,126	134,126	134,126	134,126	134,126
Market capitalization* (Dec. 31)	EUR million	80.4	79.3	62.1	54.3	43.1
Opening price	EUR	8.78	6.42	5.70	4.62	7.00
Closing price	EUR	8.36	8.24	6.46	5.65	4.48
Highest price	EUR	12.70	9.50	7.82	6.40	7.26
Lowest price	EUR	7.26	5.42	5.65	3.12	4.34
Share performance	%	+1.5%	+27.6%	+14.3%	+26.1%	-37.6%
Dividend per share	EUR	0.25	0.20	0.12	0.08	0.07
Earnings per share	EUR	0.83	0.81	0.34	0.08	0.26
Free float	%	42.0%	42.0%	42.0%	41.8%	32.6%

All figures are based on Xetra prices
* excluding treasury shares

The stock market year 2023

The financial markets were influenced by a variety of factors in 2023. In particular, the market was influenced by important economic and inflation data, interest rate hikes by leading central banks, turbulence in the US regional banking sector, the ongoing war in Ukraine and the renewed conflict in the Middle East. Despite the numerous burdens, the equity markets performed surprisingly positively for the most part, after the global equity indices closed 2022 with double-digit percentage losses in some cases.

The high inflation rates in Europe and the US weighed on the markets, particularly at the start of 2023, causing the central banks in the US and the eurozone to tighten their monetary policy significantly. The sharp rise in energy prices also fuelled inflation. The restrictive monetary policy of the US Federal Reserve (Fed) and the European Central Bank (ECB) led to the key interest rate in the US being raised in four steps over the course of the year to between 4.5% to 5.50% and the ECB's main refinancing rate being increased in six steps from 2.50% to 4.50%, which subsequently led to inflation rates falling again in the eurozone and the US. Overall, the economy and the corporate sector developed very robustly despite the many negative factors, with some exceptions.

The positive price performance of the major share indices belies the overall outflow of funds from the equity sector into lucrative fixed-interest investments as a result of the rise in interest rates, which particularly affected the small and mid-cap sector. From November onwards, market participants began to price in interest rate cuts by the central banks in the first half of 2024, which



had a positive impact on the performance of the equity markets. The DAX ended the stock market year 2023 at around 16,752 points, just below the all-time high of 17,003 points reached shortly before, which corresponds to an annual performance of 20.3%. The German benchmark index thus outperformed the small and mid-cap indices MDAX with a gain of 8% and SDAX with a gain of around 17%. Triggered by the boom in artificial intelligence and the expectation of falling interest rates, the technology sector recorded the biggest gains, rising by almost 54% as measured by the Nasdaq 100, while the broader-based US leading index S&P 500 achieved a price increase of just over 24%. The outperformance of the US indices in 2023 also reflects the more robust economic development in the USA compared to Europe and Germany in particular.

Masterflex share fluctuated widely over the course of the year and started the stock market year at a price of EUR 8.78. At the end of the first quarter, it exceeded the EUR 10 mark again and reached its high for the year of EUR 12.70 on 16 May 2023 in the course of the second quarter. From the middle of the third quarter, the share price gradually fell and reached its low for the year of EUR 7.26 on 23 October 2023, before rising again to EUR 8.36 by the end of the year. The Masterflex share price thus closed the year slightly up 1.5% on the previous year's closing price. Taking the dividend into account, this resulted in a total return of 3.9%.

The average daily trading volume on all German trading venues totalled 5,891 shares per day in the reporting year, which corresponds to around 35% higher trading liquidity compared to the previous year's figure of 4,355 shares per day.

As at 31 December 2023, the market capitalization of Masterflex SE amounted to EUR 80.4 million with 9,618,334 shares issued and a closing price of EUR 8.36. As at the 2022 reporting date, the market capitalization was EUR 79.3 million with the same number of shares and a closing price of EUR 8.24 (all figures based on Xetra prices).

Masterflex share price performance in 2023 compared to the SDAX



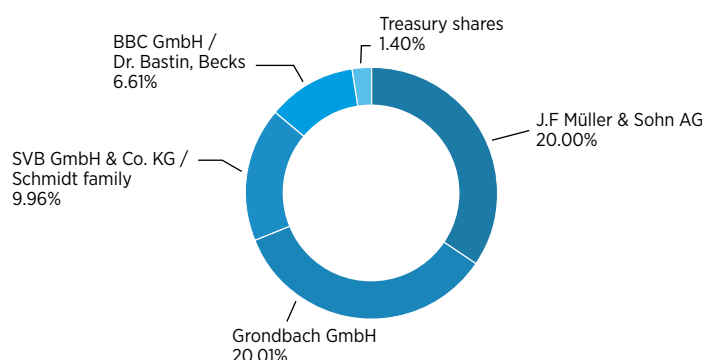


Shareholder structure

The share capital of Masterflex SE amounts to EUR 9,752,460.00 and is divided into 9,752,460 no-par value bearer shares. Each share grants one vote at the Annual General Meeting.

The largest shareholder of Masterflex SE is Grondbach GmbH, which increased its shareholding of 20.01%. The Second largest anchor shareholder is J.F. Müller & Sohn AG, whose shareholding remained constant at 20.00%. SVB GmbH & Co. KG is the third largest anchor shareholder with a share of 9.96%. The management also holds a significant position amounting to 6.61% of the share capital. The free float at the balance sheet date 2023 was 42.02% (December 31, 2022: 42.02%). Masterflex SE holds 1.40% of its own shares. The shareholder base of Masterflex SE is characterized by a high degree of stability and mainly by family offices with a long-term orientation, which, like the commitment of the management, documents the high level of confidence in the growth strategy of Masterflex SE.

Reportable shareholders (3% or more):



The information on the shares generally refers to the most recent WpHG notifications to the Company in each case.

Analyst Research

Masterflex SE shares are listed in the Prime Standard of the Frankfurt Stock Exchange and are routinely analyzed and valued by renowned research firms. The analysts at Metzler Research rate the Masterflex share as “buy” in their update of November 9, 2023. Analyst Alexander Neuberger sees a price target of EUR 13.50 per share. In addition, the experts at SMC Research, which specializes in small-cap stocks, reiterated their buy recommendation for Masterflex shares on November 10, 2023, with a target of EUR 13.80. Montega Research reiterated its previous buy recommendation on 8 November 2023 and continues to see a target price of EUR 16.00.

The average analyst price target is EUR 14.43 per share, resulting in a price potential of around 72.6% for Masterflex shares based on the closing price of EUR 8.36 on December 29, 2023.

Detailed information on the reports is available to interested investors at www.MasterflexGroup.com in the Investor Relations/Analyst Recommendations section.

Annual General Meeting 2023

The Annual General Meeting took place on 7 June 2023 as an in-person event in Gelsenkirchen. The shareholders expressed their confidence in the Management Board and Supervisory Board for the 2022 financial year by a large majority and approved all items on the agenda by a clear majority. 61.8% of the share capital was represented (2022: 60.7%).



Dividend

Masterflex SE pursues a dividend policy geared towards continuity and has continued to do so in 2023. A dividend of EUR 0.20 per dividend-bearing share was distributed to shareholders from Masterflex SE's net retained profits as at 31 December 2022. This means that a total of around EUR 1,923,667 (previous year: EUR 1,154,200) was distributed.

Capital market communication

The Masterflex Group maintains an open as well as timely and consistent information policy towards all capital market participants. As far as the competitive position of the Masterflex Group as one of the few listed hose manufacturers permits, the most detailed data possible is also made available. The purpose of capital market communication is to contribute to a fair valuation of the share through a high level of transparency and regular awareness on the capital market. In particular, the Management Board presented the Masterflex Group in virtual conference calls and at investor conferences such as the Hamburg Investor Day in order to intensify contact with capital market participants. In addition, the management of Masterflex SE remained in constant contact with the press, investors and financial analysts.

2024 Financial Calendar

The financial calendar is published on the Company's website www.MasterflexGroup.com.

March 28	Publication of the Consolidated Financial Statements for 2023
April 23	Metzler Small Cap Days
May 8	Q1/2024 Announcement
June 12	Annual General Meeting
August 7	2024 Half-Year Report
August 21-22	HIT Hamburg Investors Day
November 6	Q3/2024 Announcement
November 13	Munich Capital Market Conference

Share Information

ISIN code	DE0005492938
WKN	549293
Class of shares	Ordinary bearer shares
Stock exchange ticker	MZX
Bloomberg symbol	MZX GR
Reuters symbol	MZXG.DE
Market segment	Prime Standard
Component of the following indices	CDAX Prime All Share Index Classic All Share Index Prime Industrial Index
Designated Sponsor	ICF Bank AG
Number of shares (Dec. 31)	9,752,460



Combined Management Report

A. Principles of the Group	29
B. Economic Report	37
C. Opportunity and risk report	54
D. Forecast report	68
E. Takeover-relevant information	71



Combined Management Report of the Masterflex Group and Masterflex SE for financial year 2023

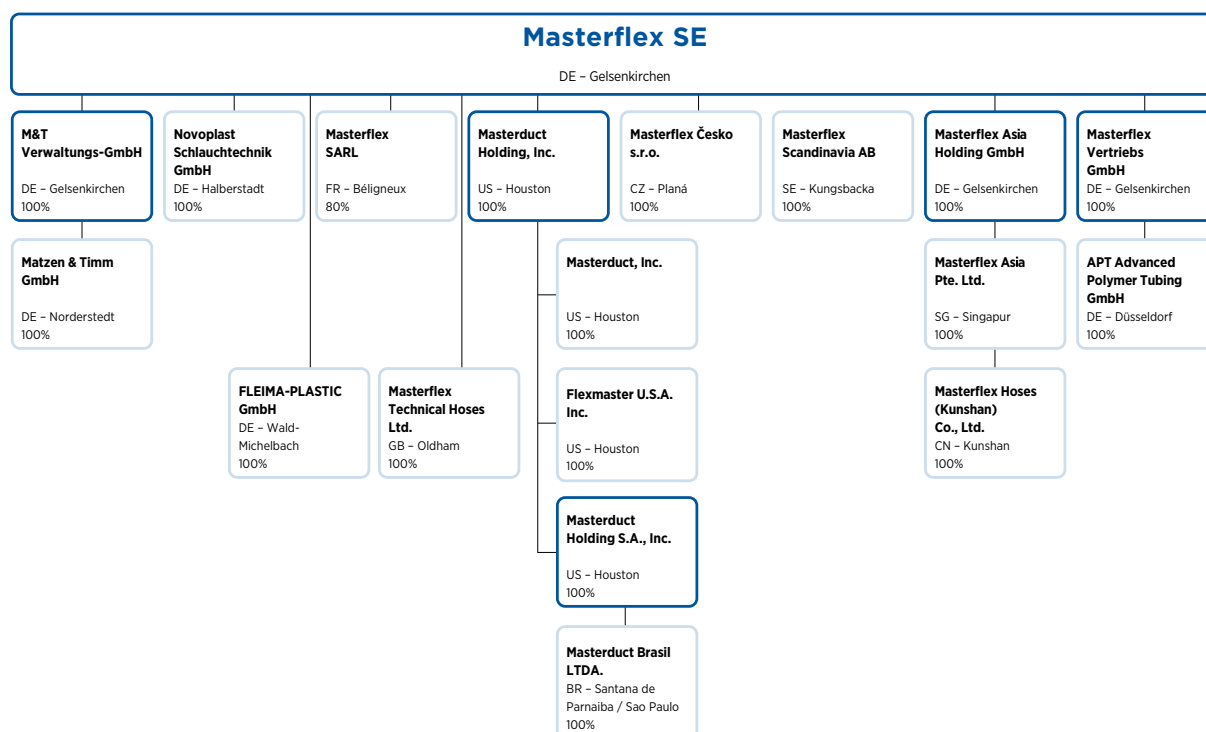
A. Principles of the Group

Organization and management structure

Masterflex SE, Gelsenkirchen, is the parent Company of the Masterflex Group (referred to here as Masterflex Group). Since 2000, the shares of Masterflex SE (International Securities Identification Number ISIN: DE0005492938) have been traded on the Frankfurt Stock Exchange in the segment with the highest transparency requirements in the Regulated Market, the Prime Standard.

The main production sites of the internationally active Masterflex Group with 14 operating subsidiaries are Gelsenkirchen, Dusseldorf, Halberstadt, Norderstedt and Houston (USA). In addition, the Masterflex Group has subsidiaries in various locations in Europe, America and Asia, some of which have small production lines and sales partnerships.

The structure of the Group:





Performance promise

We are a supplier of products, systems and consulting know-how for solving connection tasks. Our unique expertise lies in the use of high-quality and particularly high-performance plastics.

The development, production and engineering-oriented marketing of high-tech hoses and connection systems as well as the related consulting approach offer the Masterflex Group long-term growth potential. The wide range of applications for Masterflex hose systems in a variety of different industries represents an advantage.

We strive to stand out from other hose manufacturers as the quality leader with a clear focus on values.

The high-tech hose market

The Masterflex Group focuses exclusively on the market for high-tech hoses and connection systems and thus occupies the niche market for special hoses. These hoses are used in a wide variety of different industries.

Market analysis special hoses

Customers in the special hose segment mainly come from the manufacturing sector including industrial applications (B2B market). They range from globally active companies to wholesalers and medium-sized industrial companies as well as small regional businesses. Given the material, processing and application expertise, which is not easy to acquire, as well as the wide range of possible applications for sophisticated plastics, this is a market with corresponding market entry barriers, good margins and intact growth prospects. It is characterized by small batch sizes in both production and sales, as well as by intensive consulting and development expertise for customer-specific solutions. In contrast, the market for mass-produced hoses, which is better known to the general public, tends to be characterized by large batch sizes, lower margins and large international suppliers.

Dynamic growth in line with relevant industry development

The field of application of Masterflex special hoses is focused on critical and particularly demanding manufacturing and application areas that require technological knowledge, material expertise and precision.

The demand situation is therefore characterized both by the economic development of the markets relevant to Masterflex and by the development of hose solutions for new applications.

Medical Technology:

Masterflex hose systems - monolayer, multilayer, co-extruded and micro-extruded hoses as well as various connectors (also pressure-resistant), clamps, manifolds, drip chambers and separating membranes - are used in intensive medical areas as well as in reproductive medicine. Pulmonology, nephrology and urology are just a few other typical fields of application for Masterflex hose systems in medical technology. In these areas, the highest demands are placed on durability, cleanroom hygiene and manufacturing expertise.

Life Science:

Life science comprises the food and pharmaceutical industries as well as the trend markets of the laboratory and biotechnology industries. These industries - like the medical technology field - require the highest level of manufacturing expertise with the need for cleanroom technology during production in some cases.



Typical applications in the food industry are large bakeries, confectionery manufacturers or dairies. Suction, transport, reactor and conveying hoses from the Masterflex Group are typical examples of applications in this industry.

The areas of application for Masterflex hose systems in the pharmaceutical, laboratory and biotechnology industries are diverse. Particular expertise lies in their use in high-precision micropelletizing as well as in the cultivation of microbes.

Renewable Energies:

Hoses used in the renewable energies sector, especially in the off-shore area of wind turbines, must be particularly hard-wearing and have good resistance to temperature, UV and ozone.

In order to meet these requirements, a high level of technological knowledge is needed on the nature of the materials used as well as the service life of the hoses used.

Aviation:

Hose systems in the aviation industry make a significant contribution to aircraft safety. In addition to the aspects of reliability and material durability, the issue of weight in particular plays a key role here. Due to these specific requirements, special hoses in the aviation industry are a system-relevant supplier part that can only be sourced from certified and specified partners.

Masterflex hoses are used in the exhaust control of ECU systems, for air distribution inside the cabin, in vacuum toilets, bleed air systems in virtually all types of aircraft. All Masterflex components used are of lightweight construction. Another product is ground support equipment hoses, e.g. for fecal disposal on aircraft in parking position, so-called toilet service unit (TSU) hoses.

Automotive and E-Mobility:

Special hoses in the automotive industry are used to ensure the functionality of sub-products in the car. Seat technology and adaptive aerodynamics are just two examples of applications for Masterflex hoses.

Because of these areas of application in the automotive industry, Masterflex is independent of the question of the drive train (combustion engine or electric). Due to the increasing e-mobility, we expect to see greater use of innovative lightweight components, which suits our competence profile.

As a special area, Masterflex also offers a product range for motorsports. These include engine air technology for rally cars, protective hoses, ventilation, fluid supply and tank hose protection hoses.

Process Industry and Robotics:

The ideal definition of a manufacturing process increases production efficiency, optimizes the flow of materials and, as a result, leads to an improved ecological footprint. A steadily increasing degree of automation and flexibilization inevitably leads to increased demand for special hoses, which are absolutely essential as connection solutions in the process industry and in the field of robotics.

In automotive production, for example, Masterflex hose systems are used in critical production areas. These include the paint shop as well as the test areas and test benches.



Semiconductor industry:

Reliable and safe use when dealing with chemically aggressive media and gases is the challenge facing connection systems in the semiconductor industry. The high material expertise in specified raw materials up to high-purity material selection ensures the highest quality in terms of purity and dimensional stability in end customers' production processes.

Predictive Maintenance:

The standstill of a production line or inferior quality in the manufacturing process are among the greatest risk factors in system-critical manufacturing processes. Industry 4.0 provides new answers to these problems.

Under the name AMPIUS, Masterflex offers hose systems with integrated life cycle tracking functions as well as a matching app. The AMPIUS-app can be used to automatically read the product signature of the hose system, which in the basic version is equipped with a digital interface as standard. The digitalization of hose and connection solutions by means of our smart AMPIUS-solutions opens up completely new possibilities. For example, appropriately equipped systems are also able to generate and provide information on wear, abrasion, temperature, flow rate and many other parameters. Our core competence is to derive concrete customer benefits from the digital insights gained.

Strategy

Profitable growth

The strategic focus of the Masterflex Group is on above-average as well as profitable growth. In doing so, the Masterflex Group will benefit from sustainable growth drivers, which include the megatrends globalization & demographic change, sustainability and digital transformation.

Globalization and demographic change

As the Masterflex Group, we expect to benefit from globalization and demographic change because we are already well represented in the relevant application fields (e.g. medicine and life science) with our market access and solutions as well as our innovation potential. Thanks to the procurement and production structures of the Masterflex Group, we view ourselves as a building block within a procurement chain that is flexible and as independent as possible for our customers.

Digital transformation

On the one hand, the Masterflex Group has been driving digitization and automation as well as the improvement of its process efficiency and quality within its group of companies for years, combined with the goal of providing its customers with the best possible benefit/performance ratio. On the other hand, Masterflex is one of the pioneers in the digitalization of hose and connection solutions with the product launch of the AMPIUS digital hose system. On the basis of our AMPIUS projects, we learn, grow and work together with our customers from different markets on future processes and business models. This ensures the closest possible involvement in the digital transformation of our customer markets.

The new application markets driven by digital transformation are already among the areas we are targeting with our competence profile and our range of products and services.

Sustainability

The increasingly evident scarcity of resources promotes sustainable use and consumption solutions at nearly all levels and areas of material use. The increasing consequences of climate change and the resulting need for action have far-reaching implications for the protection and



regeneration of the environment in almost all respects. The use of plastics will presumably have to meet higher recycling and environmental compatibility requirements in the future.

The products manufactured within the Masterflex Group meet customer requirements in terms of performance and service life and are therefore preferred to conventional hose and connection solutions made of mass-produced plastics, such as PVC or rubber, particularly from a sustainability perspective. In addition, we already ensure a high degree of reusability and environmental compatibility of the products we manufacture. This is due on the one hand to the high-quality raw materials used, which are often approved for food and medical applications, and on the other hand to the high standards for waste avoidance, recycling and disposal that have been in place for years within our production processes.

The growth strategy of Masterflex Group is based on the four strategic pillars: Internationalization, Innovation, Digital Transformation and Operational Excellence

I. Internationalization

We strive for value-oriented, long-term growth in all the markets and sectors we address. We pursue a dynamic market expansion strategy by growing globally in line with demand in our sectors. We are benefiting from the trend toward ongoing globalization combined with the increasing demand for greater proximity and security of production-relevant suppliers (nearshoring).

The broad focus of our product portfolio also enables us to serve the different demand priorities of emerging markets and industrialized nations to the same extent (demographic change).

We are already represented by our own companies in Europe, North and South America, and Asia. Our aim is to further expand our market presence, particularly in North America and Asia. In this context, acquisition opportunities are also reviewed regularly and represent an important element of our long-term growth strategy.

In addition, we serve a number of markets that are adjacent to or closely related to our focus regions through cooperative ventures.

II. Innovation

It is our declared goal to stand out on the market through technology and quality leadership. The basis for this is our innovation strategy, which encompasses aspects of sustainable resource use, the optimization of traditional products, and completely new, innovative joining solutions. A prerequisite for innovation is, among other factors, knowledge of the variety, properties and behavior of high-performance plastics and specific knowledge of the requirements and challenges on the application side. Our experienced engineers constantly design, test and produce new products that replace traditional joining solutions or their materials for the benefit of our customers. This consulting expertise is often an approach to design ideas and development directions for new products together with our customers.

Another pillar of our innovation strategy is based on knowledge of process and production sequences for manufacturing hoses and connecting solutions from sophisticated plastics. Continuous efficiency and quality improvements in our own production processes play a crucial role here, as do sustainability improvements. The focus here is on further waste avoidance and maximizing recycling opportunities, but also on the possible future use of bioplastics.



III. Digital transformation

We strive to be the innovation leader in our relevant markets and industries. That is why another thrust of our growth strategy is digital transformation. We are convinced that in the medium term, intelligent and thus digital connection solutions will be an important component for our customers. Masterflex is working on services that use knowledge as well as current information about the status of products or systems and plants and offer direct added value to the customer through transparency and analysis. With the AMPIUS hose system series, the Masterflex Group has already laid a foundation for its own digital product line and is also directly involved in customer transformation projects through the AMPIUS projects. In addition, we are driving our own digital transformation at our sites. Our larger and long-term supported IT systems (ERP, PIM, MDE, CRM, ...) are already cloud-based and will be further networked or integrated step by step along our internal digital roadmap.

In addition, we are constantly investing in the further networking and automation of our production facilities. In Gelsenkirchen, we have now reached the point where we can achieve significant improvements in material use, product quality and production process efficiency with the support of AI algorithms in the ongoing production process. These developments will continue to be driven forward strongly because they are an important component in underpinning the Masterflex Group's own claim to technology and quality leadership.

IV. Operational excellence

With our strategic focus on operational excellence, we meet the challenge of combining maximum flexibility with the highest possible efficiency. We place our processes at the center of our overall entrepreneurial activities with the aim of making them simple, fast and flexible and of standardizing them. We consider the reduction of complexity or its efficient management with simultaneous high customer orientation through flexibility and individuality to be a clear competitive advantage. It is the basis for stable earnings power.

The digital transformation approach is also an important aspect for the processes in the Masterflex Group itself. Our goal is to become faster and more flexible – simply more agile – on the basis of better data and thus a better basis for decision-making. Networked production with Industry 4.0-capable machines goes hand in hand with a significant expansion of internal and external networking with our customers, suppliers and partners. This is associated with reduced throughput times for customers, significantly simpler and faster processes in all areas of the Company, higher revenue per employee, and meaningful automation steps. Continuously increasing our level of digital maturity is an integral part of the measures and projects in the course of operational excellence.



Control system

Internal control system

The starting point for strategic Company planning is an annually updated five-year plan that comprises an income statement, a balance sheet, investments and liquidity. The budget planning for the following financial year is derived from this strategic planning and broken down into individual months. The Group and the Masterflex SE are managed within the framework of monthly budget/actual variance analyses. Forecasts are prepared on a quarterly basis, thus allowing a rolling forecast of results into the future. On a weekly basis, the management is informed about the revenue and the order intake of the previous week. The operating result (earnings before interest and taxes – EBIT) for the entire Group is reported to the full Management Board as part of monthly reporting.

In the Masterflex Group, the most important performance indicators for us – i.e. the core control variables as defined by GAS 20 – are based on liquidity and Company value. These are in particular

- sales revenue in comparison to actual, target (budget) and the previous year and
- EBIT at Group level and at Masterflex SE.

Research and development

As an award-winning TOP 100 innovator, the Research and Development (R&D) department is a key building block for the success of the Masterflex Group. By developing innovative products and processes, we are able to offer hoses and individual connection solutions that meet the requirements of our customers.

The subsidiaries of Masterflex SE have independent R&D units. Cooperation between the companies and company brands is specifically promoted and forms the basis of an efficient and customer-oriented development process. In particular, our innovation process (stage-gate process) has proven its value in shortening the lead times for new products.

In regular project and milestone meetings, developments are discussed and reviewed from the perspective of the market, technology and customers, as well as with regard to their economic relevance. External partners from research institutes or selected suppliers are brought in for this purpose. This ensures that possible innovations are analyzed both from the market side, with regard to new technologies, and with regard to the necessary use of raw materials.

We do not use contract manufacturing. Nearly all products and services are developed and largely manufactured by our engineers and skilled workers. This also applies to certain components of our manufacturing technology or our production facilities to safeguard the production and process know-how we have built up.

In the case of our product innovations, we examine on a case-by-case basis whether it is necessary and legally possible to protect our intellectual property or whether it makes sense as part of our Company strategy to apply for patents or other property rights.

The core of our research and development activities is our innovation strategy, which is based on the aspects of “Digital Transformation,” “Sustainability” and “Engineering Services.” The Masterflex Group does not conduct traditional basic research.



Digital transformation

Under the aspect of “Digital Transformation,” we summarize both our activities in the course of increasing networking of processes and systems through intelligent joining solutions and the progress of networking and automation within our own production and value stream chains.

The predictive maintenance product group in particular benefits from the opportunities that digital transformation offers. Here, it is not only a matter of ensuring system-critical manufacturing processes, but also of optimizing production planning and costs from the customer’s point of view. The AMPIUS hose series developed specifically for this purpose is constantly being expanded as part of our innovation strategy.

In addition to the AMPIUS hose system, the Masterflex Group places a clear R&D focus on the customer-specific optimization of manufacturing processes through the integration of intelligent connection solutions.

Sustainability

The high-tech plastics Masterflex processes offer considerable substitution potential for conventional materials, here in particular for steel and rubber. In this context, the Masterflex Group’s materials expertise also extends to the use of recyclable plastics with the assurance of the same material properties. It is the declared aim of the innovation strategy to further expand the portfolio of materials used in the future. To this end, Masterflex also works closely with research institutions such as Fraunhofer Institute.

Engineering Services

The connection solutions developed by engineers are the driver of the Masterflex Group’s innovation strategy. Knowledge of processes, systems and materials is always in demand from our customers when non-standardized manufacturing processes are involved. The individuality of the manufacturing processes or application areas as well as the reorientation towards sustainable process flows requires engineering expertise in independent customer development projects.

External ratings

The Masterflex Group was again included in the World Market Leader Index of the University of St. Gallen in 2024 and has thus been one of the current world market leader champions for many years.

In 2024, the Masterflex Group was also named a TOP 100 Innovator for the third time (after 2016, 2019 and 2021), making it one of the most innovative companies and, according to TOP 100, one of the “shapers of the future” in Germany. TOP 100 is the only innovation competition that honors medium-sized companies for their innovation management and innovation success. The Masterflex Group was particularly convincing in the category “Innovative processes and organization.”



B. Economic Report

Macroeconomic environment

According to the economic experts at ifw Kiel, the global economy performed better than expected at 3.1% in 2023 (2022: 3.2%), even though economic expansion was moderate and there were no signs of an economic upturn yet. A pronounced slowdown in global economic activity, which had been feared in many quarters in view of the inflation shock in 2022 and the subsequent sharp monetary policy response, has not yet materialized.

Overall, macroeconomic production in the advanced economies grew at a moderate pace over the course of 2023. The differences in economic momentum are considerable. The US economy proved to be particularly robust in 2023, with production continuing to increase significantly despite the sharp rise in interest rates - supported by an expansionary fiscal policy. The US economy, the Masterflex Group's most important non-European market, performed significantly better than originally expected thanks to extensive government stimulus programs. In addition to a strong boom in commercial construction, private consumption based on a robust labor market made a particular contribution to this. Thanks to the Fed's more consistent interest rate policy than in Europe, inflation also fell much faster here. It fell to an annual average of 4.1% compared to 8.0% in the previous year. Against this backdrop, GDP in the US rose by an impressive 2.4%, even more than in the previous year (2022: +1.9%).

By contrast, overall economic production in Europe was weak, with little more than stagnation recorded in both the EU and the UK over the course of the year. In Japan, other advanced economies in Asia and China, on the other hand, overall economic production increased sharply in some cases.

Inflation is now falling rapidly, driven by an increasing normalization on the energy markets.

According to initial calculations by the Federal Statistical Office (Destatis), Germany's price-adjusted gross domestic product (GDP) in 2023 was 0.3% lower than in the previous year. Despite the recent declines, prices remained high at all levels of the economy, which dampened the economy. This was compounded by unfavorable financing conditions due to rising interest rates and lower demand from Germany and abroad.

Consumer prices in Germany increased by an annual average of 5.9% in 2023 compared to 2022. According to the Federal Statistical Office (Destatis), the inflation rate for 2023 was therefore lower than in the previous year. It had still been +6.9% in 2022. Nevertheless, companies, particularly energy-intensive industries, and consumers were often confronted with higher price levels, which dampened their economic activity.



Economic output in the European Union was also held back by high inflation and the rapid rise in interest rates. Both private consumption and corporate investment spending were adversely affected by the unfavorable conditions. The subdued global economy was also unable to provide any significant impetus for growth. GDP was correspondingly weak, growing by just 0.5% after the previous year's post-pandemic boom (2022: 3.5%). The same applies to other European countries such as the UK (+0.6% after +4.3% in 2022) and Switzerland (+0.7% after +2.7% in 2022). Inflation in the European Union declined only hesitantly and remained at a very high average level of 6.4% for the year (2022: 9.2%).

Business performance

The 2023 financial year was very challenging in terms of sales due to declining demand (recession) in part of our customer industry, but we were able to further increase our profitability on the earnings side (EBIT). Sales revenue rose only slightly by 0.8% to EUR 101.1 million. On the EBIT side, we comfortably achieved the double-digit EBIT margin of 12.4% despite the economic headwind. In this respect, the 2023 financial year can be described as a successful one.

The biggest challenge in 2023 was dealing with declining demand in some of our customer industries (including automotive and mechanical engineering). In addition, the supply chains were not stable for all materials throughout the 2023 financial year.



Situation

1 Results of operations of the Group

	2023		2022		Change	
	in EUR thousand	%	in EUR thousand	%	in EUR thousand	%
Revenue	101,115	99.9	100,274	99.1	841	0.8
Changes in inventories	-24	0.0	738	0.7	-762	-103.3
Other own work capitalized	123	0.1	200	0.2	-77	-38.5
Total output	101,214	100.0	101,212	100.0	2	0.0
Other operating income	1,011	1.0	714	0.7	297	41.6
Operating performance	102,225	101.0	101,926	100.7	299	0.3
Cost of materials	-32,210	-31.8	-34,657	-34.2	2,447	-7.1
Personnel expenses	-35,423	-35.0	-33,719	-33.3	-1,704	5.1
Depreciation and amortization	-5,291	-5.2	-5,041	-5.0	-250	5.0
Other operating expenses	-16,404	-16.2	-16,686	-16.5	282	-1.7
Other taxes	-317	-0.3	-428	-0.4	111	-25.9
Operating expenses	-89,645	-88.5	-90,531	-89.4	886	-1.0
EBIT (operational)	12,580	12.5	11,395	11.3	1,185	10.4
Non-operating effects	-224		-10		-214	
EBIT	12,356		11,385		971	
Financial result	-1,210		-578		-632	
Earnings before income taxes	11,146		10,807		339	
Income taxes	-3,109		-2,980		-129	
Consolidated annual result	8,037		7,827		210	
Thereof:						
Non-controlling interests	44		50		-6	
Shares of shareholders of Masterflex SE	7,993		7,777		216	



1.1 Revenue development and incoming orders

Consolidated revenue amounted to EUR 101.115 thousand in financial year 2023, compared to EUR 100.274 thousand in the previous year. This corresponds to an increase in sales of 0.8%.

As at December 31, 2023, the order backlog was at a high level and amounted to EUR 20.5 million (December 31, 2022: EUR 22.8 million).

In the 2023 financial year, a good number of the subsidiaries were on course for growth despite the economic headwind. Matzen & Timm GmbH in particular, with its focus on the aviation industry, and Medical Technology grew strongly. The share of medical technology increased from around 17% in 2022 to 19% in the 2023 financial year.

The international and broad industry focus of the Masterflex Group made it possible to serve the positive industry trends in all relevant economies. The broad regional positioning combined with the focus on different customer industries are the basis for stability and the sustainable growth of the Masterflex Group.

1.2 Development of earnings

Earnings before interest and taxes (EBIT) rose significantly in the 2023 financial year to EUR 12,356 thousand after EUR 11,385 thousand in 2022. This corresponds to an operating EBIT margin of 12.2% (2022: 11.4%) in relation to Group sales. This means that a double-digit EBIT margin was achieved for the second year in a row and, above all, increased compared to the previous year.

The development of earnings is derived as follows:

In the 2023 financial year, inventories of finished goods and work in progress were reduced slightly (2023: reduction of EUR 24 thousand), while inventories were increased by EUR 738 thousand in the previous year due to the good order situation. The capitalization of other own work was slightly below the previous year's level and amounted to EUR 123 thousand in the reporting year (2022: EUR 200 thousand).

Other operating income increased to EUR 1,011 thousand in the course of business in 2023 (compared to EUR 714 thousand in 2022).

The cost of materials for the 2023 financial year is reported at EUR 32,210 thousand, which corresponds to a cost of materials ratio (cost of materials in relation to total operating performance) of 31.8% (previous year: cost of materials of EUR 34,657 thousand, cost of materials ratio of 34.2%). The significant decrease in the cost of materials is due to a change in the sales mix towards higher-margin customer sectors (mix effect) as well as productivity improvements and the increased use of recycled materials in the production process.



Personnel expenses rose nominally from EUR 33,719 thousand in 2022 to EUR 35,423 thousand in 2023. In relative terms, the personnel cost ratio rose from 33.3% in the previous year to 35.0% in the 2023 financial year, while total operating revenue remained unchanged. The increase in personnel costs is due to the increase in personnel, particularly in production (including the resumption of production in the Czech Republic) and the annual wage and salary increases, which were significantly higher than in the past due to inflation.

Masterflex continued to invest in both production expansion and replacement investments in 2023. This led to a slight increase in depreciation and amortization. In the 2023 financial year, depreciation and amortization amounted to EUR 5,291 thousand after EUR 5,041 thousand in the previous year.

Other operating expenses decreased slightly from EUR 16,686 thousand in the previous year to EUR 16,404 thousand in 2023. This is mainly due to the renewed decline in freight costs as well as a volume-related decrease in freight and energy costs.

In total, EBIT in the 2023 financial year amounted to EUR 12,356 thousand (previous year: EUR 11,385 thousand). Adjusted for the non-operating effects (expenses) of Euro 224 thousand (previous year: EUR 10 thousand), operating EBIT amounted to Euro 12,580 thousand after EUR 11,395 thousand in the previous year. Non-operating effects mainly include restructuring expenses and income for activities in the aerospace industry. In the 2023 financial year, around EUR 76 thousand of this was attributable to personnel expenses (previous year: EUR 122 thousand) and EUR 148 thousand to other operating expenses (previous year: EUR 157 thousand). There was also income in operating effects of EUR 269 thousand in 2022. The operating EBIT margin (in relation to sales) was therefore 12.4% in the 2023 financial year and therefore higher than 11.4% in 2022.

Due to the dramatic rise in interest rates from summer 2022, the financial result deteriorated by EUR 632 thousand (2023: EUR -1,210 thousand; 2022: EUR -578 thousand) despite the repayment of financial liabilities in accordance with the contract and improved financial ratios (gearing ratio) and thus a falling interest margin. Income tax expenses increased from EUR 2,980 thousand to EUR 3,109 thousand in 2023 due to the improvement in earnings.

Consolidated net income thus amounted to EUR 8,037 thousand in the 2023 financial year after EUR 7,827 thousand in the previous year. Taking into account the non-controlling interests in a Group company, the shareholders of Masterflex SE accounted for EUR 7,993 thousand (previous year: EUR 7,777 thousand). The non-controlling interests include the ownership structure of the subsidiary in France (Masterflex SE: 80%).

Earnings per share increased from EUR 0.81 in the previous year to EUR 0.83 in the financial year 2023.



1.3 Comparison of the actual with the forecast business development

We fell slightly short of the forecast for the 2023 financial year published in the combined management report 2022 and the forecast increase communicated in autumn 2022 in terms of sales, while EBIT was almost exactly in the middle of the range of our expectations. The forecast for 2023 published in the combined management report 2022 assumed sales growth to be between EUR 103.0 million and EUR 110.0 million and EBIT in a range between EUR 11.0 million and EUR 14.0 million.

Despite the economic headwind, the absolute and percentage increase in EBIT means that the financial year was successful but also challenging.

2 Net assets of the Group

2.1 Asset structure

	December 31, 2023		December 31, 2022		Change	
	EUR thousand	%	EUR thousand	%	EUR thousand	%
Intangible assets	13,353	14.3	13,207	14.6	146	1.1
Property, plant and equipment	35,753	38.2	35,929	39.8	-176	-0.5
Financial assets	62	0.1	87	0.1	-25	-28.7
Other assets	120	0.1	252	0.3	-132	-52.4
Deferred taxes	100	0.1	44	0.0	56	127.3
Non-current assets	49,388	52.8	49,519	54.8	-131	-0.3
Inventories	22,245	23.7	21,274	23.6	971	4.6
Receivables and other assets	11,032	11.7	9,679	10.7	1,353	14.0
Current assets	33,277	35.4	30,953	34.3	2,324	7.5
Cash and cash equivalents	11,026	11.8	9,746	10.8	1,280	13.1
	93,691	100.0	90,218	100.0	3,473	3.8



The balance sheet total increased from EUR 90,218 thousand as at December 31, 2022 to EUR 93,691 thousand as at the reporting date. The increase on the assets side of the balance sheet is primarily due to the change in current assets and cash and cash equivalents.

Non-current assets amounted to EUR 49,388 thousand as at December 31, 2023 (December 31, 2022: EUR 49,519 thousand) and were therefore at the previous year's level. Intangible assets (31/12/2023: EUR 13,353 thousand; 31/12/2022: EUR 13,207 thousand) include goodwill in the amount of EUR 9,187 thousand, which was confirmed in the annual impairment test.

The increase in inventories to EUR 22,245 thousand (December 31, 2022: EUR 21,274 thousand) and in trade receivables from EUR 8,767 thousand as at December 31, 2022 to EUR 9,886 thousand as at December 31, 2023 mainly led to an increase in current assets of EUR 2,324 thousand to EUR 33,277 thousand.

Cash and cash equivalents increased to EUR 11,026 thousand (December 31, 2022: EUR 9,746 thousand). See the comments in section B "Financial position of the Group", item 3.3 "Liquidity position".



2.2 Capital structure

	December 31, 2023		December 31, 2022		Change	
	EUR thousand	%	EUR thousand	%	EUR thousand	%
Group equity	57,236	61.1	51,613	57.2	5,623	10.9
Non-controlling interests	366	0.4	372	0.4	-6	-1.6
Equity	57,602	61.5	51,985	57.6	5,617	10.8
Provisions	321	0.3	347	0.4	-26	-7.5
Financial liabilities	3,283	3.5	24,091	26.7	-20,808	-86.4
Other liabilities	625	0.7	661	0.7	-36	-5.4
Deferred taxes	1,024	1.1	989	1.1	35	3.5
Non-current liabilities	5,253	5.6	26,088	28.9	-20,835	-79.9
Provisions	154	0.2	145	0.2	9	6.2
Financial liabilities	20,862	22.2	2,495	2.8	18,367	736.2
Other liabilities/ Income tax liabilities	9,820	10.5	9,505	10.5	315	3.3
Current liabilities	30,836	32.9	12,145	13.5	18,691	153.9
	93,691	100.0	90,218	100.0	3,473	3.8

The equity of the Masterflex Group increased by EUR 5,617 thousand to EUR 57,602 thousand as of December 31, 2023. The absolute increase in equity is mainly due to the increase in consolidated net income of EUR 8,037 thousand. The dividend payment of EUR 1,924 thousand reduced equity (previous year: EUR 1,154 thousand).

The equity ratio (equity in relation to total assets) increased from 57.6% to 61.5% as of the reporting date. For further details, please refer to the Consolidated Statement of Changes in Equity in financial year 2023 (p. 84 of the Annual Report 2023).

Non-current financial liabilities decreased significantly due to the reclassification of non-current liabilities to banks to current liabilities to banks following the expiry of the syndicated loan agreement on September 30, 2024. Correspondingly, current liabilities to banks increased.

Non-current liabilities decreased by EUR 20,835 thousand from EUR 26,088 thousand as at December 31, 2022 to EUR 5,253 thousand as at December 31, 2023, mainly due to the reclassification effect.

Current liabilities increased accordingly from EUR 12,145 thousand in the previous year to EUR 30,836 thousand as at the reporting date. Liabilities to banks were repaid in accordance with the contract. The repayment amount was EUR 1,500 thousand.



3 Financial position of the Group

3.1 Principles and objectives of financial management

The short- to medium-term financial management targets were achieved in 2023. These were in particular:

- Further strengthening of equity
- An improvement in the gearing ratio

Equity amounted to EUR 57,602 thousand as of December 31, 2023, compared to EUR 51,985 thousand in the previous year. Despite the simultaneous moderate increase in total assets, the equity ratio also increased to 61.5% as of the reporting date (2022: 57.6%).

The gearing ratio (net debt/EBITDA) improved to 0.7 as of December 31, 2023, compared to 1.0 in the previous year, due to the significantly better EBITDA (EBIT plus depreciation) and simultaneously lower net debt (sum of non-current and current financial liabilities less cash and cash equivalents).

3.2 Financing analysis

The Masterflex Group's cash and cash equivalents amounted to EUR 11,026 thousand as of December 31, 2023 (previous year: EUR 9,746 thousand). Net debt as of the reporting date was thus EUR 13,119 thousand (previous year: EUR 16,840 thousand). This means the ratio of net debt to EBITDA at the end of the year was 0.7 (previous year: 1.0). This ratio is a measure of the Group's gearing and is an indicator of how quickly debt can be reduced.

As of December 31, 2023, non-current and current financial liabilities increased by EUR 2,442 thousand to EUR 24,145 thousand mainly due to the contractually compliant repayments of the syndicated loan rescheduled in 2019.

In addition to the non-current and current tranches of the syndicated loan, financial liabilities also include lease liabilities amounting to EUR 4,193 thousand (previous year: EUR 5,189 thousand). There were no other liabilities to banks at the end of 2023.

Most of the borrowed funds provided are secured. There are no significant off-balance sheet financing arrangements.

3.3 Liquidity position

Cash and cash equivalents amounted to EUR 11,026 thousand as at December 31, 2023 (2022: EUR 9,746 thousand).

Cash inflow was essentially:

- Positive earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 17.7 million



The following items were the main cash outflows:

- Investments in property, plant and equipment and intangible assets of EUR 5.0 million
- Increase in inventories of EUR 1.0 million
- Net loan repayments of EUR 1.5 million
- Increase in trade receivables of EUR 1.1 million
- Decrease in trade payables of EUR 0.3 million
- Dividend payment of EUR 1.9 million euros
- Payment for income taxes of EUR 1.6 million
- Interest payments amounting to EUR 0.9 million

The cash flow statement, which shows the reconciliation of cash and cash equivalents in the past financial year, can be found on page 85 of the 2023 Annual Report.

The solvency of the Masterflex Group was ensured at all times in 2023. In addition, Masterflex SE had a free, unutilized credit line - in compliance with defined covenants - mainly from the syndicated loan agreement in the amount of EUR 8.6 million at the end of 2023.

Overall statement on the economic situation

Overall, the Group's management assesses the earnings, asset and financial positions of the Masterflex Group as of the reporting date against the backdrop of

- of the renewed increase in revenue,
- the improved earnings situation in both nominal and relative terms,
- Group financing that is currently being negotiated,
- the stability of the Group's equity and
- a significantly improved ratio of net debt to EBITDA of 0.7 compared to the previous year,

as very stable and as a very good starting position for the further development of the Company.

This also applies to the assessment by the Executive Board for Masterflex SE. Details are presented in the following section.



Earnings, asset and financial positions of Masterflex SE

In addition to the reporting on the Masterflex Group, we explain the development of Masterflex SE in fiscal year 2023 below.

Masterflex SE is the parent Company of the Masterflex Group and is headquartered in Gelsenkirchen, Germany. Its business activities mainly comprise the development, production and distribution of high-tech hoses and connecting systems made of high-performance plastics in Germany as well as the control and management of the worldwide activities of the Group, the Masterflex Group. Masterflex SE produces its hoses and connection systems at its headquarters in Gelsenkirchen, Germany, as well as through the Group's domestic and foreign subsidiaries. Distribution is carried out via the distribution system of Masterflex SE, via domestic and foreign subsidiaries as well as via selected contractual partners of the Masterflex Group.

The main management functions of the Masterflex Group are the responsibility of the Management Board of Masterflex SE. It determines the Group strategy and controls the allocation of resources as well as the organization of the Group. In addition, the Management Board determines the financing as well as the communication with the most important target audiences of the Masterflex Group and is responsible for the worldwide M&A activities. The economic development of Masterflex SE is mainly determined by its production and sales success as well as by its operating subsidiaries. The investment result from profit transfers and profit distributions of the investments is, in addition to the sales success of Masterflex SE, of central importance for the economic situation of Masterflex SE. Accordingly, the statements in section C "Opportunity and Risk Report" and the Non-Financial Report published on the website of the Masterflex Group also essentially apply to Masterflex SE.

The Annual Financial Statements of Masterflex SE are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The Consolidated Financial Statements follow the International Financial Reporting Standards (IFRS). This results in differences in the accounting and valuation methods.



Revenue and earnings of Masterflex SE

Income statement of Masterflex SE according to HGB (short form)

	2023		2022		Change	
	in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %
Revenue	24,186	100.9	23,458	97.9	728	3.1
Changes in inventories	-260	-1.1	441	1.8	-701	-158.9
Other own work capitalized	56	0.2	61	0.3	-5	-8.1
Total output	23,982	100.0	23,960	100.0	22	0.1
Other operating income	123	0.5	66	0.3	57	86.8
Operating performance	24,106	100.5	24,026	100.3	80	0.3
Cost of materials	-7,948	-33.1	-8,496	-35.5	548	-6.5
Personnel expenses	-10,537	-43.9	-10,344	-43.2	-193	1.9
Depreciation	-1,325	-5.5	-1,292	-5.4	-33	2.5
Other operating expenses	-5,501	-22.9	-5,655	-23.6	154	-2.7
Other taxes	-104	-0.4	-223	-0.9	119	-53.5
Operating expenses	-25,414	-105.8	-26,010	-108.6	596	-2.3
Operating result (EBIT)	-1,308	-5.3	-1,984	-8.3	676	-34.0
Financial result	11,164		7,244		3,920	
Non-operating effects	-76		-234		158	
Neutral result	54		8		46	
Earnings before income taxes	9,833		5,034		4,799	
Income taxes	-1,906		-1,558		-348	
Net income	7,927		3,476		4,451	

The results of operations of Masterflex SE are largely determined by the business with high-tech hoses and connection systems at the Gelsenkirchen site as well as the profit distributions and profit transfers of the operating subsidiaries that conduct this business at the other national and international sites.

Masterflex SE's revenue increased by 3.1% compared to the previous year and, at EUR 24,186 thousand, was EUR 728 thousand above the previous year. This means that the revenue forecast, which was based on revenue growth of between 2% and 6%, was reached at the level of the individual companies. The main growth drivers were price increases due to steadily rising raw material, energy and freight costs, as well as an increased demand from subsidiaries.



The change in inventories in the 2023 financial year amounted to EUR -260 thousand (reduction) compared to an increase of EUR 441 thousand in the previous year. The capitalization of other own work is based on development projects and, at EUR 56 thousand in the 2023 financial year, was slightly below the previous year's level of EUR 61 thousand.

The total output (i.e. the sum of sales, changes in inventories and other own work capitalized) of Masterflex SE thus increased slightly from EUR 23,960 thousand in 2022 to EUR 23,982 thousand in 2023.

At EUR 123 thousand, other operating income in the financial year was above the previous year's figure of EUR 66 thousand.

As a result, the operating performance (as the sum of total operating performance plus other operating income) increased by EUR 80 thousand to EUR 24,106 thousand in financial year 2023.

Due to more efficient production and targeted supplier management, the cost of materials decreased nominally and totalled EUR 7,948 thousand in the 2023 financial year (2022: EUR 8,496 thousand). The cost of materials ratio (cost of materials as a percentage of total operating performance) thus improved to 33.1% (2022: 35.5%). Among other things, process optimisation to save materials and supplier management in purchasing had a positive impact here.

Personnel expenses amounted to EUR 10,537 thousand in financial year 2023, compared to EUR 10,344 thousand in the previous year. In percentage terms, the personnel employment ratio (personnel expenses as a percentage of total operating performance) deteriorated only slightly to 43.9% after 43.2% in the previous year. This is due to the sharp rise in personnel expenses as a result of the high inflation caused by percentage increases and one-off payments (inflation compensation premium).

Other operating expenses include expenses for freight, packaging and energy, which decreased again slightly in the 2023 fiscal year following some drastic price increases in 2022. As a result, other operating expenses decreased from EUR 5,655 thousand to EUR 5,501 thousand in the 2023 financial year.

Growth-related investments at the Gelsenkirchen site are reflected in slightly higher depreciation and amortization. Depreciation amounted to EUR 1,325 thousand in 2023, compared with EUR 1,292 thousand in the previous year.

Property taxes fell to EUR 104 thousand in 2023. The significantly higher prior-year figure of EUR 223 thousand was due to a one-off property tax back payment.

In summary, the operating result (EBIT) in fiscal 2023 was EUR -1,308 thousand (2022: EUR -1,984 thousand). As forecast, EBIT was thus higher than in the previous year in both absolute and percentage terms.

The financial result mainly includes income from investments and profit transfers from subsidiaries. These increased by EUR 3,920 thousand to EUR 11,164 thousand in 2023.

In 2023, the non-operating effects include provisions for labor law litigation due-diligence costs amounting to EUR 76 thousand (previous year: EUR 234 thousand).

Overall, earnings before income taxes improved from EUR 5,034 thousand in the previous year to EUR 9,833 thousand in fiscal year 2023.

The net profit generated by Masterflex SE in the fiscal year 2023 amounted to EUR 7,927 thousand (2022: EUR 3,476 thousand).



Development of the net assets and financial position of Masterflex SE

Asset structure	December 31, 2023		December 31, 2022		Change	
	in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %
Intangible assets	3,437	3.7	3,290	3.8	147	4.5
Property, plant and equipment	13,141	14.1	13,101	15.2	40	0.3
Financial assets	56,049	60.1	52,573	61.1	3,476	6.6
Non-current assets	72,627	77.9	68,964	80.1	3,663	5.3
Inventories	3,676	3.9	4,073	4.7	-397	-9.8
Receivables and other asset	12,645	13.5	11,876	13.8	769	6.5
Prepaid expenses	182	0.2	216	0.3	-34	-15.5
Current assets	16,503	17.6	16,165	18.8	338	2.1
Cash and cash equivalents	4,165	4.5	978	1.1	3,187	325.9
Total assets	93,295	100.0	86,107	100.0	7,188	8.3

Total assets of Masterflex SE increased by EUR 7,188 thousand to EUR 93,295 thousand as of December 31, 2023. The increase in total assets is mainly due to changes in non-current assets and cash and cash equivalents.

Non-current assets totalled EUR 72,627 thousand as of the reporting date and were therefore EUR 3,633 thousand higher than in the previous year. The change in this item is mainly due to the increase in financial assets to EUR 56,049 thousand (2022: EUR 52,573 thousand) as a result of loans to the German subsidiaries.

Current assets, on the other hand, increased only slightly by EUR 338 thousand to EUR 16,503 thousand as at 31 December 2023. Inventories decreased slightly by EUR 397 thousand to EUR 3,676 thousand as at 31 December 2023, while receivables and other assets increased from EUR 11,876 thousand as at 31 December 2022 to EUR 12,645 thousand as at 31 December 2023. Prepaid expenses were slightly below the level of the previous year.

Cash and cash equivalents amounted to EUR 4,165 thousand as of December 31, 2023, down EUR 3,187 thousand on the figure for the same period of the previous year. This was partly due to increased borrowing by the subsidiaries.

Equity increased by EUR 6,003 thousand to EUR 61,273 thousand as of the balance sheet date due to the increase in retained earnings. Despite the simultaneous increase in total assets, the equity ratio also increased to 65.7%, compared with 64.2% in the previous year. The unappropriated profit comprises the net profit of Masterflex SE of EUR 7,927 thousand plus the profit carried forward of EUR 15,416 thousand less the dividend of EUR 0.20 per dividend-bearing share or EUR 1,924 thousand paid in June 2023.



As of December 31, 2023, there were distribution-restricted amounts totaling EUR 1,562 thousand, which are exclusively attributable to the capitalization of internally generated intangible assets (less deferred tax liabilities thereon).

The long-term syndicated loan was repaid in accordance with the agreement. As a result, non-current borrowings decreased from EUR 21,500 thousand in the previous year by EUR 1,500 to EUR 20,000 thousand as of the reporting date. The remaining amount of EUR 20,000 thousand will also be shown under current liabilities as at December 31, 2023 liabilities as the syndicated loan agreement expires on September 30, 2024. In total, current liabilities to banks as at 31 December 2023 amounted to EUR 20,000 thousand, as in the previous year, as the syndicated loan agreement expires on 30 September 2024. Masterflex is currently in negotiations to set up a new financing structure.

Liabilities to affiliated companies increased by EUR 1,381 thousand as at 31 December 2023 due to loans taken out and amounted to EUR 5,936 thousand (2022: EUR 4,555 thousand).

Capital structure	December 31, 2023		December 31, 2022		Change	
	in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %
Issued capital	9,618	10.3	9,618	11.2	0	0.0
Capital reserve	26,120	28.0	26,120	30.3	0	0.0
Retained earnings	4,115	4.4	4,115	4.8	0	0.0
Unappropriated profit	21,419	23.0	15,416	17.9	6,003	38.9
Equity	61,273	65.7	55,270	64.2	6,003	10.9
Liabilities to banks	0	0.0	20,000	23.2	-20,000	-100.0
Other provisions	321	0.3	347	0.4	-26	-7.5
Deferred tax liabilities	708	0.8	634	0.7	74	11.7
Non-current liabilities	1,029	1.1	20,981	24.3	-19,952	-95.1
Provisions for taxes	2,753	3.0	1,239	1.4	1,514	122.2
Other provisions	1,233	1.3	1,711	2.0	-478	-27.9
Liabilities to banks	20,001	21.3	1,501	1.8	18,500	1,232.5
Trade payables	636	0.7	614	0.7	22	3.6
Liabilities to affiliated companies	5,936	6.4	4,555	5.3	1,381	30.3
Other liabilities	434	0.5	236	0.3	198	84.1
Current borrowings	30,993	33.2	9,856	11.5	21,137	214.5
Total liabilities and shareholders' equity	93,295	100.0	86,107	100.0	7,188	8.3



Financial position of Masterflex SE

Cash and cash equivalents increased to EUR 4,165 thousand as of December 31, 2023, compared with EUR 978 thousand in the previous year. No cash and cash equivalents are pledged. The change in cash and cash equivalents is shown in the following cash flow statement:

in EUR thousand	2023	2022
Adjusted net income for the year	8,003	3,710
- Non-operating expenses	-76	-234
= Net income for the year	7,927	3,476
+ Depreciation of property, plant and equipment	978	953
+ Amortization of intangible assets	347	339
+/- Write-downs / write-ups on financial assets	26	25
-/+ Decrease/increase in non-current provisions	-26	90
= Cash flow according to DVFA/SG	9,252	4,883
+ Loss from the disposal of fixed assets	0	1
-/+ Decrease/increase in medium and short-term provisions	-534	432
- Increase in inventories, trade receivables and other assets	-8,239	-10,772
+/- ncrease/decrease in trade payables and other liabilities	2,666	-98
- Income from loans of financial assets	-718	-345
+ Interest expenses	1,373	583
- Other investment income	-4,178	-273
+ Income tax expense	1,906	1,558
- Income tax payments	-337	-403
= Subtotal	-8,061	-9,317
= Cash flow from operating activities	1,191	-4,434
- Payments for investments in intangible assets	-494	-436
- Payments for investments in property, plant and equipment	-1,018	-451
+ Proceeds from repayments of financial assets	7,734	7,491
-/+ Payments made / received for investments in financial assets	-2,616	608
+ Dividends received	4,178	273
= Cash flow from investing activities	7,784	7,485
- Payments to company owners	-1,924	-1,154
- Payments from the repayment of (financial) loans	-1,500	-1,500



in EUR thousand		2023	2022
+/-	Payments made/received from the repayment/issue of loans to affiliated companies (net)	-1,381	-599
-	Interest paid	-983	-414
=	Cash flow from financing activities	-5,788	-3,667
	Cash-effective changes in cash and cash equivalents	3,187	-616
+	Cash and cash equivalents at the beginning of the financial year	978	1,594
=	Cash and cash equivalents at the end of the financial year	4,165	978
	Composition of cash and cash equivalents at the end of the financial year		
+	Means of payment	4,165	978

Composition of cash and cash equivalents

Cash and cash equivalents include liabilities to banks and cash equivalents due at any time.

Proposed appropriation of earnings

The Management Board and the Supervisory Board propose to the Annual General Meeting to distribute an amount of EUR 2,404,583.50 from the net retained profits as of December 31, 2023, of Masterflex SE in the amount of EUR 21,419,446.36 to the shareholders as a dividend on the 9,618,334 issued shares of the share capital as of December 31, 2023, and to carry forward the remaining amount of EUR 19,014,862.86 to new account.

The distribution will be made on the basis of the shares carrying dividend rights at the time of the Annual General Meeting. In accordance with Section 58 (4) sentence 2 AktG, the shareholders' entitlement to the dividend is due on the third business day following the resolution by the Annual General Meeting, i.e. on June 17, 2024.

Non-Financial Statement

The Combined Non-Financial Report and Non-Financial Group Report in accordance with the CSR Directive Implementation Act will be submitted in a separate Sustainability Report 2023, which will be published on the Company website at www.masterflexgroup.com/investor-relations/financial-reports-of-masterflex-se.



C.Opportunity and Risk Report

Opportunity and risk management system for value-oriented corporate management

In principle, entrepreneurial activity is always associated with opportunities and risks. A risk is defined as a possible future development or event that could lead to a negative deviation from the forecast or target for the Company. By contrast, we define an opportunity as a possible future development or event that could lead to a positive deviation from our forecast or target.

In all the business we enter into as an internationally operating Company, we are exposed to numerous uncertainties and changes. Taking advantage of the opportunities arising from these changes is the basis for the entrepreneurial success of the Masterflex Group. We must consciously take certain risks to seize opportunities in the market and thus to be able to realize entrepreneurial success in the future. Existing risks that could jeopardize the success of the Masterflex Group are systematically identified, monitored and controlled as part of risk management. This applies to the same extent to the opportunities and risks presented for Masterflex SE, which are of direct and indirect significance via its subsidiaries, as they have a direct impact on the earnings, asset and financial positions of Masterflex SE due to low-profit distribution and transfers and loss transfers. In doing so, we strive to optimize identified risks to an acceptable, bearable level and not just to minimize them, as otherwise opportunities would remain unconsidered. To this end, we make use of insurance and contractual arrangements, among other means.

The Masterflex Group operates in a dynamic market environment characterized by many, generally smaller competitors, widely diversified target industries, great customer diversity, technical solution expertise, close links with customers and suppliers, and high material and processing expertise.

Our opportunity and risk management is firmly anchored in the Group-wide communication, management and planning structures and is therefore an important element of corporate governance. Opportunities and risks are discussed with the management of the operating units at regular meetings. The tracking of relevant issues is documented via checklists. The individual risks of all consolidated companies are discussed in detail in annual planning meetings. The basis for this is our risk manual, which is the guideline on how risks are identified, assessed and monitored.

Opportunity management

As part of our opportunity management, we continuously evaluate market data, analyze our competitors and scrutinize the alignment of our product portfolio, the efficiency of our organization and resource deployment, as well as changes in customer requirements, and derive market opportunities from this. Both in the planning process and through regular monthly consultations with the management, opportunities are analyzed and tracked for achievability, necessary investments and risk potential.



Individual opportunities

Opportunities arising from a positive market development

Our planning assumptions are based on a slightly increasing growth in the global economy (see Outlook in the Management Report). However, should the global economy develop more sustainably and dynamically than we have assumed, this will have a positive impact on our revenue and operating profit (EBIT) in the years ahead.

Opportunities arising from research and development

Our strategic planning is based on four cornerstones: Innovation, Internationalization, Digital Transformation and Operational Excellence. The continuation of our growth trajectory also depends significantly on continuously bringing innovative solutions to market to create added value for our customers.

We are constantly working on our innovation management. If we are able to bring significantly more innovations to market in a much shorter time than planned, this will have a positive impact on our asset, financial and earnings positions.

Opportunities arising from increased efficiency

We constantly work to optimize our operations and processes in order to improve the efficiency of our global organization. In the optimization process, we use recognized methods to continuously improve our processes. These methods draw on the know-how and experience of all employees involved from the relevant areas to continuously improve business processes in line with the Company's objectives. In some cases we also work with external consultants for this purpose. Measures for optimization and implementation are developed in regular workshops with the aim of improving our effectiveness, avoiding inefficiencies and continuously increasing our efficiency.

Opportunities arising from internationalization

The focus of our sales distribution continues to be on the euro zone, where we expect stronger growth compared to the global economy as a whole. In the global target markets addressed by us, the focus is primarily on China and the US. In the US in particular, we expect positive effects based on a strong economic foundation. In China, on the other hand, we expect restrained growth opportunities.

If there is no positive impetus from the global economy and the target markets relevant to us, this will mean an economic risk for our internationalization strategy. If, on the other hand, we succeed in implementing the internationalization steps more quickly, in particular in accelerating the market success of sales and thus generating revenue more quickly, Masterflex's growth in these regions will exceed our forecast.

Another focus will be on making all products sold in Germany available worldwide. Here we continue to see great growth potential in all regions of the world.



Opportunities arising from digitalization

The ongoing digitalization of the entire economy is creating not only new market opportunities for us, but also new technological possibilities for optimizing processes, further enhancing quality in the production process, launching new, innovative products on the market, and opening up new business areas and models.

For us, it will be essential for the success of the digital transformation that we identify the right opportunities (products, processes, business models) for us and our customers in good time on the basis of ever faster technological change (especially in information technology) and measurably increase our flexibility and agility.

If we succeed in consistently implementing the digitalization strategy in all areas, this will have a positive impact on the overall Company result.

Opportunities arising from personnel management

Our employees are the basis of our success. They are the source of value creation, the source of ideas for innovations, and partners for our customers and suppliers, and thus the driving force behind our growth and improved profitability.

We will continue to focus on developing our employees and thus increasing the efficiency of our global organization. If we succeed faster than expected, this will have a particularly positive impact on sales, the EBIT margin and cash flow.

The risk management system

The Masterflex SE has implemented for its Group an integrated risk management system, which also includes a risk early warning system to ensure the continued existence and future achievement of the Group's objectives through the early identification, assessment and management of risks. Comprehensive standards, methods and tools are available and ensure prompt reporting to the Management Board. The Management Board also reports to the Supervisory Board in this regard at the quarterly Supervisory Board meetings.

As part of the comprehensive risk management system, Masterflex has an internal control system related to the (Group) accounting process. The aim is to ensure proper and effective accounting and financial reporting.

The risk in financial reporting is that our Annual, Consolidated and Interim Financial Statements could contain misstatements that could potentially have a material impact on the decision of their addressees. We have therefore developed an accounting-related internal control system (ICS) aimed at identifying possible sources of error and limiting the resulting risks. This internal control system covers the entire Masterflex Group and is subject to permanent further development. The important accounting principles are documented in an accounting manual for the Group, which is also continuously developed and adapted to new legal framework conditions.

The design of the accounting-related ICS results from the organization of our accounting and financial reporting processes. One of the core functions of these processes is to manage the Group and its operating units. The starting points are the targets developed by the Management Board and approved by the Supervisory Board. From these and from the monthly forecast planning on operating performance, a rolling medium-term plan is drawn up.



We identify financial reporting risks at the level of the individual areas using quantitative, qualitative and process-related criteria. The ICS is based on our generally binding guidelines and ethical values. In an annual regular process, we assess whether the necessary control measures were actually implemented and carried out correctly.

The accounting-related internal control system and its effectiveness as well as the general control system are a regular part of the Supervisory Board meetings.

On this basis, the Masterflex Group understands risk management to mean the targeted safeguarding of existing and future potential for success, but also the targeted management of known risks. Our risk management system comprises risk identification, assessment, control and management. We have also established communication channels for the main opportunities and risks in the central departments and the operating units. This structured approach to risks stabilizes the earnings, asset and financial positions of the Masterflex SE and the Group. The Masterflex Group's risk management is embedded in existing structures and is therefore an inseparable part of corporate management and business processes. In addition to the risk manual, strategic corporate planning, internal reporting and the internal control system are the core elements of the risk management system.

Our risk management is standardized and valid throughout the Group. This ensures that all risks are identified, analyzed and assessed systematically, uniformly and across the Group. At the heart of this is the risk inventory carried out by the management of the operating units. Individual risks are identified, assigned to risk areas and assessed on a uniform basis. The risk transparency this creates helps us select appropriate management and countermeasures.

Our risk assessment is made up of the two components probability of occurrence and potential loss amount.

Concerning the criterion of the probability of occurrence of a risk, we distinguish between the categories "unlikely" (probability less than 30%), "possible" (probability between 30% and 59%) and "probable" (probability of 60% or more).

Concerning the criterion of the level of damage, we distinguish between "minor," "medium" or "severe" effects on the results of operations, net assets, financial position, and cash flows.

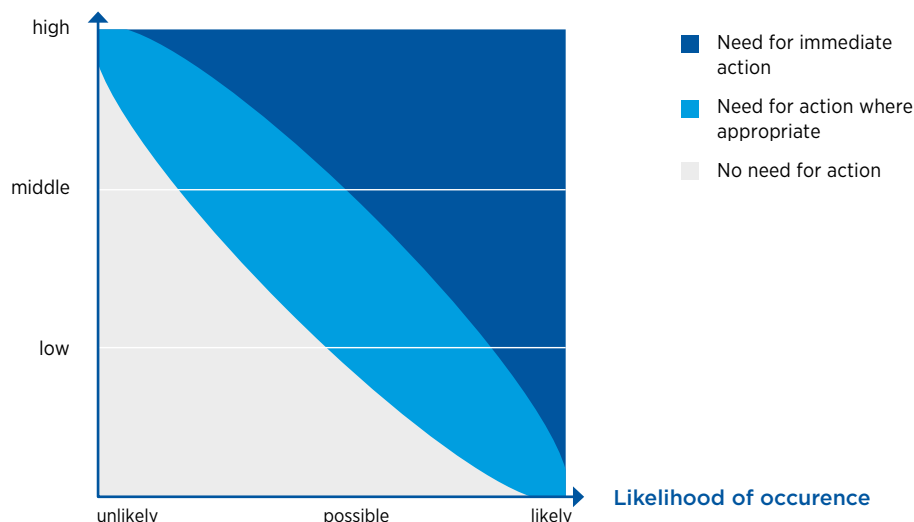
We set both components in relation to the key performance indicators adjusted EBIT and cash flow and distinguish between

- High risk › Need for action
- Medium risk › Medium need for action
- Low risk › No need for action



The following graphic illustrates these relationships.

Extent of damage (in categories)



Our risk presentation takes into account risk-reducing measures already implemented as part of risk management using the net method.



We manage risks through measures that are suitable for preventing risks (application of risk policy principles), transferring them (taking out insurance policies) or reducing them (continuous improvement of the internal control system and processes).

To assess our risk-bearing capacity, we aggregate all material risks and determine the financial resources available to us as coverage in the event of risk materialization. In the risk-bearing capacity calculation, we compare the risk aggregation with the risk coverage funds. The calculated risk-bearing capacity determines the maximum extent of risk that we can bear without jeopardizing the continued existence of the Masterflex Group. In addition to the high level of equity, free liquidity also plays a key role in the assessment.

Below we have listed major risk areas that could have a significant impact on our business development as well as on our results of operations, net assets and financial position. In addition, there are risks of which we are currently unaware and risks which we now consider to be less significant, but which could have an adverse effect on the Masterflex SE and our Group if the situation changes.



Individual risks

IT risks

Constant availability of the IT systems is an indispensable prerequisite for maintaining business operations at the individual sites. Internal and external experts therefore constantly work to optimize the centralized and decentralized information systems, their availability and security. Differentiated backup strategies and redundant data lines are used to prevent availability failures and data losses. The hardware and software components currently available are always used to protect against possible external operational disruptions, such as malware penetrating the IT system through hacking or virus attacks. Technical protective measures include the use of anti-virus programs and firewall systems as well as comprehensive access controls. Masterflex SE and some of its subsidiaries use the services of external data centers to meet these requirements. In addition, we train our employees through cyber security awareness trainings to teach sustainable safe behavior in the digital space and thus increase our defensibility against cyber attacks.

Nevertheless, external attacks or IT operational disruptions cannot be ruled out. Due to the observed global increase in threats to information security and greater professionalism in computer crime, we consider the probability to be given, also against the backdrop of the discussion on issues of data security and espionage or external attacks on our networks. These would have a serious impact on our asset, financial and earnings positions; therefore we continue to see a high risk here.

Regulatory risks

The strategy of the Masterflex Group is based on the four pillars of innovation, internationalization, digital transformation and operational excellence. This means that the Group will continue to operate with its own employees and companies in many places around the world in the future. In doing so, we must comply with the applicable legal regulations in each country in which we operate. The large number and increasing complexity of the relevant regulations at the national and international level increase the risk that we could incur significant legal and economic disadvantages in the event of non-compliance, such as fines, profit claw backs or claims for damages. Even the mere allegation of a breach of the law could have a negative impact on our reputation and share price.

The regulatory environment has become significantly more stringent in recent years at both the national and international level. Together with the lawyers and auditors who accompany us, we keep ourselves informed of new legal requirements, applied case law and innovations in compliance topics.

The Code of Conduct, which applies to all Masterflex companies, defines the ethical and legal framework for our business activities. Our compliance management system is intended to ensure that our economic activities worldwide are in accordance with the law and regulations applicable to us as well as our internal implementation regulations. We pursue this goal, among other ways, through targeted training and communication measures as well as the clear exemplification of the Company culture by the management (Tone from the Top). We constantly work to further develop our compliance management system in the Group and reduce compliance risks.

The increasing number and complexity of national and international legal frameworks entails considerable risks for our business activities. Despite a comprehensive compliance program and existing internal controls, it cannot be ruled out that individual employees could circumvent established control mechanisms and violate laws or internal rules of conduct or behave fraudulently for their own benefit. We classify the occurrence of this risk as possible. A breach could have a significant impact on the earnings, asset and financial positions, and on the Company's reputation. Overall, we classify the regulatory risks as medium.



Acquisitions and divestments

The Masterflex Group's strategy includes strengthening the hose business through business combinations or acquisitions.

Despite careful planning and examination, business combinations and acquisitions are subject to risks that can have a negative impact on the earnings, asset and financial positions. In addition, there is a risk that such measures could cause significant costs. Company acquisitions can put a strain on our financing structure as the acquiring company. Another risk is that write-downs on non-current assets, including goodwill, could become necessary due to unplanned developments. In addition, there are risks in the internal transfer of knowledge. Relevant knowledge of new employees must be transferred within the Masterflex Group and secured in the long term, so that the ability to innovate is promoted by newly acquired valuable knowledge.

Acquisitions always represent a considerable risk. We counter this risk via a wide range of methodical and organizational measures. For example, we always carry out technical, operational, financial and legal due diligence on potential acquisition targets. With regard to process control, we assume a low risk. An acquisition would have a significant impact on our earnings, asset and financial positions. We therefore classify this possible future event as a medium risk.

Acquisitions that support the Masterflex Group's strategy could also be made in the coming years.

Financial risks

Financial risks include liquidity risks, market price risks and so-called bad debt risks. These risks can result from transactions in the operating business, their hedging, financing decisions and changes in the value of financial items in the balance sheet. At the Masterflex Group, we optimize and monitor centrally managed Group financing and thus limit financial risks.

The liquidity risk for the Masterflex Group is the risk of not being able to meet its financial obligations in the future. Medium and long-term liquidity management is managed centrally in Gelsenkirchen by the Chief Financial Officer. All Group companies plan and monitor liquidity independently. A central cash management system has not been set up. Liquidity is essentially secured by the operating cash flow and a high level of cash and cash equivalents. The Group companies report to the Management Board of Masterflex SE at periodic intervals on the basis of different time horizons on short-term, medium-term and long-term liquidity.

The type of financing instruments used, the maximum limits for concluding them, and the group of banks involved are subject to binding regulations. The risk of counterparty default is reduced by systematically obtaining creditworthiness information, setting credit limits, and by active debtor management, including a dunning system and active debt collection. Nevertheless, individual – even major – defaults on customer receivables cannot be ruled out.

The basic risk strategies for interest rate, currency and liquidity management are defined centrally by the Management Board. Financing and hedging decisions are made on the basis of the financial and liquidity planning of all business units. As Masterflex SE's syndicated loan agreement expires on September 30, 2024, Masterflex is currently in talks for follow-up financing to cover future capital requirements. Masterflex does not anticipate any significant changes in the interest rate basis.



With the exception of individual customers, there are no significant business and financing activities in foreign currencies. In the case of individual customers or individual items, the Masterflex Group evaluates the potential exchange rate risks taking all significant variables (including the size of the transaction, term, exchange rate development) into account and, if necessary, hedges against these risks by using conservative hedging instruments. Currently, only one such case exists within the Masterflex Group. There are currently no significant cross-currency financing transactions within the Group, which naturally lead to foreign currency positions within the Group. Translation risks arising from the translation of balance sheet items originally denominated in foreign currencies are not hedged within the Group. Similarly, Masterflex SE does not hedge its net asset claims from Group companies outside the euro zone.

In addition to other obligations, two so-called covenant regulations are also agreed in the syndicated loan agreement. Here, Masterflex SE undertakes to comply with defined financial ratios at Group level: the gearing ratio and the equity ratio. These ratios are highly dependent on the course of business. In the event of a strongly negative business performance, we may not be able to comply with these key figures.

In the event of non-compliance with these ratios, the lenders are entitled to terminate the overall credit commitment. However, the corona crisis has shown that Masterflex is so strongly positioned that the covenants were also complied with during this period.

The financial ratios were complied with on the basis of both current and planned business development. For example, the contractually prescribed upper limit for the “gearing” ratio (calculated in accordance with the syndicated loan agreement at Group level) was a value of 3.0 in 2023. In contrast, Masterflex SE achieved a gearing ratio of 1.0 initially in 2023. As of the balance sheet date December 31, 2023, this ratio was 0.7.

The lower limit of the second ratio, “equity ratio” (calculated according to the requirements of the syndicated loan agreement by adjusting the balance sheet equity by certain assets), was a value of 37.5% in 2023. In contrast, Masterflex SE achieved an equity ratio of 59.7% as at the 2023 balance sheet date and was thus always well above the prescribed lower limits. As a result, the covenants could only be breached in the event of a significant deterioration in future results.

Due to the low level of foreign currency transactions, the relatively small scale of the business and the existing syndicated loan agreement with a remaining term until September 30, 2024, the financial risks in the Masterflex Group are considered to be medium due to the covenant situation.



Economic, political and social risks

The global economy, the financial markets and the political environment are characterized by extreme uncertainty. Global economic prospects are characterized in particular by the further course of the war in Ukraine and a possible geographical expansion of the conflict as well as the economic consequences. Bottlenecks in the supply of gas and raw materials, high energy, material and commodity prices and the associated high inflation rates pose major challenges for national economies. The effects of the numerous influencing factors mentioned on the overall economy and society cannot be predicted at present.

The war in Ukraine has led to economic relations with Russia and Belarus being broken off, at least temporarily. However, this only led to minor revenue losses for Masterflex. However, cost increases in the energy sector and in the procurement of raw materials in the context of international sanctions will continue to be the result. Despite the efforts of numerous national economies and companies to free themselves from dependence on fossil raw materials, the consequences of the lack of gas and crude oil supplies from Russia are not yet foreseeable. The same applies to the consequences of a spreading war. This also applies in connection with the war in the Gaza Strip and possible effects on supply chains as a result of further attacks by Houthi rebels on the Suez Canal. Other geopolitical uncertainties include Hamas terrorism and the resulting reignition of the Middle East flashpoint and China's threats of war against Taiwan. A China-Taiwan conflict represents a major risk on the supplier side. Numerous branches of industry would have to establish alternative supply branches in the event of a military conflict. There is also the risk of a further escalation of the existing trade conflicts between the USA and China as well as Europe and China.

Persistent political risks in the eurozone, such as a renewed emergence of the debt crisis as a result of rising interest rates, further independence debates or sustained success of protectionist, anti-European and anti-business parties and political alignments could trigger a euro crisis again or even jeopardize the future of the eurozone altogether. Events such as a global economic crisis, a prolonged recession in our target countries, an unsustainable increase in sovereign debt, and significant tax increases and natural disasters can negatively impact our business. Growing nationalism, landmark elections and terrorist threats also mean rising political and economic risks. Instability in the economic, political and social situation could therefore have a negative impact on our earnings, asset and financial positions. The Management Board is taking measures to mitigate the potential negative impact if these risks materialize. These are essentially to concentrate on sectors less dependent on economic cycles, to increase diversification with regard to sales and procurement markets, to make costs more flexible in conjunction with ongoing cost management, to simplify processes and organizational structures, to produce on the respective continents, and to secure long-term financing.

As a result of the aforementioned risks, economic development in our sales countries could be weaker than anticipated in our planning and therefore have a negative impact on our sales and EBIT targets. Despite the measures we have introduced, we cannot rule out the occurrence of this risk, but we continue to classify it as medium due to our stabilized business model and our experience from the coronavirus crisis, from which we have emerged stronger.



Procurement market risks

On the procurement side, both the availability of raw materials and primary and intermediate products as well as the development of purchase prices represent a risk for our company. We counter these price and procurement risks through international purchasing, long-term supply contracts and the continuous optimization of the supplier portfolio. When selecting suppliers, the Masterflex Group focuses on performance and quality, and we strive to work closely with suppliers on significant purchased parts or quantities and involve them in new developments at an early stage of the project. These collaborations also give rise to risks for the Masterflex Group, which may result in dependence on the supplier. To limit risks, a second-source strategy is generally pursued in order to avoid dependence on a single supplier.

Due to the current supply chain situation and the potential threat posed by the war in Ukraine, we assess the risk relating to the availability of raw materials and the loss of suppliers as a medium risk with a medium impact on the earnings, asset and financial positions. This also applies in connection with the war in the Gaza Strip and the potential impact on supply chains as a result of further attacks by Houthi rebels on the Suez Canal.

Personnel risks

Committed and qualified employees and managers are of the utmost importance for the economic success and future development of the Masterflex Group. We counter the intense competition for qualified specialists and managers and the associated risks in the form of a loss of expertise due to employee turnover with attractive training opportunities, family-friendly working time models and a performance-related remuneration system. There may also be temporary staff shortages due to illness, such as colds and flu, which we counteract with comprehensive behavioural and hygiene concepts in the area of occupational health and safety. We counteract the loss of expertise carriers or competent specialists and managers and the associated loss of knowledge through measures for internal knowledge transfer, automation of production processes, training and documentation. Overall, we continue to categorize personnel risks in the Group as low.

The Masterflex Group's ability to attract, integrate, develop and retain young specialists and managers in the long term is becoming increasingly important. The necessary steps for this have been taken in personnel recruitment and development; these include performance-related remuneration, conducting annual employee appraisals, further training of employees, developing future prospects, cooperation with universities and research institutes as well as early information to interested young people about career opportunities in the Masterflex Group. These efforts will be further intensified in the future due to demographic developments. In order to give these measures further impetus and to expand the potential for new specialists and managers for the Masterflex Group, women as well as people with a wide range of nationalities or older ages will also be targeted and their qualifications further developed. In view of the noticeable shortage of specialists and managers, we as a medium-sized Company also see this as an opportunity to compensate for possible competitive disadvantages on the personnel market compared to large companies.



Production risks

We counteract possible production downtime caused by natural disasters or fire damage, for example, by taking preventive maintenance measures, the stocking of important replacement components, activities in the area of fire protection, employee training and the establishment of a network both of external suppliers and within the Masterflex Group. Should damage nevertheless occur, we are insured against business interruption and property damage to an economically reasonable extent and thus transfer risks to external insurers. In addition, our production is not limited to one location.

A possible production stop or restrictions in production at individual plants could still result from the further course of the corona pandemic if several employees or suppliers were affected or raw materials could no longer be procured to the required extent.

Based on past experience and current global risk reporting, we consider the probability of occurrence of a catastrophe to be low in principle, but still possible in view of the infection incidence of the corona pandemic. Overall, we classify the remaining risk as low.

Risks associated with deteriorating efficiency

A number of efficiency measures again generated savings in fiscal year 2023. Significant cost optimizations resulted in particular in the area of personnel productivity as well as in the use of materials and other operating expenses. If we do not succeed in further developing and implementing these efficiency measures on a sustainable basis, the general cost increases will cancel out the effects of the measures already implemented.

Overall, we classify this risk as low, as the savings achieved show that we are well on the way to achieving a sustainable increase in efficiency.

Sales market risks

On the sales market side, long-standing current customers may be lost. As the Masterflex Group is active in many industries and markets and also supplies many different customers, there is no dependence on one industry or a single customer.

The general customer risk (e.g. loss or insolvency of major customers, increase in price pressure due to a dominant position in the market) is countered by the broad diversification of the customer structure. In addition, we are expanding our activities in particular in those sectors that are relatively independent of economic fluctuations, such as medical technology or the food and pharmaceutical industries. In this way, we are also countering dependencies on sectors that are weak in economic terms.

We are countering a possible increase in competitive pressure in our product groups, partly due to growing market transparency, by continuously improving our products and services and our business processes. The level of our selling prices could suffer from the aggressive behavior of our competitors and increasing market transparency. We counter this both by constantly reviewing our cost structures and by developing new, unique products that offer a unique selling proposition.

Due to our broad customer and sector diversification, we consider this risk to be low, as the loss of individual customers would have only a limited impact on our earnings, asset and financial positions.



Technology and quality risks

As an excellent top innovator offering internationally competitive products and services, the Masterflex Group is exposed to the risk of losing this position due to declining innovative strength or even human error as well as loss of know-how. To avoid this, we drive a continuous, structured research and development process in order to be able to meet customer requirements. We counter the risk of know-how loss by means of appropriate confidentiality and invention protection agreements and by sensitizing employees to the handling of confidential information. In addition, sensitive data is only made accessible to a selected and limited group of people. To ensure that this remains the case in the future, an innovation management process has been in place for several years and is being continuously optimised: An internal panel of experts decides on further developments according to clear process and evaluation specifications (so-called stage-gate process). The members make decisions in particular on the basis of market analyses and profitability considerations.

In addition, close cooperation with customers is sought in order to be able to develop new applications and markets at an early stage. Further details on this process can be found in section A "Research and development."

The recognized quality of our products and high delivery capability are important prerequisites for our success. In order to manage such factors in the course of production, we attach great importance to quality assurance. Quality-related risks in the Group are consistently limited by demanding quality standards in development, intensive testing along the entire process chain, and constant contact with suppliers.

Due to the many different products and thus the independence from any one product or manufacturing process, as well as the low number of warranty cases in the past, we consider the technology and quality risks to be low in terms of their impact on our earnings, asset and financial positions.

Tax risks

Tax risks can arise in particular from tax audits, as a result of which the tax authorities could demand additional tax payments, which would impact the liquidity of the Masterflex Group. We currently consider the occurrence of tax risks to be unlikely and consider the overall risk to be low.

Legal risks

We are currently not aware of any legal disputes that could have a significant impact on the earnings, asset and financial positions of the Masterflex Group.

Risks from legal disputes cannot be completely ruled out in the future either. Appropriate provisions have been made for potential legal disputes. Nevertheless, it cannot be ruled out that the provisions recognized in the balance sheet will not be sufficient. In order to avoid new legal risks, contracts that are of economic significance for the Masterflex Group are reviewed by external lawyers before they are concluded. Overall, we see a low probability of occurrence of these risks.



Summary and overall statement on the current risk situation of the Group and Masterflex SE

At present, there are still no known risks that could endanger the continued existence of the Masterflex SE or the Masterflex Group either individually or in its entirety.

In addition to the global risk factors, the expected moderate development of the earnings, asset and financial positions of the Masterflex Group may be noticeably negatively impacted by negative or even recessionary business developments in individual sectors or economies.

The possible departure of a larger number of specialists and managers within a relatively short period of time would also have a negative impact on our further development. This is also the case in the event of significant operational disruptions to our IT systems. In the area of human resources, we will make every effort to remain an attractive employer in the future. We seek to minimize IT risks by optimizing the centralized and decentralized information systems, their availability and their security.

In addition, our earnings, asset and financial positions could be materially adversely affected in the future if the Masterflex Group were unable to adequately adapt to changes in the markets – particularly if no new high-quality products could be developed, manufactured and distributed. Such an erroneous development could lead to extraordinary write-downs on internally generated assets as well as intangible assets.

The war in Ukraine and the other geopolitical trouble spots in the Middle East will not, as yet, have any serious impact on the development of Masterflex. However, this could change in the event of a dramatic escalation in the crisis regions. The revenue risk has increased due to the supply situation on the raw materials side and the associated price increases, which may not be able to be passed on to the end consumer. The Group is countering this by reducing expenditure to the minimum necessary for operations and making costs more flexible. However, it is difficult to make a conclusive risk assessment at present. In principle, the Management Board remains convinced of the effectiveness of its opportunity and risk management and the measures taken.

The Management Board currently considers the Masterflex SE and the Masterflex Group to be in a good position to manage the known risks. Both on the process side and due to the short communication channels, changes in the risk situation are known to the Management Board at an early stage and are dealt with there in a targeted manner.

Against the backdrop of its risk-bearing capacity, Masterflex sees cyber-attacks and compliance violations in an increasingly complex legal landscape as the greatest risks. However, the Management Board does not consider any of these risks to be a threat to the Company as a going concern. Only the accumulation of several of these risks, which the Company considers very unlikely, could result in a going concern risk. With a very adequate equity base and satisfactory free liquidity, the Masterflex Group considers itself to be well positioned to deal with any risks that could arise.



The organization of the compliance system

Compliance is of central importance to the Management Board and the Supervisory Board of the Masterflex Group and is one of the basic prerequisites for the sustainable success of the Masterflex Group. In simplified terms, compliance initially means adherence to all applicable statutory provisions and internal rules. The Compliance Management System (CMS) of Masterflex describes the measures, structures and processes that work towards responsible, ethically correct and lawful actions by the Management Board and Supervisory Board as well as by the entire management and all employees of the Masterflex Group.

As an internationally oriented Group of companies, the Masterflex Group is subject to many laws, guidelines, regulations and ordinances. To this end, at the beginning of 2015, it supplemented the Company's Mission Statement with a Code of Conduct for all employees and managers that applies to all areas and sites and is valid throughout the Group. These principles of conduct set a minimum standard for ethical and legally compliant behavior.

Towards its shareholders, employees, business partners, competitors, and society, the Masterflex Group is committed to compliance with the highest possible ethical and legal standards. They are anchored as an essential part of the Company culture and are increasingly integrated into operational processes.

Compliance is one of the basic requirements for sustainable business and the success of the Masterflex Group. The Company's management expressly shares this view. Every employee of the Masterflex Group receives a personal copy of the Code of Conduct, is trained with regard to the Code of Conduct and instructed to make the principles of conduct the binding standard for their own actions.

The Management Board, Supervisory Board and all managers have a role model function and continuously support their employees to comply with the applicable regulations. Even the mere appearance of improper conduct by the management or employees is to be avoided throughout the business activities of the Masterflex Group.

The Masterflex Group has established a CMS that follows a preventive compliance approach and strives for a Company culture that sensitizes and educates employees and seeks to prevent systematic misconduct.

The compliance organization is headed by the Chief Compliance Officer (CCO), who reports regularly and directly to the Management Board of Masterflex SE on all compliance-relevant issues, in particular on the steps taken to further develop the Masterflex Group CMS as well as on violations that have become known, their sanction and corrective and preventive measures. The Management Board in turn reports to the Supervisory Board regularly and, if necessary, also on an ad-hoc basis on the current status of compliance activities in the Masterflex Group.

In the reporting year, training courses were held on compliance and principles of conduct, anti-corruption, data protection and data security, as well as other relevant compliance topics aimed at ensuring lawful and ethically sound, responsible action.

By communicating compliance-relevant topics to affected employees in the individual Group companies, the compliance organization always offers support, provides guidance, raises awareness and clarifies. Thus, compliance is an integral part of operational processes in the Masterflex Group and a basic prerequisite for sustainable business.



D. Forecast report

The following statements on the future business performance of the Masterflex Group and the assumptions made about the economic development of markets and industries that are considered to be material for this are based on our estimates, which we consider to be realistic at present according to the information available to us. However, against the background of the current economic environment, as in previous years, these are subject to significantly greater uncertainty than in economically calmer times and involve the unavoidable risk that the forecast developments will not actually occur either in terms of their tendency or their extent.

Outlook

Economy 2024

For 2024, the ifw anticipates a further slowdown in global economic growth from 3.1% in 2023 to 2.9%. Companies and consumers are particularly concerned about geopolitical uncertainties as a result of increasing global trouble spots or economic conflicts, e.g. between the USA and the EU on the one hand and China on the other. The upcoming presidential election in the USA is also already casting its shadow. Added to this is the ongoing restrictive monetary policy in many countries, whereby important central banks have already made it clear that they reject premature interest rate cuts. The advanced economies lack a counterpart to the expected slowdown in the US, where tighter monetary and fiscal policy will have an impact, meaning that growth of only 1.3% (2023: 1.6%) is forecast for the group of advanced economies. The Chinese economy is suffering from the crisis-ridden real estate sector, demographic trends with an increasingly ageing population and growing trade tensions with the US and the EU. According to ifw, GDP growth here is set to fall from 5.4% in 2023 to 4.7% in 2024.

With the anticipated slowdown in growth, Asia as a whole will also see lower growth despite the robust development of other emerging Asian countries. Growth in Latin America and Africa will also slow significantly. Global inflation will continue to fall, which should open up opportunities for interest rate cuts in the course of the year. Inflation rates remain very high, particularly in Latin America and Africa.

The German Bundesbank assumes that the German economy will recover in the coming years, albeit with a delay. At present, weak foreign demand in industry, hesitant private consumption and higher financing costs for investments as a result of monetary policy tightening are the main factors holding back the economy. Following the Federal Constitutional Court's ruling on the debt brake, the direction of fiscal policy and its impact on the economy are uncertain, particularly for the years from 2025 onwards. There are also risks beyond this, particularly due to geopolitical conflicts. Although the risk of a more persistent inflation process has been reduced thanks to the tightening of monetary policy, it has not yet been averted. Overall, the downside risks to economic growth and the upside risks to inflation currently predominate.

Economic momentum in the European Union is expected to pick up slightly in 2024. The ifw is forecasting GDP growth of 0.8% (2022: 0.5%). This assessment is based on both a revival in private consumption against the backdrop of significant wage increases and declining inflation as well as an expected easing of financing conditions, where the ECB is expected to cut key interest rates for the first time over the course of the year.



According to ifw, the strong momentum of the US economy is expected to slow in 2024. A slowdown in the labor market will have a dampening effect on private consumption. Government support programs will also decrease. With inflation continuing to fall, the Fed is also expected to lower interest rates for the first time, which should have a positive impact on the housing construction sector. Against this backdrop, GDP growth is expected to fall from 2.4% in 2023 to 1.5% in 2024.

Anticipated development of the industries of relevance to Masterflex

High-tech hoses and connection systems from the Masterflex Group are used in a wide range of industries. Consequently, the development of the Masterflex Group cannot be seen in isolation from the development of the relevant markets.

In the field of medical technology, Masterflex hose systems are currently used in intensive care medicine, among other areas. Masterflex assumes that the technological requirements for hose solutions in medical technology will continue to increase beyond this area of application in the short term. The trend towards greater health awareness is having a positive impact on various sectors, including life science, pharmaceuticals and biotech. Mobility also remains an important megatrend, while renewable energies benefit from regulatory requirements. Masterflex is largely independent of the choice of mobility form, as no mobility concept can do without high-tech connection solutions.

The robotics and automation industry in Germany is forecasting a 4% increase in revenue for 2024. According to the latest figures from the VDMA Robotics + Automation Association (VDMA R+A), industry turnover is expected to rise to 16.8 billion euros - a new record. The positive forecast for 2024 shows that robotics and automation will continue to grow despite economic uncertainties. The industry plays a decisive role as a key technology in overcoming the many challenges currently facing us. The development of digital infrastructures will be one of the key growth drivers in the coming years. Connectivity requires the use of semiconductors. Against this background, Masterflex also expects a continuous increase in demand for hose systems in semiconductor production.

In summary, Masterflex expects above-average growth in medical technology, aviation, life science and other specialty industries as well as moderate growth in mechanical engineering and the automotive industry for its sectors in the 2024 financial year.

Expected development of the Masterflex Group

In the 2024 financial year, the Masterflex Group will continue to focus on the structural improvement and further development of the business and continue the diversified growth strategy.

The outlook for the global economy remains subdued with a view to 2024. The Kiel Institute for the World Economy (ifw) expects a further slowdown in global economic growth from 3.1% in 2023 to 2.9%. Above all, geopolitical, trade and economic policy uncertainties continue to make companies and consumers cautious. The ifw is then forecasting a slight acceleration in global growth to 3.2% in 2025.



This environment offers fundamentally good growth prospects due to the extensive area of application of Masterflex hose solutions, both in terms of the broadly diversified structure of customer industries and in terms of regional coverage. Thanks to the successfully implemented B2DD program, the Masterflex Group has also once again achieved a double-digit EBIT margin and has the goal of consolidating and expanding the level of returns achieved.

With regard to our future business development, there are still various challenges and uncertainties concerning the economy that limit the quality of our forecasts. First and foremost, the geopolitical upheavals in connection with the war in Ukraine and the ongoing tensions between the USA and China should be mentioned here. Depending on further developments, these external factors may have an impact on supply chains and therefore on the availability and price development of raw materials and energy supplies, which cannot be reliably predicted. Overall, the supply situation on the raw materials side remains critical in terms of both prices and availability.

In view of the fact that the Masterflex Group has been able to manage these uncertainties well to date and assuming that there is no deterioration in the aforementioned uncertainties in the 2023 financial year, the management of the Masterflex Group expects to generate revenue in a range of EUR 100 million to EUR 107 million. In terms of EBIT, the Management Board anticipates a range of between EUR 12 million and EUR 15 million.

Expected development of Masterflex SE

Masterflex SE expects the Masterflex Group to continue to achieve sustainable, albeit moderate, growth in its core markets in the 2024 financial year. We consider the IMF's economic growth forecasts to be realistic in principle. We expect Masterflex SE to achieve revenue growth of between 1% and 4% in the 2024 financial year. EBIT will be below the previous year due to increased personnel costs.

Summary statement on the anticipated development of the Group

In summary, the Management Board believes that the Masterflex Group is well on the way to achieving its long-term growth targets. The necessary operational and strategic measures are already being implemented or are at an advanced stage of planning. The basis for this are organic and inorganic growth options as part of the new HERO@ZERO strategy, which will be launched in early summer 2024.

The "HERO" part is the relevant, strengthening element in the short to medium term. Masterflex is active in forward-looking industries with a wide range of products and solutions thanks to constant innovation and is increasingly tapping into new sales potential. In this context, in addition to the internationalization of sales across all products, the expansion and deepening of value creation in connection solutions to complete system components and the manufacture of complete end products plays an important role in short to medium-term development. High-growth market segments such as Life, Mobility, Tech and Infrastructure, which are subject to secular growth trends, are a particular focus due to the higher margin potential concerning the profitability of the Masterflex Group.



The “ZERO” element is the cornerstone for long-term growth via the strategic expansion of the business model with the transfer of the product portfolio to the circular economy. Digitization with the Masterflex data platform AMPIUS as the basis makes an important contribution to this. The aim is to create a data- and service-based business model that meets the high demands of circularity, decarbonization and sustainability and offers additional economic potential by addressing the second half of the life cycle of Masterflex products.

The management therefore confirms the long-term planning of EUR 200 million in revenue by 2030, with an EBIT margin expected to be in the double-digit range on a sustainable basis.

E. Takeover-relevant information

Additional disclosures pursuant to Sections 289a and 315a HGB

The subscribed capital of Masterflex SE amounts to EUR 9,752,460.00, divided into 9,752,460 ordinary bearer shares in the form of no-par value shares, each with a notional share in the share capital of EUR 1.00 per share. Each share grants one vote.

The Management Board of the Company is not aware of any restrictions affecting voting rights or the transfer of shares.

The Company is aware of two cases of direct or indirect shareholdings in the capital exceeding 10% of the voting rights as of December 31, 2023:

- According to the latest information, J.F. Müller & Sohn AG holds 20.0% of the shares of Masterflex SE. This investor is a 6th generation family investment holding company with broadly diversified investments preferably in established medium-sized companies in Europe.
- Grondbach GmbH is a long-term investor from Germany which, according to the latest information available to the Company, holds 20.01% of the shares in Masterflex SE.

There are no shares with special rights conferring powers of control.

In accordance with Section 76 German Stock Corporation Act (AktG) and Art. 7 of the Articles of Association of Masterflex SE, the Management Board consists of at least one person. In accordance with Section 84 AktG and Art. 7 of the Articles of Association, the Supervisory Board appoints the Management Board and determines the number of members. In the event of a change of control, the Management Board has a special right of termination under certain conditions, combined with a severance payment limited in amount.

Any amendment to the Articles of Association requires a resolution of the Annual General Meeting. In accordance with Section 179 of the German Stock Corporation Act (AktG), the resolution of the Annual General Meeting requires a majority of at least three-quarters of the share capital represented when the resolution is adopted. The Articles of Association may stipulate a different capital majority, but only a larger capital majority for a change in the object of the Company. In accordance with Art. 18 of the Articles of Association, resolutions of the Annual General Meeting



are passed by a simple majority, unless mandatory statutory provisions require otherwise. If the law also requires a majority of the share capital represented when the resolution is adopted, a simple majority of the share capital represented is sufficient – insofar as this is legally permissible. This also applies to amendments to the Articles of Association if at least half of the share capital is represented. Pursuant to Art. 14 par. 5 of the Articles of Association, the Supervisory Board is authorized to make amendments to the Articles of Association that affect only their wording.

Purchase of treasury shares

By resolution of the Annual General Meeting on May 19, 2021, the Management Board was authorized,

- with the approval of the Supervisory Board, to acquire treasury shares up to a maximum of 10% of the Company's share capital existing at the time the resolution is adopted by the Annual General Meeting or – if this value is lower – at the time the authorization is exercised. The shares acquired – together with other treasury shares held by or attributable to the Company pursuant to Arts. 71d and 71e AktG – may at no time exceed 10% of the Company's share capital. The authorization became effective on May 20, 2021, and is valid through May 19, 2026. The authorization may not be used for the purpose of trading in treasury shares.
- Modalities of acquisition
 - The acquisition shall be effected (1) via the stock exchange or (2) by means of a public purchase offer addressed to all shareholders of the Company or by means of an invitation to all shareholders to submit offers for sale ("public offer").
 - When treasury shares are purchased on the stock exchange, the purchase price per share (excluding incidental costs) may not be more than 10% higher or lower than the market price of the Company's shares. The relevant stock exchange price within the meaning of the authorization shall be the unweighted arithmetic mean of the stock exchange prices of the shares of the Company determined in the closing auctions in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) during the last three trading days prior to the acquisition of the shares.
 - If treasury shares are acquired by means of a public offer to all shareholders of the Company, the purchase price offered or the limits of the purchase price range offered per share (excluding incidental costs of acquisition) may not be more than 10% higher or lower than the stock market price of the shares of the Company. The relevant stock exchange price within the meaning of this clause (2) shall be the unweighted arithmetic mean of the stock exchange prices of the shares of the Company determined in the closing auctions in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) during the sixth to third trading days prior to the date of publication of the public offer.
 - The acquisition volume may be limited. If, in the case of a public offer, the volume of shares offered exceeds the intended acquisition volume, (i) acceptance may be in proportion to the respective shares offered (tender quotas) instead of in proportion to the shareholding of the tendering shareholders in the Company (participation quotas). (ii) preferential acceptance of small numbers of shares of the Company offered or tendered for purchase of up to 100 shares per shareholder may be provided for and (iii) rounding according to commercial principles may be carried out in order to avoid fractional shares. Any further tender rights of shareholders are excluded in cases (i) to (iii).



- Use of treasury shares
 - The Management Board may sell the acquired treasury shares in compliance with the principle of equal treatment (Art. 53a AktG). In particular, a sale via the stock exchange or by means of an offer addressed to all shareholders in proportion to their shareholdings is sufficient for this purpose.
 - The Management Board is further authorized, with the approval of the Supervisory Board, to offer or grant the acquired treasury shares to third parties excluding shareholders' subscription rights in the following cases:
 - against cash payment if the agreed price is not significantly lower than the stock market price of shares in the Company at the time of the sale;
 - in the context of business combinations or in the context of the (also indirect) acquisition of companies, parts of companies or equity interests in companies, including the increase of existing shareholdings, or of other assets eligible for contribution in connection with such an acquisition project, including receivables from the Company;
 - to fulfill conversion or option rights granted by the Company or a Company in which the Company holds a direct or indirect majority interest when issuing bonds, or to fulfill conversion obligations arising from bonds issued by the Company or a Company in which the Company holds a direct or indirect majority interest;
 - as employee shares within the framework of the agreed remuneration or of separate programs to employees of the Company and its affiliated companies (including members of executive bodies); insofar as treasury shares are to be offered or promised as well as transferred to members of the Management Board of the Company, this authorization shall apply to the Supervisory Board of the Company;
 - to carry out a so-called scrip dividend by selling in return for the full or partial transfer of shareholders' dividend entitlements.
 - However, the authorization pursuant to item (1) above shall only apply subject to the proviso that the treasury shares sold subject to the exclusion of subscription rights do not exceed 10% of the share capital, i.e. neither 10% of the share capital existing at the time the authorization is granted nor 10% of the capital stock existing at the time the authorization to exclude subscription rights is exercised. Shares sold or issued during the term of this authorization on the basis of other authorizations in direct or corresponding application of Section 186 (3) sentence 4 AktG with exclusion of subscription rights shall be counted towards the aforementioned 10% limit ("counting"). However, if another authorization exercised is renewed by the Annual General Meeting during the term of this authorization, the offsetting shall cease to apply to the extent that the renewed authorization permits the issue of shares with exclusion of subscription rights in direct or corresponding application of Section 186 (3) sentence 4 AktG.

In accordance with item (1) above, the shares may only be sold to third parties at a price that is not significantly lower than the stock market price of shares in the Company at the time of the sale. The relevant stock market price shall be the unweighted arithmetic mean of the stock market prices of the shares of the Company determined in the closing auctions in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) during the last five trading days prior to the sale of the treasury shares.



In addition, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the event of the sale of acquired treasury shares in connection with an offer to all shareholders for fractional amounts.

The Management Board is also authorized, with the approval of the Supervisory Board, to retire the acquired treasury shares without any further resolution by the Annual General Meeting. In the context of the redemption, it is also authorized to redeem no-par value shares either with or without a capital reduction. If no-par-value shares are redeemed without a capital reduction, the proportion of the share capital represented by the remaining shares shall increase in accordance with Section 8 par. 3 AktG. In this case, the Management Board is also authorized to adjust the number of shares in the Company in the Articles of Association (Section 237 (3) no. 3 AktG).

- More details
 - The Management Board shall determine the further details of the respective use of the authorization. The above authorizations may be exercised once or several times, individually or together. The provisions of the German Securities Acquisition and Takeover Act must be observed if and to the extent that they apply. When acquiring treasury shares, the Management Board shall dutifully observe the statutory provisions on the hypothetical formation of reserves in the amount of the expenses for the acquisition (Section 71 par. 2 sentence 2 AktG).

The Management Board and Supervisory Board did not make use of these authorizations in 2023.

The Company currently holds 134,126 treasury shares. The calculated nominal value of the acquired treasury shares in the share capital amounting to EUR 134,126.00 – corresponding to 1.38% of the share capital – was deducted from the subscribed capital.

The shares were acquired in the period from September 2004 to July 2005 on the basis of corresponding resolutions by the Annual General Meeting in accordance with Section 71 (1) No. 8 of the German Stock Corporation Act (AktG). By resolutions of the Annual General Meetings of June 9, 2004, and June 8, 2005, the Company was authorized to acquire treasury shares with a maximum notional value of EUR 450,000.00 of the share capital attributable to these shares. This was 10% of the Company's share capital at the time of the respective Annual General Meeting, which at that time totaled EUR 4,500,000.00. The shares acquired – together with other treasury shares held by or attributable to the Company pursuant to Section 71a et seq. AktG – were not permitted to exceed 10% of the Company's share capital at any time. The authorization was not to be used for the purpose of trading in treasury shares.

Accordingly, Masterflex SE reports subscribed capital in the amount of EUR 9,752,460.00.

Authorized capital

By resolution of the Annual General Meeting on June 14, 2016, the Management Board was authorized, subject to the approval of the Supervisory Board, to increase the Company's share capital by up to an additional EUR 4,432,937 by issuing new no-par value bearer shares on one or more occasions in return for cash contributions and/or contributions in kind until June 14, 2021 (Authorized Capital 2016). The Authorized Capital 2016 was entered in the Company's commercial register on July 20, 2016. One component of the Authorized Capital 2016 was an



authorization of the Management Board, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in accordance with Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) in the case of capital increases against cash contributions if the issue price of the new shares is not significantly lower than the stock market price and the shares issued in exercise of this authorization to exclude subscription rights do not exceed a total of 10% of the share capital, either at the time the authorization becomes effective or at the time it is exercised.

On March 15, 2017, the Management Board, with the approval of the Supervisory Board, resolved to make partial use of the Authorized Capital 2016 and to increase the Company's share capital, excluding shareholders' subscription rights pursuant to Sections 203 (2) and 186 (3) sentence 4 of the AktG, by EUR 886,586 from EUR 8,865,874 to EUR 9,752,460 by issuing 886,586 new no-par value bearer shares with profit participation rights from January 1, 2016, against cash contributions. This corresponds to an increase of 10% in the Company's share capital existing at the time the Authorized Capital 2016 became effective and at the time it was utilized. The capital increase was then entered in the relevant commercial register for the Company on March 21, 2017, with the result that the Company's share capital has amounted to EUR 9,752,460 since that date. As a result of the partial utilization described above, the Authorized Capital 2016 now still amounted to EUR 3,546,351.

Shares may only be issued in return for cash contributions with the exclusion of subscription rights pursuant to Section 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) if the total pro rata amount of share capital represented by the new shares issued with the exclusion of subscription rights does not exceed 10% of the share capital, which was the case with the capital increase in March 2017, but which meant that the authorization existing at that time was fully utilized in this respect and which is why additional authorized capital was then added in 2017.

The Authorized Capital 2016 as well as the Authorized Capital 2017 expired on June 21, 2021, which is why the previous capital resolutions were cancelled by resolution of the Annual General Meeting on May 19, 2021.

By resolution of the Annual General Meeting on May 19, 2021, the Management Board was authorized, with the approval of the Supervisory Board, to increase the Company's share capital by up to EUR 4,876,230 by May 15, 2026, by issuing up to 4,876,230 no-par value bearer shares on one or more occasions in return for cash contributions and/or contributions in kind (Authorized Capital 2021). The Management Board is authorized, with the approval of the Supervisory Board, to determine the further content of the share rights and the conditions of the share issue. The new shares are to be offered to the shareholders for subscription. The new shares may also be taken up by a bank or an enterprise operating in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (Kreditwesengesetz) with the obligation to offer them to the shareholders for subscription. However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

- for fractional amounts;
- in the case of capital increases against contributions in kind, in particular
 - to grant shares in connection with business combinations or in connection with the acquisition of companies, parts of companies or equity interests in companies, including the increase of existing shareholdings, or other assets eligible for contribution in connection with such an acquisition project, including receivables from the Company,



- for the acquisition of other assets or claims to the acquisition of assets, and
- to implement a so-called scrip dividend, whereby shareholders are offered the option of contributing their dividend entitlements (in whole or in part) to the Company as contributions in kind in return for the granting of new shares;
- in the case of cash contributions, if the issue price of the shares is not significantly lower than the stock market price of the shares of the Company already listed at the time the issue price is finally fixed;
- in order to grant holders or creditors of bonds carrying option or conversion rights to shares in the Company or corresponding option or conversion obligations, which were or are issued by the Company or a Company in which the Company holds a direct or indirect majority interest, subscription rights to new shares in the Company to the extent to which they would be entitled as shareholders after exercising their option or conversion rights or after fulfillment of option or conversion obligations.

The total of the shares issued against cash contributions and contributions in kind with exclusion of subscription rights may not exceed 20% of the capital stock at the time this authorization becomes effective or – if this value is lower – of the share capital existing at the time this authorization is exercised. The exclusion of subscription rights for fractional amounts shall not count towards this 20% limit. Shares sold or issued during the term of this authorization on the basis of other authorizations with exclusion of subscription rights shall be counted towards the aforementioned 20% limit (“counting”). The issue or establishment of option or conversion rights or obligations to shares in the Company from bonds issued by the Company or by its direct or indirect majority-owned subsidiaries shall also be deemed to be an issue of shares in this sense if the bonds are issued on the basis of a corresponding authorization during the term of this authorization with exclusion of subscription rights. However, if another authorization exercised is renewed by the Annual General Meeting during the term of this authorization, the offsetting shall cease to apply to the extent that the renewed authorization permits the issue of shares with exclusion of subscription rights.

The total of the shares issued against cash contributions under exclusion of subscription rights may not exceed 10% of the share capital at the time this authorization becomes effective or – if this value is lower – of the share capital existing at the time this authorization is exercised.

Shares that are sold or issued during the term of this authorization subject to the exclusion of subscription rights shall be counted towards the aforementioned 10% limit (“counting”). Furthermore, shares issued or to be issued to service bonds with conversion or option rights or an option or conversion obligation shall be counted towards this limit if these bonds are issued by the Company or a Company in which the Company holds a direct or indirect majority interest during the term of this authorization with exclusion of subscription rights in analogous application of Section 186 (3) sentence 4 AktG. However, if another authorization exercised is renewed by the Annual General Meeting during the term of this authorization, the credit shall not apply to the extent that the renewed authorization permits the issue of shares with exclusion of subscription rights in direct or analogous application of Section 186 (3) sentence 4 AktG.

The Management Board has not yet made use of the above authorization.



Conditional capital

On May 28, 2019, the Annual General Meeting of the Company authorized the Management Board, with the consent of the Supervisory Board, to issue bearer or registered bonds with warrants and/or convertible bonds on one or more occasions until May 27, 2024, for a total nominal amount of up to EUR 60,000,000.00. Shareholders generally have a statutory subscription right to bonds issued by the Company. The bonds may also be underwritten by one or more credit institutions or the members of a syndicate of credit institutions or companies treated as equivalent by credit institutions in accordance with Section 186 par. 5 sentence 1 AktG (German Stock Corporation Act) with the obligation to offer them to the shareholders for subscription. However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights to the bonds in the following cases:

- for fractional amounts resulting from the subscription right relationship;
- provided that the bonds are issued against cash contributions and the issue price is not significantly lower than the theoretical market value of the bonds calculated in accordance with recognized principles of financial mathematics. However, this authorization to exclude subscription rights shall only apply to bonds with rights to shares representing a total pro rata amount of the capital stock of no more than 10% of the share capital either at the time this authorization becomes effective or at the time it is exercised. The sale of treasury shares shall be counted towards this limit if it takes place during the term of this authorization with the exclusion of subscription rights in accordance with Section 186 (3) sentence 4 AktG. Furthermore, shares issued from authorized capital during the term of this authorization with exclusion of subscription rights in accordance with Section 186 (3) sentence 4 AktG shall be counted towards this limit;
- provided that the bonds are issued against contributions in kind and the value of the contribution in kind is not unreasonably low compared to the theoretical market value of the bonds determined in accordance with recognized principles of financial mathematics.

The total number of shares issued to holders of bonds issued under this authorization with exclusion of subscription rights, taking into account shares issued during the term of this authorization from authorized capital or from a portfolio of treasury shares with exclusion of subscription rights in exchange for cash and/or non-cash contributions, may not exceed 20% of the Company's share capital existing at the time the resolution is adopted by the Annual General Meeting or – if this value is lower – at the time this authorization is exercised, excluding subscription right exclusions for fractional amounts. The issue of subscription rights or shares under stock option programs which do not currently exist at the Company does not constitute an exclusion of subscription rights in this sense.

The holders or creditors of bonds with warrants and convertible bonds (hereinafter collectively referred to as "holders") may be granted option or conversion rights to a total of up to 4,876,230 new no-par value bearer shares of the Company with a pro rata amount of the share capital of up to EUR 4,876,230.00 in total in accordance with the terms and conditions of the bonds, or conversion obligations may be established in a corresponding amount. To service these rights or obligations, the Company's share capital was conditionally increased by resolution of the Annual General Meeting on May 28, 2019.

The Management Board has not yet made use of the authorization granted on May 28, 2019, to issue bonds with warrants and/or convertible bonds.



The Company has not established any employee stock option programs. To the extent that employees of the Company have participated in the share capital of the Company in other ways, the Management Board is not aware that these employees may not exercise the control rights to which they are entitled directly in the same way as other shareholders in accordance with the statutory provisions and the provisions of the Articles of Association.

To safeguard their independence, the members of the Executive Board are 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 (please refer to the Compensation Report).

In the event of a change of control, the existing syndicated loan agreement contains a standard market termination right for the participating banks as part of good corporate governance.

Gelsenkirchen, March 26, 2024

Dr. Andreas Bastin
CEO

Mark Becks
CFO



Consolidated financial statements

Consolidated statement of financial position	XX
Consolidated statement of income	XX
Consolidated statement of comprehensive income	XX
Consolidated statement of changes in equity	XX
Consolidated cash flow statement	XX
Notes to the consolidated financial statements	XX



Consolidated statement of financial position

Assets in EUR thousand	Notes	December 31, 2023	December 31, 2022
Non-current assets			
Intangible assets	3, 24	13,353	13,207
Concessions, industrial property rights	3	1,306	1,473
Development services	3	2,269	2,030
Goodwill	3, 24	9,187	9,187
Advance payments	3	591	517
Property, plant and equipment	3	35,753	35,929
Land and buildings		19,099	20,461
Technical equipment and machinery		12,491	11,827
Other equipment, operating and office equipment		3,213	2,870
Advance payments and assets under construction		950	771
Financial assets	3	62	87
Investment securities		62	87
Other assets	5	120	252
Deferred taxes	26	100	44
		49,388	49,519
Current assets			
Inventories	4	22,245	21,274
Raw materials, consumables and supplies		13,160	12,363
Work in progress		379	480
Finished products and goods		8,706	8,382
Advance payments		0	49
Receivables and other assets	5, 6	10,686	9,642
Trade receivables	6	9,886	8,767
Other assets	5	800	875
Income tax assets	7	346	37
Cash in hand and bank balances	8	11,026	9,746
		44,303	40,699
Total assets		93,691	90,218



Equity and liabilities in EUR thousand	Notes	December 31, 2023	December 31, 2022
Equity			
Group equity	9	57,236	51,613
Issued capital		9,618	9,618
Capital reserve		31,306	31,306
Retained earnings		17,374	11,339
Reserve for the market valuation of financial instruments		-646	-620
Hedging instruments		71	172
Currency differences		-487	-202
Non-controlling interests	10	366	372
Total equity		57,602	51,985
Non-current liabilities			
Provisions	11	321	347
Financial liabilities	12, 17	3,283	24,091
Other liabilities	14	625	661
Deferred taxes	26	1,024	989
		5,253	26,088
Current liabilities			
Provisions	11	154	145
Financial liabilities	12, 17	20,862	2,495
Income tax liabilities	13	3,237	1,879
Other liabilities	14, 15	6,583	7,626
Trade payables	15	2,023	2,368
Other liabilities	14	4,560	5,258
		30,836	12,145
Total equity and liabilities		93,691	90,218



Consolidated statement of income

		2023	2022
	Notes	EUR thousand	EUR thousand
1. Revenue	18	101,115	100,274
2. Increase/decrease in finished goods and work in progress		-24	738
3. Other own work capitalized		123	200
4. Other income	19	1,011	1,094
Operating performance		102,225	102,306
5. Cost of materials	20	-32,210	-34,657
6. Personnel expenses	21	-35,445	-33,953
7. Depreciation and amortization		-5,291	-5,041
8. Other expenses	22	-16,923	-17,271
9. Financial result	25		
Finance expenses		-1,224	-597
Other financial result		14	20
10. Earnings before income taxes		11,146	10,807
11. Income taxes	26	-3,109	-2,980
12. Consolidated result		8,037	7,827
thereof: non-controlling interests		44	50
of which: attributable to shareholders of Masterflex SE		7,993	7,777
Earnings per share (undiluted and diluted)	27	0.83	0.81



Consolidated statement of comprehensive income

		2023	2022
	Notes	EUR thousand	EUR thousand
Consolidated result		8,037	7,827
Other result			
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	9	-319	213
2. Changes in the fair value of financial instruments		-26	-25
3. Hedging transactions		-145	209
4. Income taxes		44	-62
5. Other comprehensive income after taxes		-446	335
6. Comprehensive income		7,591	8,162
Comprehensive income:		7,591	8,162
thereof: non-controlling interests		44	50
of which: attributable to shareholders of Masterflex SE		7,547	8,112

Consolidated statement of changes in equity

	Sub- scribed capital	Capital reserve	Retained earnings	Reserve for the market valuation of financial instru- ments	Reserve for hedging transac- tions	Exchange rate diffe- rences	Shares held by the share- holders of Master- flex SE	Non- cont- rolling inter- ests	Equity
in EUR thousand									
Notes	9	9	9	9	9	9		10	
Equity as of January 1, 2022	9,618	31,306	4,654	-595	25	-353	44,655	322	44,977
Distributions	0	0	-1,154	0	0	0	-1,154	0	-1,154
Other changes	0	0	0	0	0	0	0	0	0
Comprehensive income	0	0	7,839	-25	147	151	8,112	50	8,162
Consolidated result	0	0	7,777	0	0	0	7,777	50	7,827
Other comprehensive income after income taxes	0	0	62	-25	147	151	335	0	335
Changes in the fair value of financial instruments	0	0	0	-25	0	0	-25	0	-25
Changes in the fair value of hedging instruments	0	0	0	0	209	0	209	0	209
Currency gains/losses from the translation of foreign financial state- ments	0	0	62	0	0	151	213	0	213
Income taxes attributa- ble to other comprehen- sive income	0	0	0	0	-62	0	-62	0	-62
Equity as of December 31, 2022	9,618	31,306	11,339	-620	172	-202	51,613	372	51,985
Distributions	0	0	-1,924	0	0	0	-1,924	-50	-1,974
Other changes	0	0	0	0	0	0	0	0	0
Overall result	0	0	7,959	-26	-101	-285	7,547	44	7,591
Group result	0	0	7,993	0	0	0	7,993	44	8,037
Other comprehensive income after income taxes	0	0	-34	-26	-101	-285	-446	0	-446
Changes in the fair value of financial instruments	0	0	0	-26	0	0	-26	0	-26
Changes in the fair value of hedging instruments	0	0	0	0	-145	0	-145	0	-145
Currency gains/losses from the translation of foreign financial state- ments	0	0	-34	0	0	-285	-319	0	-319
Income taxes attributa- ble to other comprehen- sive income	0	0	0	0	44	0	44	0	44
Equity as of December 31, 2023	9,618	31,306	17,374	-646	71	-487	57,236	366	57,602



Consolidated cash flow statement

in T€	2023	2022
Profit for the period before taxes, interest expenses and financial income	12,355	11,335
Income taxes	-1,640	-1,446
Amortization of intangible assets	475	474
Appreciation of land and buildings	0	-269
Depreciation of property, plant and equipment	4,816	4,567
Increase/decrease in provisions	-17	115
Other non-cash expenses/income and profit/loss from the disposal of fixed assets	-196	264
Increase/decrease in inventories	-971	-4,031
Increase/decrease in trade receivables and other assets not attributable to investing or financing activities	-951	-1,931
Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	-1,510	1,036
Cash flow from operating activities	12,361	10,114
Proceeds from the disposal of fixed assets	16	0
Payments for investments in intangible assets	-620	-575
Payments for investments in property, plant and equipment	-4,446	-5,294
Cash flow from investment activities	-5,050	-5,869
Payments to company owners and minority shareholders (dividends, acquisition of treasury shares)	-1,974	-1,154
Interest and dividend income	14	20
Interest payments	-947	-414
Payments for lease liabilities	-1,339	-1,152
Payments for the repayment of loans	-1,500	-1,500
Cash flow from financing activities	-5,746	-4,200
Cash-effective changes in cash and cash equivalents	1,565	45
Exchange rate-related and other changes in the value of cash and cash equivalents	-285	151
Cash and cash equivalents at the beginning of the period	9,746	9,550
Zahlungsmittel und Zahlungsmitteläquivalente zu Beginn des Berichtszeitraums	0	0
Cash and cash equivalents at the end of the period	11,026	9,746



Notes to the consolidated financial statements 2023

1. Principles of financial reporting

Principles of presentation

Masterflex SE, as the parent Company of the Group, is registered in the Commercial Register at the Local Court of Gelsenkirchen under No. HRB 11744. The Company's registered office is in Gelsenkirchen (Germany). The address is Masterflex SE, Willy-Brandt-Allee 300, 45891 Gelsenkirchen.

These Consolidated Financial Statements have been prepared in accordance with Section 315e (1) of the German Commercial Code (HGB) ("Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS)") and the related Interpretations issued by the International Accounting Standards Board (IASB), as adopted by the EU as of December 31, 2023, in accordance with Regulation No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards and the supplementary provisions of commercial law.

The Consolidated Statement of Financial Position, Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows are shown here. The Notes to the Consolidated Financial Statements also include segment reporting. The attached schedule of fixed assets is also an integral part of the notes.

Various items in the Consolidated Statement of Financial Position, Consolidated Statement of Income and Consolidated Statement of Comprehensive Income have been combined for the sake of clarity and explained accordingly in the Notes to the Consolidated Financial Statements. Assets and liabilities are classified as current and non-current. The Consolidated Statement of Income has been prepared using the nature of expense method.

The Consolidated Financial Statements have been prepared in euros (EUR). All figures, including the previous year's figures, are stated in thousands of euros (EUR thousand). All amounts have been rounded. In individual cases, minor differences can therefore arise when individual figures are added to the total. The financial statements of the companies included in the Consolidated Financial Statements have been prepared as of the reporting date of the Consolidated Financial Statements.

The Management Board of Masterflex SE approved these financial statements for publication on March 26, 2024. They were adopted by the Supervisory Board on March 26, 2024.

2. Accounting principles

Scope of consolidation

The Consolidated Financial Statements of Masterflex SE include all domestic and foreign subsidiaries that it controls, where Masterflex SE has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to affect the amount of those returns through its power over the investee. They are deconsolidated at the time when the controlling influence ends.

As of December 31, 2023, in addition to Masterflex SE, the scope of consolidation includes 8 domestic subsidiaries (previous year: 8) and 11 foreign subsidiaries (previous year: 11). The



subsidiaries shown in the following overview are fully included in the Consolidated Financial Statements as of December 31, 2023:

Company	Seat of the company		Masterflex share in %
Masterflex SARL	France	Béligneux	80
Masterflex Technical Hoses Ltd.	UK	Oldham	100
Masterduct Holding, Inc.*	USA	Houston	100
· Flexmaster USA, Inc.	USA	Houston	100*
· Masterduct, Inc.	USA	Houston	100*
· Masterduct Holding S.A., Inc.	USA	Houston	100*
· Masterduct Brasil LTDA.	Brazil	Santana de Parnaíba	100*
Novoplast Schlauchtechnik GmbH	Germany	Halberstadt	100
FLEIMA-PLASTIC GmbH	Germany	Wald-Michelbach	100
Masterflex Handelsgesellschaft mbH	Germany	Gelsenkirchen	100
Masterflex Česko s.r.o.	Czech Republic	Plana	100
M & T Verwaltungs GmbH*	Germany	Gelsenkirchen	100
· Matzen & Timm GmbH	Germany	Norderstedt	100*
Masterflex Scandinavia AB	Sweden	Kungsbacka	100
Masterflex Vertriebs GmbH*	Germany	Gelsenkirchen	100
· APT Advanced Polymer Tubing GmbH	Germany	Neuss	100*
Masterflex Asia Holding GmbH*	Germany	Gelsenkirchen	100
· Masterflex Asia Pte. Ltd.	Singapore	Singapore	100*
· Masterflex Hoses (Kunshan) Co., Ltd.	People's Republic of China	Kunshan	100*

* = Subgroup

Acquired subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the cash or cash equivalents transferred and the fair value of the assets transferred, equity instruments issued and liabilities assumed as of the date of the transaction, plus costs directly attributable to the acquisition. Adjustments to the cost of acquisition due to the occurrence of future events are already taken into account at the time of acquisition depending on the probability of occurrence and the sufficiently reliable estimate. Assets, liabilities and contingent liabilities identifiable in a business combination are measured at fair value at the time of the initial consolidation, irrespective of any non-controlling interests.

The excess of the cost of acquisition over the Group's interest in the fair value of the net assets of the subsidiary acquired is recognized as goodwill. If the cost of the acquisition is less than the fair value of the net assets acquired of the subsidiary, the difference is reassessed and recognised directly in the income statement.



Some subsidiaries included in the Consolidated Financial Statements make use of parts of the exemption provisions of Section 264 (3) HGB. A list of the companies that make use of these exemption regulations can be found in Note 37.

Consolidation

The consolidated financial statements of Masterflex SE are based on the annual financial statements of the consolidated subsidiaries prepared in accordance with uniform Group accounting policies. The accounting and valuation methods of subsidiaries are changed where necessary in order to ensure uniform accounting and valuation throughout the Group.

Intragroup receivables, liabilities, expenses and income from transactions between Group companies, as well as intragroup profits from internal deliveries and services of inventories and intangible assets and property, plant and equipment, are eliminated - with the exception of expenses and income between continuing and discontinued operations. Deferred taxes are calculated on consolidation transactions recognised in profit or loss.

Capital consolidation is carried out in accordance with IFRS 3 by offsetting the carrying amounts of the investments against the pro rata equity of the subsidiaries measured at fair value. The equity of the acquired subsidiaries is determined as of the acquisition date, taking into account the fair values of the assets, liabilities and contingent liabilities, deferred taxes and any goodwill on that date.

Currency conversion

The Group companies prepare their financial statements on the basis of their respective functional currencies.

Foreign currency transactions of consolidated companies are translated into the functional currency using the exchange rate valid as of the transaction date. Monetary assets are adjusted to the applicable exchange rate on each reporting date. The resulting foreign exchange gains and losses on these items are generally recognized in profit or loss under other income or expenses.

All financial statements of companies that have a functional currency different from the reporting currency are translated into the reporting currency of Masterflex's Consolidated Financial Statements. The assets and liabilities of the consolidated companies are translated at the average rates on the reporting date. The income statements of these companies are translated at moving average exchange rates for the year. If the average rate is not a reasonable approximation of the actual transaction rates, translation takes place at the respective transaction rates. Resulting translation differences are recognised in other comprehensive income and transferred to a separate item in equity and carried forward. As at 31 December 2023, these currency differences amounted to EUR -487 thousand (previous year: EUR -202 thousand).

In the event of the disposal of a foreign business operation, all translation differences accumulated in equity that are attributable to Masterflex SE from the business operation are reclassified to the income statement.

Goodwill as well as hidden reserves and hidden charges from the acquisition of foreign subsidiaries whose functional currency differs from the reporting currency and adjustments from the fair value measurement that were identified in the course of the purchase price allocation are translated as assets and liabilities of these companies at the closing rate.



The following exchange rates, among others, were used for currency translation purposes as of the reporting date. Income and expense items, including net income, were translated at the following average exchange rate for the year:

in €	Balance sheet date Dec. 31, 2023	Balance sheet date Dec. 31, 2022	Annual average exchange rate 2023	Annual average exchange rate 2022
1 British pound (GBP)	1.1506	1.1275	1.1497	1.1727
1 US dollar (USD)	0.9050	0.9376	0.9248	0.9497
1 Brazilian real (BRL)	0.1865	0.1773	0.1852	0.1838
1 Czech crown (CZK)	0.0404	0.0415	0.0417	0.0407
1 Swedish krona (SEK)	0.0901	0.0899	0.0871	0.0941
1 Singapore dollar (SGD)	0.6854	0.6993	0.6886	0.6891
1 Renminbi (CNY)	0.1274	0.1359	0.1305	0.1413

Intangible assets

Intangible assets include both internally generated and acquired assets. Internally generated intangible assets include own work capitalised and are recognised at the cost of production incurred after the date on which technological and economic feasibility was established but up to the date of completion. In these cases, the capitalised production costs include all costs directly and indirectly attributable to the development process as well as necessary parts of the development-related overheads. Acquired intangible assets include concessions, licenses, industrial property rights and similar rights and assets as well as technologies. Acquired intangible assets are capitalized at acquisition cost.

If the useful life of an intangible asset can be determined, it is amortized on a straight-line basis over its useful life. The carrying amount of an intangible asset with a definite useful life is reviewed if it is likely to be impaired as a result of events or changed circumstances. Intangible assets with indefinite useful lives are tested annually for impairment. Impairment is assessed by comparing the carrying amount of the asset with its recoverable amount ("impairment" test). Previously recognized impairment losses must be reversed if the reasons for impairment no longer apply. Impairment losses are reversed up to a maximum of the amortized historical cost.

Goodwill

Goodwill arising from a business combination is recognized as an intangible asset.

Goodwill is tested for impairment at least once a year at the end of the fiscal year and at the level of the cash-generating unit if there are indications of impairment. The recoverable amount of the individual cash-generating units is compared with the carrying amount, including goodwill. The recoverable amount corresponds to the internal value in use or the higher fair value less costs to sell. If the carrying amount of the assets of the individual cash-generating unit exceeds the recoverable amount, an impairment loss is recognized in the income statement.



An impairment loss must be deducted from goodwill. Any amount in excess of goodwill is allocated to the other assets of the unit to be tested in proportion to their carrying amounts.

The recoverable amount is defined as the value in use of the individual cash-generating units and is determined in the fourth quarter of each fiscal year using the “discounted cash flow” method. In the event that impairment losses have been recognized on goodwill, a reversal of impairment losses is not permitted.

Property, plant and equipment

All tangible assets that are used for the purpose of producing or supplying goods and services, for rental to third parties or for administrative purposes and that are expected to be used for more than one period are recognized as property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses and plus reversals of impairment losses. Capitalized production costs include all directly and indirectly attributable costs as well as necessary portions of overheads.

The carrying amount of property, plant and equipment is reviewed if it is likely to be impaired as a result of events or changed circumstances. Impairment is assessed by comparing the carrying amount of the asset with its recoverable amount (“impairment” test). If the carrying amount is higher than the recoverable amount, an impairment loss is recognized. For the purpose of assessing impairment, assets are grouped at the lowest level for which cash flows can be separately identified. If the reason for impairment subsequently ceases to exist, the impairment loss is reversed up to a maximum of the amortized historical cost.

Useful lives

The amortization of intangible assets and depreciation of property, plant and equipment were based on the following useful lives:

	Useful life	Depreciation method
Software	3 years	Linear
Licenses and similar rights	Over the contract period	Linear
Development costs	10 years	Linear
Buildings/parts of buildings	10-50 years	Linear
Technical equipment and machinery	3-18 years	Linear
Other equipment, operating and office equipment	3-10 years	Linear

Financial assets

Financial assets comprise securities and financial receivables (excluding trade receivables).

Debt securities evidenced by paper, where the business model is to hold the securities to realize interest and principal payments, are measured at amortized cost using the effective interest method. All other securities whose business model consists of holding and selling are measured at fair value, with fluctuations in value recognized directly in equity under other comprehensive income.

Financial receivables are held in accordance with the business model for generating cash flows over the term of these receivables and are measured at amortized cost using the effective interest method.



The settlement date is relevant for both the initial recognition and derecognition of financial assets. Where financial derivatives exist, initial measurement is recognized as of the contract date. Similarly, regular way purchases or sales of securities are recognized on the trade date. Derecognition takes place as soon as the right to receive cash or another financial asset expires as a result of payment, remission, expiry, offsetting or otherwise, or the right is transferred to another person, with the risks having passed to the acquirer.

At each balance sheet date, indications of impairment of financial assets or a group of financial assets are reviewed. Impairment losses are recognized in profit or loss. With the exception of equity instruments, financial assets are written up through profit or loss when the reasons for impairment cease to exist.

Leasing

As a lessee, the Masterflex Group leases assets, including real estate. Rights of use and lease liabilities are recognized for all contracts that qualify as leases under IFRS 16.

A lease as defined by IFRS 16 exists if the contract gives the right to control the use of an identified asset for a certain period of time in return for payment of a fee.

As of the date of commitment, the right-of-use asset is initially measured at cost, being the initial measurement of the lease liability, adjusted for payments made on or before the date of commitment, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or restoring the underlying asset or the site on which it is located, less any lease incentives received.

Subsequently, the right-of-use asset is amortized on a straight-line basis from the date of provision to the end of the lease term. In addition, the right-of-use asset is continuously adjusted for impairment losses, if necessary, and for certain revaluations of the lease liability.

The lease liability is recognized at the present value of lease payments not yet made on the provision date. The Masterflex Group generally applies the incremental borrowing rate when discounting future lease payments, as the interest rate underlying the lease cannot be readily determined.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured if there is a change in the future lease payments due to a change in an index or (interest) rate, if the Masterflex Group adjusts its estimate of the expected payments under a residual value guarantee, if the Masterflex Group changes its estimate of the exercise of a purchase, extension or termination option, or if there is a change in a de facto fixed lease payment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Rights of use and liabilities are not presented separately in the Consolidated Statement of Financial Position. Rights of use are included in the same Consolidated Statement of Financial Position item as the underlying assets. Please refer to the Statement of Changes in Property, Plant and Equipment. Lease liabilities are reported under financial liabilities.



For low-value leases and short-term agreements with a term of less than twelve months, the application relief of IFRS 16 is used and the expense is recognized on a systematic basis over the term.

If an agreement provides for payments for lease components and non-lease components, no separation is made, with the exception of real estate leases, in application of the option pursuant to IFRS 16.15.

Deferred taxes

Deferred tax assets and liabilities are recognized for all temporary differences between the carrying amounts in the respective national tax accounts and the IFRS accounts used in the Consolidated Financial Statements. In addition, deferred tax assets are recognized for tax loss carryforwards. Deferred tax assets from tax loss carryforwards are recognized only to the extent that it is probable that future taxable profit will be available against which they can be utilized.

In accordance with IFRS, valuations based solely on tax regulations are not taken into account in the Consolidated Financial Statements.

Inventories

Inventories are stated at the lower of cost and net realizable value. The majority of inventories are valued using the FIFO (First In – First Out) method. Production cost includes direct costs, production and material overheads, depreciation and production-related administrative expenses, but no borrowing costs, as the requirements of IAS 23 are not met. Net realizable value is determined as the estimated selling price less costs to complete and costs to sell. Previously recognised impairment losses are reversed if the reasons for impairment no longer apply. A write-up is made up to a maximum of the amortised historical acquisition or production costs. Payments on account are reported without the VAT portion.

Receivables and other assets

Receivables and other assets are initially measured at the transaction price in accordance with IFRS 15 and subsequently measured at amortised cost, which is a reasonable estimate of fair value due to the short maturities. If there is objective evidence of impairment, an impairment loss is recognized. Such indications of impairment include, for example, a deterioration in the credit rating of a debtor and the associated payment stagnation or impending insolvency. Any necessary impairment losses are based on the past loss of receivables and the expected risk of default. Receivables comprise financial receivables, trade receivables and other receivables.

Cash and cash equivalents

Cash and cash equivalents mainly comprise bank balances, cash in hand and cheques not yet credited and are recognized at nominal value, which corresponds to the market value. Cash and cash equivalents in foreign currencies are translated at the closing rate.

Subscribed capital/issued capital

Ordinary shares of Masterflex SE are classified as equity. Treasury shares are deducted from the equity attributable to the shareholders of Masterflex SE.



Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount. The amount recognized as a provision is the best estimate at the balance sheet date of the expenditure required to settle the present obligation, taking into account the risks and uncertainties underlying the obligation. Provisions that contain an interest component are discounted.

If it can be assumed that parts or all of the economic benefit required to settle the provision will be reimbursed by an outside third party, this claim is capitalized as an asset if this reimbursement is virtually certain and its amount can be reliably estimated.

The formation of warranty provisions is based both on the actual warranty expense incurred in the past and on the evaluated overall risk of our product portfolio. In addition, provisions are recognized when a warranty claim becomes known and a loss is probable. Recourse claims against suppliers are capitalized if their performance is subject to a warranty and the claim can be enforced with a high degree of probability.

Liabilities

Liabilities are initially measured at fair value. Subsequent measurement is at amortised cost using the effective interest method. Liabilities under finance leases are recognized at the lower of the fair value of the leased asset at the inception of the lease and the present value of the minimum lease payments. Liabilities comprise financial liabilities, trade accounts payable and other liabilities.

Other obligations to employees include all short-term employee benefits. Short-term employee benefit obligations are generally due in full no later than 12 months after the service has been rendered. They include wages, salaries, social security contributions, paid leave and profit-sharing. They are expensed at the same time as the remunerated work is performed. As of the Balance sheet date, the portion of the expense that exceeds the payments already made is recognized as an accrued liability.

Financial instruments

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of another party. Primary financial instruments in the Masterflex Group include in particular trade receivables, securities, cash and cash equivalents as well as financial liabilities and trade payables.

Non-derivative financial instruments are recognized as of the settlement date in the case of regular way purchases or sales. Foreign currency receivables and liabilities are measured at the respective closing rates.

Financial derivatives are recognized on the basis of financial mathematical models, in particular according to Black Scholes, with correspondingly derived valuation factors (Level 2) for initial measurement and, using the same valuation method, also for subsequent measurement.



Financial assets and financial liabilities are reported gross in the Masterflex Group. They are only offset if there is an enforceable right to offset the amounts at the relevant time and the intention is to settle on a net basis.

For accounting and measurement purposes, financial assets are aggregated into the following categories:

- measured at amortized cost (acquisition cost – AC),
- measured at fair value through profit and loss (FVTPL),
- measured at fair value through other comprehensive income (FVOCI).

The following categories were formed for the recognition and measurement of financial liabilities:

- measured at amortized cost (AC),
- measured at fair value through profit or loss (FVTPL).

The Masterflex Group classifies financial assets and financial liabilities in these categories in each case at the time of addition and reviews at regular intervals whether the criteria for classification are met.

The Masterflex Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the cash flows in a transaction that also transfers substantially all the risks and rewards of ownership of the financial asset. Derecognition also occurs when the Masterflex Group neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the transferred asset. Any interest in such transferred financial assets that arises or remains in the Masterflex Group is recognized as a separate asset or liability.

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire.

Impairment losses on financial assets measured at amortized cost are also recognized using a forward-looking model, taking into account expected credit losses.

Allowances for trade receivables, contractual assets and lease receivables are determined using the simplified life-time expected credit loss approach.

Financial assets, with the exception of financial assets at fair value through profit or loss, are tested for possible impairment indicators on each reporting date. Financial assets are considered to be impaired if, as a result of one or more events that occurred after the initial recognition of the asset, there is objective evidence that the expected future cash flows of the financial asset have changed negatively. Objective evidence that an impairment loss has been incurred could include various facts such as late payment over a certain period, the initiation of enforcement measures, impending insolvency or over indebtedness, the filing or opening of insolvency proceedings, or the failure of restructuring measures.

Financial assets are measured at amortized cost if the business model provides for the financial asset to be held for the purpose of collecting the contractual cash flows and the contractual terms of the instrument give rise solely to cash flows representing interest payments and principal repayments.



Upon initial recognition, financial instruments belonging to the AC category are measured at fair value plus directly attributable transaction costs.

For subsequent measurement, financial assets measured at amortized cost are measured using the effective interest method. When applying the effective interest method, all directly attributable fees paid or received, transaction costs and other premiums or discounts included in the calculation of the effective interest rate are amortized over the expected life of the financial instrument.

Interest income and expense arising from the application of the effective interest method are recognized in profit or loss under interest income or interest expense from financial instruments.

Non-interest-bearing and low-interest-bearing receivables with a term of more than twelve months are discounted at the interest rate appropriate to the term.

Cash and cash equivalents include cash on hand and current account balances with banks. Cash equivalents are only reported under cash and cash equivalents if they can be converted into cash amounts that can be determined in advance at any time, are only subject to insignificant value fluctuation risks and have a maximum term of three months from the date of acquisition.

If the business model is to hold and sell the financial asset and the contractual terms of the instrument give rise solely to cash flows representing interest payments and principal repayments, the financial asset is carried at fair value with changes in value recognized directly in equity in other comprehensive income (FVOCI). Financial assets held exclusively for trading are recognized at fair value through profit or loss, with changes in value recognized in profit or loss (FVTPL). Derivatives belong to this category. In addition, there is the option to measure financial instruments carried at amortized cost at fair value through profit or loss using the fair value option if this significantly reduces or eliminates a measurement or recognition inconsistency. The Masterflex Group does not make use of the fair value option.

Equity instruments are measured at fair value without exception. Upon initial recognition, there is an irrevocable option to present realized and unrealized changes in value in the Consolidated Statement of Comprehensive Income rather than in the income statement, unless the equity instrument is held for trading purposes. Amounts recognized in other comprehensive income may not be subsequently reclassified to profit or loss.

Non-current and current financial liabilities to banks, trade accounts payable and other liabilities are measured as financial liabilities at amortized cost, with the exception of derivative financial instruments. Non-current liabilities are measured using the effective interest method less directly attributable transaction costs.

Initial recognition is at fair value less directly attributable transaction costs.

Interest income and expense arising from the application of the effective interest method are recognized in profit or loss under interest income or interest expense from financial instruments.

A financial liability is measured at fair value through profit or loss if it is held for trading or designated as such upon initial recognition. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near future. Directly attributable transaction costs are recognized in profit or loss as they are incurred.



Derivative financial instruments

The Group holds derivative financial instruments to hedge currency and interest rate risks. Under certain conditions, embedded derivatives are separated from the host contract and accounted for separately.

Derivatives are initially measured at fair value. Derivatives are subsequently measured at fair value. Any resulting changes are generally recognized in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable expected transactions resulting from changes in foreign exchange rates and interest rates. Certain derivatives and non-derivative financial liabilities are designated as hedges of foreign currency risks of a net investment in a foreign operation.

At the inception of the designated hedge relationships, the Group documents its risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, and whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other.

Cash flow hedges

If a derivative is designated as a cash flow hedge, the effective portion of the changes in fair value is recognized in other comprehensive income and accumulated in the reserve for the fair value measurement of hedging instruments. The effective portion of the changes in fair value recognized in other comprehensive income is limited to the cumulative change in the fair value of the hedged item (calculated based on the present value) since the inception of the hedge. An ineffective portion of the changes in the fair value of the derivative is recognized directly in profit or loss.

The Group only recognizes the change in the fair value of the spot component of forward exchange contracts as a hedging transaction in cash flow hedges. The change in the fair value of the forward element of forward exchange contracts (forward points) is recognized separately as a cost item of the hedging relationship and transferred to a reserve for costs of hedging instruments in equity.

If a hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventories, the cumulative amount of the hedging relationship reserve and the hedging cost reserve is included directly in the cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the cumulative amount recognized in the reserve for the fair value measurement of hedging instruments is reclassified to profit or loss in the period or periods in which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, hedge accounting is discontinued prospectively.

When hedge accounting for cash flow hedges is discontinued, the amount transferred to the reserve for the fair value measurement of hedging instruments remains in equity until - for a hedging transaction that results in the recognition of a non-financial item - this amount is included in the cost of the non-financial item on initial recognition or - for other cash flow hedges - this amount is reclassified to profit or loss in the period or periods in which the hedged expected future cash flows affect profit or loss.



If the hedged future cash flows are no longer expected to occur, the amounts recognized in the reserve for the fair value measurement of hedging instruments and the reserve for hedging costs are reclassified directly to profit or loss.

Revenue recognition

Revenue is recognized when performance obligations to customers are satisfied through the transfer of a promised good. Revenue is recognized on the basis of contracts with customers and is based on the agreed transaction price as consideration, taking into account sales deductions. Revenue from the transfer of a promised good is recognized at a point in time when the promised goods have been delivered to customers in accordance with the terms of delivery, as the relevant indicators from IFRS 15.38 are met at this time and the customer consequently obtains control of the transferred goods.

The transaction price is the consideration expected to be received for the transfer of goods to a customer. Variable transaction price components such as rebates, discounts or customer bonuses reduce the recognized revenue.

Interest income is recognized in finance income on a time proportion basis over the remaining term to maturity, taking into account the effective interest rate and the amount of the remaining receivable.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, as the requirements for capitalisation under IAS 23 are not met.

Research and development

Research costs are expensed as incurred. Development costs that relate to the significant further development of a product or process are capitalized if the product or process is technically and commercially feasible, the development is marketable, the costs can be measured reliably and sufficient resources are available to complete the development project. All other development expenses are recognized immediately in profit or loss. Capitalized development expenses for completed projects are reported at cost less accumulated amortization and impairment losses.

Government grants

Government grants are recognized at fair value in accordance with IAS 20 if the Group meets the necessary conditions for receiving the grant. Government grants for expenses are recognized over the period in which the corresponding costs for which they were awarded are incurred. government grants for investments are allocated to a deferred item and amortized over the useful life of the subsidized capitalized assets. Government grants related to income are presented separately as ,other income'.

Estimates and discretionary decisions

The preparation of the Consolidated Financial Statements requires estimates and discretionary decisions to be made that affect assets, liabilities, provisions, deferred tax assets and liabilities, income and expenses, and the disclosure of contingent liabilities. Although the estimates and assumptions are made carefully and conscientiously, it cannot be ruled out that the actual amounts may differ from the estimates.



Factors that could cause a negative deviation from expectations include, for example, a deterioration in the global economy, developments in exchange rates and interest rates, as well as significant legal proceedings and changes in environmental or other legal regulations. Production defects, losses of major customers and rising financing costs can also have a negative impact on the future success of the Group.

The possible effects of changes in estimates on the recognition and measurement of assets and liabilities are presented below:

a. Development services

In order to determine the recoverability of the capitalized amounts, the management must make assumptions concerning the amount of future cash flows expected to be generated by the assets, the period of inflow of expected future cash flows generated by the assets and the interest rates to be applied. Best estimates were determined as of the balance sheet date (see Note 2).

b. Goodwill

The Group tests annually whether goodwill is impaired. The recoverable amount of cash-generating units has been determined on the basis of value in use. The value in use calculations are based on assumptions made by the Management Board (see Note 24).

c. Deferred taxes

In assessing the recoverability of deferred tax assets, management considers the extent to which there are more reasons for realization than not. Whether the deferred tax assets can actually be realized depends on whether sufficient taxable income will be generated in the future that can be offset against the tax loss carry forwards. For this purpose, the management considers the timing of the reversal of the deferred tax liabilities and the expected future taxable income. Based on the expected future business development, the management assumes the realizability of the deferred tax assets (see Note 26).

d. Provisions and contingent liabilities

Changes in the probability estimate of a present obligation or an outflow of economic resources can result in matters previously classified as contingent liabilities having to be recognized as provisions or in changes in the amounts of provisions (see Note 11).

Assumptions and estimates are also required for impairment losses on doubtful accounts and contingent liabilities and provisions, as well as for the determination of the fair value of long-lived property, plant and equipment and intangible assets and the determination of the net realizable value of inventories.

In individual cases, the actual values may differ from the assumptions and estimates made, necessitating a material adjustment to the carrying amount of the assets or liabilities concerned. Changes in estimates are recognized in profit or loss in accordance with IAS 8 when better knowledge becomes available.



New accounting standards

No use has been made of the option of early adoption of new standards, revisions of standards and interpretations that had already been adopted by December 31, 2023, and endorsed by the European Union by the time the Consolidated Financial Statements were authorized for issue.

The following interpretations have been adopted by the International Accounting Standards Board (IASB) and are applicable for the first time in the current fiscal year:

• IFRS 17	Accounting for insurance contracts
• IAS 1	Changes in relation to the disclosure of accounting policies
• IAS 8	Changes in relation to accounting estimates
• IAS 12	Changes in relation to deferred taxes on leases and decommissioning obligations
• IFRS 17	Amendments in relation to the first-time application of IFRS 17 and IFRS 9
• IAS 12	Amendments to provide a temporary exemption from the rules on deferred tax assets and liabilities in connection with income taxes of the second of the second OECD pillar

IFRS 17 governs the accounting treatment of insurance contracts. IFRS 17 replaces the previously applicable transitional standard IFRS 4. The scope of application includes insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. Under IFRS 17, insurance contracts are generally measured using the general model. Under this model, the settlement value and the contractual service margin are determined for a group of insurance contracts upon initial recognition. Depending on what changes to the underlying parameters relate to, either the technical result or the technical financial income/expenses are affected as part of the subsequent measurement or the contractual service margin may initially be adjusted, which only affects the income statement in later periods.

The amendments to IAS 1 and IFRS Practice Statement 2 are intended to assist preparers in deciding which accounting policies to disclose in their financial statements. An entity is now required to disclose significant accounting policy information rather than its significant accounting policies.

The amendments to IAS 8 are intended to help distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates is replaced by a definition of accounting estimates. According to the new definition, accounting estimates are "monetary amounts in the financial statements that are subject to measurement uncertainty". Entities develop accounting estimates when accounting policies require items in the financial statements to be measured in a way that involves measurement uncertainty. A change in an accounting estimate resulting from new information or new developments does not constitute a correction of an error.



The amendment to IAS 12 narrows the scope of the initial recognition exemption, according to which no deferred tax assets or liabilities are to be recognized at the time an asset or liability is recognized. If deductible and taxable temporary differences of the same amount arise simultaneously in a transaction, these no longer fall under the exemption, meaning that deferred tax assets and liabilities must be recognized.

The amendment affects companies that apply IFRS 17 and IFRS 9 simultaneously for the first time. The amendment affects financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but which have not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had previously been applied to that financial asset.

The amendments to IAS 12 introduce a temporary exception for the recognition of deferred taxes as part of the implementation of the OECD's global minimum taxation rules (Pillar Two rules). This should help to ensure the consistency of the financial statements and at the same time facilitate the implementation of the regulations. Targeted disclosure requirements will also be introduced to help investors better understand the impact on the company of the additional taxes resulting from the reform, particularly before the country-specific legislation implementing the minimum taxation comes into force.

The first-time application of the regulations has no material impact on the consolidated financial statements of Masterflex SE.

For the preparation of the IFRS consolidated financial statements as at December 31, 2023, the following accounting standards and interpretations as well as amendments to existing standards had already been published but were not yet mandatory:



Standard/ Interpretation		Obligation to apply as of
• IAS 1	Changes in relation to the classification of liabilities	Jan. 1, 2024
• IFRS 16	Amendments to clarify the subsequent measurement of sale and leaseback transactions by a seller-lessee	Jan. 1, 2024
• IAS 1	Amendments relating to the classification of liabilities with ancillary conditions	Jan. 1, 2024

The following accounting standards published by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as well as amendments to standards and interpretations have yet to be adopted into European law by the EU and are not yet applied:

Standard/ Interpretation		Obligation to apply as of
• IAS 7/IFRS 7	Changes in relation to supplier financing agreements	Jan. 1, 2024
• IAS 21	Changes in relation to lack of exchangeability of a currency	Jan. 1, 2024
• IFRS 10, IAS 28	Changes relating to the sale or contribution of assets between an investor and an associate or joint venture*	Jan. 1, 2024

* The originally planned initial application period has been postponed indefinitely and is to be redefined by the IASB.

The Masterflex Group does not plan to apply any of the above regulations early. These amendments will have no or no material impact on the presentation of the Group's net assets, financial position and results of operations.



Notes to the Consolidated Statement of Financial Position: Assets

3. Fixed assets

The development of fixed assets is shown separately in a consolidated fixed assets movement schedule, which is part of the notes (see appendix). In the financial year, a write-up of EUR 269 thousand was made due to the resumption of production at the Czech location. As collateral for liabilities to banks, there are land charges amounting to EUR 14,167 thousand (previous year: EUR 14,708 thousand) and assignments of production equipment amounting to EUR 12.414 thousand (previous year: EUR 11.150 thousand).

The assets of foreign companies with different functional currencies are translated into euros as of December 31 using the respective closing rates, and all changes during the year are translated at average annual exchange rates. The currency differences resulting from the different translation are shown separately in the Consolidated Statement of Changes in Non-Current Assets.

a) Intangible assets

All intangible assets have been acquired, with the exception of individual industrial property rights and development services provided by Masterflex SE, Matzen & Timm GmbH and Novoplast Schlauchtechnik GmbH. The industrial property rights relate to patents generated internally. The development services include capitalizable expenses incurred in the development of marketable products and also patents acquired for this purpose. In these cases, capitalized production costs include all costs directly and indirectly attributable to the development process as well as necessary portions of development-related overheads.

In addition to the development of intangible assets shown in the statement of changes in non-current assets, the following overview shows the breakdown into internally generated and acquired intangible assets as well as goodwill. The accumulated acquisition and production costs as well as the additions, disposals, transfers and currency translation differences break down as follows:

in EUR thousand	Internally generated intangible assets	Acquired intangible assets	Goodwill	Total
Balance on Jan. 1, 2022	2,406	4,583	15,090	22,079
Additions	415	160	0	575
Disposals	0	0	0	0
Transfers	25	-25	0	0
Exchange rate differences	0	0	0	0
Balance on Dec. 31, 2022	2,846	4,718	15,090	22,654
Additions	427	194	0	620
Disposals	0	0	0	0
Transfers	-59	59	0	0
Exchange rate differences	0	0	0	0
Balance on Dec. 31, 2023	3,214	4,971	15,090	23,274



Current depreciation and accumulated amortization break down as follows:

in EUR thousand	Internally generated intangible assets	Acquired intangible assets	Goodwill	Total
Status as of 01.01.2022	629	2,441	5,903	8,973
Depreciation and amortization financial year	102	372	0	474
Disposals	0	0	0	0
Exchange rate differences	0	0	0	0
Status as at 31.12.2022	731	2,813	5,903	9,447
Depreciation and amortization financial year	111	364	0	475
Disposals	0	0	0	0
Exchange rate differences	0	0	0	0
Status as at 31.12.2023	842	3,177	5,903	9,922

The carrying amounts break down as follows:

in EUR thousand	Internally generated intangible assets	Acquired intangible assets	Goodwill	Total
Balance on Dec. 31, 2022	2,115	1,905	9,187	13,207
Balance on Dec. 31, 2023	2,372	1,794	9,187	13,353

Internally generated intangible assets include acquired licenses amounting to EUR 103 thousand (previous year: EUR 85 thousand). The advance payments made are allocated to the acquired intangible assets.

b) Financial assets

Financial assets are composed as follows:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Securities held as fixed assets	62	87

The securities are yield securities from a European equity index classified as at fair value through other comprehensive income (FVOCI) within the meaning of IFRS 9. The financial instruments are classified as Level 1 inputs with quoted prices in active markets for identical assets or liabilities.

In fiscal year 2023 EUR 26 thousand was recognised directly in equity (see Note 9).



Cost, unrealized gains, unrealized losses and fair values of available-for-sale securities as of December 31, 2023, are as follows:

in EUR thousand	Acquisition costs	Unrealized losses	Market value
	707	646	62

Income from securities amounted to EUR 2 thousand (previous year: EUR 1 thousand).

4. Inventories

Inventories break down as follows:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Raw materials and supplies	13,160	12,363
Work in progress	379	480
Finished products and goods	8,706	8,382
Prepayments made	0	49
Total inventories	22,245	21,274

Inventories amounting to EUR 31,894 thousand (previous year: EUR 34,287 thousand) were recorded in the cost of materials (cf. section 20).

Raw materials and supplies increased by EUR 797 thousand to EUR 13,160 thousand. Work in progress reduced by EUR 101 thousand to EUR 379 thousand. Finished goods and merchandise increased by EUR 324 thousand to EUR 8,706 thousand.

Write-downs of inventories to net realisable value were made in the amount of EUR 124 thousand (previous year: EUR 151 thousand).

5. Receivables and other assets

Receivables and other assets break down as follows:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Trade receivables	9,886	8,767
Other assets	820	882
Other financial assets	101	245
Total receivables and other assets	10,807	9,894



Other assets amounting to EUR 50 thousand (previous year: EUR 27 thousand) have a remaining term of more than one year. Other financial assets amounting to EUR 70 thousand (previous year: EUR 225 thousand) have a remaining term of more than one year.

Other assets break down as follows:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Accruals and deferrals	390	401
Creditors with debit balances	91	155
Receivables from health insurance funds	86	98
Deposits	56	49
Receivables from tax authorities	51	50
Receivables from personnel	29	56
Bonus receivables	32	18
Other	85	55
Total other assets	820	882

The fair values of other assets correspond to their carrying amounts.

The deferrals mainly consist of prepayments for insurance premiums, maintenance contracts, trade fair costs, decoration costs, license fees and consulting costs.

6. Trade receivables

The valuation of trade receivables is as follows:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Current cost of trade receivables	10,011	8,923
Impairments	-125	-156
Trade receivables	9,886	8,767

Trade accounts receivable are assigned to the measurement category AC in accordance with IFRS 9.

Total impairment losses on trade receivables amount to EUR 125 thousand (previous year: EUR 156 thousand).

The average payment term and the average outstanding receivables are in line with the market.



The aging structure of trade receivables as of the balance sheet date is as follows:

2023 in EUR thousand

Carrying amount	9,886
1. of which neither impaired nor overdue as of the balance sheet date	7,510
2. of which not impaired, but past due as of the balance sheet date	2,376
less than 30 days	1,607
30 to 59 days	351
60 to 89 days	157
90 to 119 days	214
120 days or more	47

2022 in EUR thousand

Carrying amount	8,767
1. of which neither impaired nor past due as of the balance sheet date	7,009
2. of which not impaired, but past due as of the balance sheet date	1,758
less than 30 days	1,220
30 to 59 days	275
60 to 89 days	69
90 to 119 days	173
120 days or more	21

7. Income tax assets

Income tax assets as of the reporting date amounted to EUR 346 thousand (previous year: EUR 37 thousand). All income tax refund claims are due within one year.

8. Cash and cash equivalents

Cash and cash equivalents include bank balances and cash in hand:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Cash and bank balances	11.026	9.746

The effective interest rate of short-term bank deposits amounted to 0.00%.



Notes to the Consolidated Statement of Financial Position: Equity and liabilities

9. Total equity

Capital management

The strategic orientation of the Masterflex Group sets the framework for optimizing capital management. The sustainable increase in the Company's value in the interest of shareholders, customers and employees is to be achieved by continuously improving earnings through growth and improving the efficiency of our business processes. This requires balancing business and financial risks with the financial flexibility of the Masterflex Group, which is represented by intensive communication with the financial market and here in particular with the banks.

The Articles of Association do not impose any external capital requirements on Masterflex SE.

For an explanation of the development of equity, please refer to the Consolidated Statement of Changes in Equity.

Subscribed capital/issued capital

The subscribed capital of Masterflex SE most recently increased by EUR 886,586.00 from EUR 8,865,874.00 to EUR 9,752,460.00 as a result of a capital increase on March 21, 2017, and is fully paid up. The subscribed capital is divided into 9,752,460 ordinary bearer shares in the form of no-par value shares, each with an arithmetical share in the share capital of EUR 1.00 per share.

No treasury shares were sold or newly acquired during fiscal year 2023. As of the balance sheet date, Masterflex SE held 134,126 treasury shares (previous year: 134,126).

The 134,126 no-par value bearer shares have a notional value of EUR 134,126. They represent 1.38% of the share capital of Masterflex SE. The shares were acquired in the period from September 2004 to July 2005. The Company was authorized by the relevant resolutions of the Annual Stockholders' Meetings in 2004 and 2005 to acquire treasury shares up to a maximum proportionate amount of the share capital attributable to these shares of EUR 450,000.00. This was 10% of the Company's share capital of EUR 4,500,000.00 at the time of the Annual General Meeting. The shares acquired – together with other treasury shares held by the Company or attributable to it in accordance with Sections 71 a ff. of the German Stock Corporation Act (AktG) – were not permitted to exceed 10% of the Company's share capital at any time. The authorization was not to be used for the purpose of trading in treasury shares.

Accordingly, Masterflex SE has subscribed capital of EUR 9,752,460 and issued capital of EUR 9,618,334.00.

Authorization to acquire treasury shares

By resolution of the Annual General Meeting on May 19, 2021, the Management Board was authorized, with effect from May 20, 2021, until May 19, 2026, with the approval of the Supervisory Board, to acquire treasury shares up to a maximum of 10% of the Company's share capital existing at the time the resolution is adopted by the Annual General Meeting or – if this value is lower – at the time the authorization is exercised. The authorisation may not be used for the purpose of trading in own shares.

The Management Board and Supervisory Board have not made use of these authorizations.



Authorized capital

By resolution of the Annual General Meeting on May 19, 2021, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by up to EUR 4,876,230 by May 15, 2026, with the approval of the Supervisory Board, by issuing up to 4,876,230 no-par value bearer shares on one or more occasions against cash contributions and/or contributions in kind (Authorized Capital 2021).

The Management Board is authorized to amend the wording of Art. 4 of the Articles of Association after the full or partial implementation of the share capital increase in accordance with the respective utilization of the Authorized Capital 2021 and, if the Authorized Capital 2021 has not been utilized or not fully utilized by May 15, 2026, it is to be adjusted after the expiry of the authorization period. The Management Board is authorised, with the consent of the Supervisory Board, to determine the further content of the share rights and the conditions of the share issue.

The Management Board has not yet made use of the above authorization.

Conditional capital

On May 28, 2019, the Annual General Meeting of the Company authorized the Management Board, with the approval of the Supervisory Board, to issue bearer or registered bonds with warrants and/or convertible bonds on one or more occasions up until May 27, 2024, for a total nominal amount of up to EUR 60,000,000.00.

The Management Board has not yet made use of the authorization granted on May 28, 2019, to issue bonds with warrants and/or convertible bonds.

Capital reserve

The capital reserve amounted to EUR 31,306 thousand as of the balance sheet date (previous year: EUR 31,306 thousand).

As a result of the capital increase registered on March 21, 2017, the capital reserve increased by EUR 5,053,540.20 compared to fiscal year 2016. The shares were placed at a price of EUR 6.70 each. The increase resulted from the premium on the shares issued.

Retained earnings

The development of retained earnings is shown in the Consolidated Statement of Changes in Equity.

Reserve for fair value measurement of financial instruments

In accordance with IFRS 9, current investment securities were classified as FVOCI (measured at fair value through other comprehensive income). As of the balance sheet date, these securities were measured at fair value. This resulted in unrealised gains for one security, which, after taking into account income tax effects, were recognised in other comprehensive income and transferred to the item "Reserve for the market valuation of financial instruments" in equity.

Hedging reserve

Currency forwards designated for hedging purposes are measured at fair value through other comprehensive income and recognized directly in equity in the item "Reserves for the fair value measurement of hedging instruments".



Currency differences

The currency differences recognized in equity result from the translation of the annual financial statements of foreign subsidiaries and are as follows:

in EUR thousand	Currency differences from the translation of foreign financial statements	Currency differences according to IAS 21.17	Currency differences according to IAS 21.19	Total
Balance on Dec. 31, 2021	-76	-372	95	-353
Change 2022	151	0	0	151
Balance on Dec. 31, 2022	75	-372	95	-202
Change 2023	-285	0	0	-285
Balance on Dec. 31, 2023	-210	-372	95	-487

Taxes relating to items recognized directly in equity were also recognized directly in equity in accordance with IAS 12.61 and included in the changes in currency differences presented above.

In accordance with IAS 21.17/21.19/21.32 in conjunction with IAS 21.37, the changes in fair value amounting to EUR 0 thousand (previous year: EUR 0 thousand), which are recognized directly in equity, are fixed when the foreign currency obligation is settled. The currency differences offset in equity are not reversed through profit or loss until the date of disposal of the economically independent sub-unit.

10. Non-controlling interests

As of December 31, 2023, there were non-controlling interests in companies of the Masterflex Group amounting to EUR 366 thousand (previous year: EUR 372 thousand). These relate to Masterflex S.A.R.L. based in Bèlignieux, France, which has been part of the Masterflex Group since 1992 and is the sales subsidiary for France.

The non-controlling interests accounted for total income of EUR 44 thousand in the financial year 2023 (previous year: EUR 50 thousand).

11. Provisions

Provisions are composed as follows:

in EUR thousand	Balance on Jan. 1, 2023	Utilization	Reversal	Addition	Balance on Dec. 31, 2023
Royalties	347	172	0	146	321
Warranties	145	145	0	154	154
Total	492	317	0	300	475



a) Non-current provisions

Non-current provisions relate to the performance-related components of Management Board remuneration amounting to EUR 321 thousand (previous year: EUR 347 thousand), which will not be paid out until the third year after the reference year.

b) Current provisions

Warranty provisions were recognized for the warranty claims known up to the balance sheet date in the amount of the expected expenses.

12. Financial liabilities

Financial liabilities as of December 31, 2023, consisted of:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Liabilities to banks	0	19,952
Lease liabilities	3,283	4,139
Long-term financial liabilities	3,283	24,091
Liabilities to banks	19,952	1,445
Lease liabilities	910	1,050
Current financial liabilities	20,862	2,495
Total financial liabilities	24,145	26,586

Liabilities to banks

The breakdown of liabilities to banks by maturity is as follows:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Liabilities with a remaining term of up to 1 year	19,952	1,445
Liabilities with a remaining term of between 1 and 5 years	0	19,952
Total liabilities to banks	19,952	21,397

If the financial liabilities relate to current financial liabilities, the fair values correspond to the carrying amounts. If the financial liabilities relate to the syndicated loan agreement, the effective interest method is applied.

The syndicated loan agreement concluded in August 2019 has a volume of EUR 34.9 million and a term until September 2024. Utilization amounted to EUR 20.0 million as at the reporting date. Due to the use of the effective interest method, there is a difference of EUR 48 thousand as at 31 December 2023 between the loan amount drawn of EUR 20,000 thousand and the liabilities to banks of EUR 19,952 thousand measured at amortized cost.



On initial recognition, the syndicated loan agreement was reduced by the directly attributable transaction costs of EUR 292 thousand. Subsequent measurement is at amortized cost using the effective interest method. The difference between the disbursement amount (after deduction of the transaction costs) and the repayment amount is distributed over the term in line with the effective interest rate and recognized in net interest income.

The receivables of the banking consortium under the syndicated loan agreement are secured by assets with a carrying amount of EUR 43,074 thousand (previous year: EUR 41,918 thousand) from the companies of the Masterflex Group.

Of this amount, EUR 14,167 thousand relates to land charges, EUR 12,414 thousand to other non-current assets, EUR 11,262 thousand to inventories and EUR 5,231 thousand to current receivables.

The fair value of liabilities to banks corresponds to the stated carrying amounts.

Interest rates of between 3.45% and 5.22% (previous year: 1.25% and 3.45%) were charged on liabilities to banks in the eurozone, depending on maturity and financing purpose.

As of December 31, 2023, there were bank lines (cash credit lines) of EUR 8,588 thousand. Of this amount, bank lines amounting to EUR 8,588 thousand were unused.

Lease liabilities

The outstanding lease payments have the following maturities:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Liabilities with a remaining term of up to 1 year	910	1,050
Liabilities with a remaining term of between of up to 1 year	3,283	4,139
Total lease liabilities	4,193	5,189

More detailed explanations of the lease liabilities are provided in Note 17.

13. Income tax liabilities

Income tax liabilities relate to current taxes and amounted to EUR 3,237 thousand as of the balance sheet date (previous year: EUR 1,879 thousand).



14. Other liabilities

The details of other liabilities are shown in the following table:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Trade accounts payable	2,023	2,368
Contractual liabilities	307	471
Other liabilities	4,878	5,448
Total other liabilities	7,208	8,287

The disclosure of contract liabilities results from advance payments received from contracts with customers that are serviced and invoiced in the short term through the delivery of finished products by the Group.

Other liabilities include the following items:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Bonuses, severance payments, commissions	1,623	2,406
Accruals and deferrals	737	437
Liabilities from taxes	662	699
Outstanding invoices	612	611
Acquisition costs	311	327
Holiday	226	223
Liabilities towards employees	193	213
Accounts receivable with credit balances	173	155
Bonuses to customers	156	128
Social security	109	174
Professional association	76	75
Total	4,878	5,448

Deferred income consists almost exclusively of government grants for investment promotion. The reversal of deferred items leads to other income of EUR 37 thousand.

The grants received mainly relate to grants for the expansion of operating facilities and for technical equipment and machinery in the years 1995 to 2011. The grants were awarded for the acquisition of machinery and operating and office equipment. The necessary proof of use has been provided in full.

The item "Other liabilities" includes liabilities amounting to EUR 625 thousand (previous year: EUR 661 thousand), which are not due until one year after the balance sheet date.



15. Trade payables

The following trade payables existed as of the balance sheet date December 31:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Trade accounts payable	2.023	2.368

The fair values correspond to the carrying amounts reported. Trade payables in the amount of EUR 2,023 thousand (previous year: EUR 2,368 thousand) are due within one year.

16. Financial instruments

This section provides a summary overview of the Masterflex Group's financial instruments.

The following overview summarizes the carrying amounts of the financial instruments included in the Consolidated Financial Statements according to the IFRS measurement categories:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Financial assets		
Measured at amortized cost	21,342	18,995
Measured at fair value through other comprehensive income (hedging relationship)	101	245
Measured at fair value without effect on profit or loss	62	87
Financial liabilities		
Measured at amortized cost	30,691	34,176
Measured at fair value through other comprehensive income (hedging relationship)	0	0



The carrying amounts and fair values of current and non-current financial assets as of the reporting date are as follows:

in EUR thousand	Dec. 31, 2023						
	Total	AC		FVPL		FVOCI	
	CA*	CA*	FV*	CA*	FV*	CA*	FV*
Assets							
Financial assets	62	-	-	-	-	62	62
Cash and cash equivalents	11,026	11,026	11,026	-	-	0	0
Trade receivables	9,886	9,886	9,886	-	-	0	0
Other financial assets	101	0	0	-	-	101	101
Other assets	430	430	430	-	-	0	0
Total assets	21,505	21,342	21,342	-	-	163	163
Liabilities							
Liabilities to banks	19,952	19,952	19,952	-	-	-	-
Lease liabilities	4,193	4,193	4,193	-	-	-	-
Other financial liabilities	0	0	0	-	-	-	-
Trade accounts payable	2,023	2,023	2,023	-	-	-	-
Other liabilities	4,523	4,523	4,523	-	-	-	-
Total liabilities and shareholders' equity	30,691	30,691	30,691	-	-	-	-

* CA = Carrying amount, FV = Fair value

in EUR thousand	Dec. 31, 2022						
	Total	AC		FVPL		FVOCI	
	CA*	CA*	FV*	CA*	FV*	CA*	FV
Assets							
Financial assets	87	-	-	-	-	87	87
Cash and cash equivalents	9,746	9,746	9,746	-	-	0	0
Trade receivables	8,767	8,767	8,767	-	-	0	0
Other financial assets	245	0	0	-	-	245	245
Other assets	482	482	482	-	-	0	0
Total assets	19,327	18,995	18,995	-	-	332	332
Liabilities							
Liabilities to banks	21,397	21,397	21,397	-	-	-	-
Lease liabilities	5,189	5,189	5,189	-	-	-	-
Other financial liabilities	0	0	0	-	-	-	-
Trade accounts payable	2,368	2,368	2,368	-	-	-	-
Other liabilities	5,222	5,222	5,222	-	-	-	-
Total liabilities and shareholders' equity	34,176	34,176	34,176	-	-	-	-



The Masterflex Group does not hold any cash collateral and does not perform any offsetting in the statement of financial position. Derivative financial instruments, balances and liabilities to banks are reported gross in the Consolidated Statement of Financial Position.

The Masterflex Group has pledged financial assets in the amount of EUR 5,231 thousand (current receivables) as collateral for financial liabilities. The Masterflex Group does not hold any collateral with regard to financial assets.

The Masterflex Group distinguishes between recoverable, non-performing and irrecoverable financial assets. For recoverable financial assets, the impairment is based on the expected 12-month credit loss. For non-performing financial assets, an impairment loss is recognized in the amount of the expected credit loss until final maturity. Uncollectible receivables are recognized as disposals. A receivable is considered to be non-performing (definition of default) if a due date of more than 90 days or a deterioration in the creditworthiness of the customer indicates that a debtor will not meet its payment obligations to the Masterflex Group.

The following overview summarizes the credit quality and maximum default risk of the financial assets measured at amortized cost by the aforementioned categories:

Dec. 31, 2023 in EUR thousand	Credit quality	Treatment	Gross carrying amount	Value adjustment	Net carrying amount
Other assets	collectible	12-month ECL *	430	0	430
	non-performing	lifetime ECL *	0	0	0
Trade receivables	collectible	lifetime ECL * simplified approach	9,243	0	9,243
	non-performing	lifetime ECL *	768	125	643
			10,011	125	9,886
Cash and cash equivalents	collectible	12-month ECL *	11,026	0	11,026
	non-performing	lifetime ECL *	0	0	0
			11,026	0	11,026

* ECL = Expected Credit Loss



Dec. 31, 2022 in EUR thousand	Credit quality	Treatment	Gross carrying amount	Value adjustment	Net carrying amount
Other assets	collectible	12-month ECL*	482	0	482
	non-performing	lifetime ECL*	0	0	0
Trade receivables		lifetime ECL*			
	collectible	simplified approach	8,385	0	8,385
	non-performing	lifetime ECL*	538	156	382
			8,923	156	8,767
Cash and cash equivalents	collectible	12-month ECL*	9,746	0	9,746
	non-performing	lifetime ECL*	0	0	0
			9,746	0	9,746

The Masterflex Group recognizes valuation allowances for loans and other receivables taking into account past events and expectations regarding the future development of credit risk. The methods used to measure the allowance have not changed compared to the previous year.

Due to the slight deterioration in the credit rating of customers, the value adjustments increased from EUR 156 thousand in the previous year to 125 thousand euros in the 2023 financial year.

Cash and cash equivalents are cash on hand and bank balances. The Masterflex Group deposits cash and cash equivalents exclusively with banks with the highest credit ratings and default probabilities close to zero. For reasons of materiality, the valuation allowance was not recognized. In the event of a significant increase in the probability of default, the Group companies are instructed to withdraw cash and cash equivalents immediately. For this reason, cash and cash equivalents are no longer included in the recoverable category (12-month ECL).

In accordance with the simplified approach under IFRS 9.5.5.15, allowances for trade accounts receivable are consistently measured at the expected credit loss until final maturity.

When determining the value adjustment, receivables are divided into risk categories and assigned different impairment rates. Receivables are written off if a debtor is in serious financial difficulties and there is no prospect of recovery.

The subsidiaries included in the consolidated financial statements of Masterflex SE determine the default risk according to individual approaches, taking into account country- and division-specific risks. In doing so, the companies draw on data from Schufa, historical default rates and customer-specific forward-looking credit risk analyses, among other things. The Masterflex Group does not have any significant overdue assets.

In the case of trade receivables, the expected credit loss model was reviewed with regard to the assessment of future economic conditions in the wake of the current geopolitical uncertainties. The focus here was particularly on the past and expected payment behavior of our customers. Our trade receivables mainly consist of outstanding invoices for delivered products. In the course of the review, we did not become aware of any issues in connection with our receivables portfolio.



that would indicate a significant impairment. We continuously monitor our trade receivables with regard to a possible deterioration due to geopolitical uncertainties.

Net results of financial instruments

Net results in 2023 broken down by measurement category:

in EUR thousand	Interest result	Operating result	Other result	Net results 2023
Financial assets				
Measured at amortized cost	0	31	0	31
Measured at fair value through profit or loss	0	0	0	0
Measured at fair value without effect on profit or loss	0	0	-26	-26
Measured at fair value through other comprehensive income (hedging relationship)	0	0	-145	-145
Financial liabilities				
Measured at amortized cost	-1,224	0	0	-1,224
Measured at fair value without effect on profit or loss (hedging relationship)	0	0	0	0
Total	-1,224	0	0	-1,224

Net results in 2022 broken down by measurement category:

in EUR thousand	Interest result	Operating result	Other result	Net results 2022
Financial assets				
Measured at amortized cost	0	-26	0	-26
Measured at fair value through profit or loss	0	0	0	0
Measured at fair value without effect on profit or loss	0	0	-25	-25
Measured at fair value through other comprehensive income (hedging relationship)	0	0	245	245
Financial liabilities				
Measured at amortized cost	-597	0	0	-597
Measured at fair value without effect on profit or loss (hedging relationship)	0	0	0	0
Total	-597	0	0	-597

Derivative financial instruments

The Group has concluded a contract for fixed forward exchange transactions to hedge highly probable transactions (sales of products) and this is recognized as a hedging relationship. The agreement has a term until 11 March 2027. The market value of the derivative concluded for a total of USD 4,800 thousand amounted to EUR 101 thousand on the balance sheet date and was recognized under other assets. As the hedging relationship was essentially classified as fully effective, EUR 145 thousand was recognized in other comprehensive income as changes in the value of the hedging instrument.



As at December 31, 2023, the amount recognized in the reserve for the fair value measurement of hedging instruments was EUR 71 thousand, which resulted from the hedging instrument of EUR 101 thousand less deferred taxes of EUR 30 thousand.

The fair value of the forward exchange contracts was determined externally on the basis of a Black-Scholes valuation. The forward exchange contracts were assigned to Level 2 and the measurement category "Financial assets (debt instruments) measured at fair value through other comprehensive income."

17. Leases

As lessees, contracts were primarily concluded for real estate and vehicles. Lease agreements are negotiated on an individual basis and each has different agreements, on renewal, termination or purchase options, for example.

Contracts for the lease of land and buildings have terms of 6 years on average. The payments agreed for these contracts are in many cases adjusted annually. Lease agreements for objects other than land and buildings generally have terms of an average of 3 years.

As a rule, contracts for the rental of vehicles include an early return right and an extension option.

For details on lease liabilities, please refer to Notes 12 and 29. Rights of use are recognized in property, plant and equipment.

In addition, the following amounts were recognized in the income statement in connection with leases in fiscal year 2023:

in EUR thousand	2023	2022
Interest expense from the accrual of interest on lease liabilities	143	92
Expenses for short-term leases with a term of more than one and not more than 12 months	52	49
Expenses for leases with underlying assets of low value (excluding short-term leases)	156	162
Total	351	303

Cash outflows in connection with lessee activities amounted to EUR 1,690 thousand in 2023 (previous year: EUR 1,455 thousand).



Notes to the Consolidated Statement of Income

18. Revenue

Revenue is recognized in accordance with IFRS 15. Contracts with customers are not aggregated, as there is either a master agreement that governs the relationship with customers and is usually renegotiated annually, or customers order on a case-by-case basis and on request.

In the customers' purchase orders, the contractual performance obligation with the corresponding consideration/transaction price is specified on an item-by-item basis and the consideration is thus allocated to the individual performance obligations. Customer bonuses are calculated on the basis of the sales volume expected with the customer up until the end of the fiscal year and deferred until payment to the customer.

Revenue from the supply of high-tech hoses and connection systems is recognized on a time proportion basis, as the criteria for time proportionate revenue recognition of IFRS 15.35 are not met. The transfer of control of high-tech hoses and connection systems supplied to customers is recognized at the time of delivery of these goods to the customer in accordance with the terms of delivery, as most of the indicators listed in IFRS 15.38 are met at this time. Standard industry terms of payment without significant financing components are used. Variable consideration is regularly not available. Contracts with customers only contain functional guarantees related to the intended use.

Revenues from development services for customers, which are recognized either on a period or point in time basis, did not arise either in fiscal year 2022 or in fiscal year 2023.

Sales revenues include sales of high-tech hoses and connection systems less sales deductions and were all recognized on a time-related basis in fiscal year 2023.

As of December 31, 2023, there were trade receivables of EUR 9,886 thousand (previous year: EUR 8,767 thousand). Contract assets from contracts with customers did not exist as of December 31, 2022, nor as of December 31, 2023.

In the 2023 financial year, impairment losses of EUR 125 thousand (previous year: EUR 156 thousand) were recognized on receivables from contracts with customers.



19. Other income

Other income breaks down as follows:

in EUR thousand	2023	2022
Exchange rate gains from currency translation	442	321
Revenues from non-typical ancillary revenues	193	73
Other income unrelated to the accounting period	109	135
Income from the reversal of provisions	39	159
Other income unrelated to the accounting period	38	45
Allowances	16	24
Expenditure subsidy from public authorities	16	6
Insurance compensation	1	4
Income from the reversal of valuation allowances on receivables	0	269
Other	0	9
Total	157	49
Gesamt	1,011	1,094

The non-operating ancillary revenues relate to a large number of individual cases from the operating business, for example sales to employees, merchandising and scrap proceeds.

20. Cost of materials

Cost of materials breaks down as follows:

in EUR thousand	2023	2022
Cost of raw materials, supplies and merchandise	31,894	34,287
Expenses for services purchased	316	370
Total	32,210	34,657



21. Personnel expenses

Personnel expenses increased by EUR 1,493 thousand to EUR 35,445 thousand in 2023 (previous year: EUR 33,953 thousand). Personnel expenses include wages and salaries of EUR 29,124 thousand (previous year: EUR 28,241 thousand) as well as social security contributions and pension expenses of EUR 6,321 thousand (previous year: EUR 5,712 thousand).

The company pension scheme includes defined contribution plans. In the case of defined contribution plans, the company does not enter into any further obligations beyond the payment of contributions to funds. The expenses are reported under current personnel expenses; no provision is recognized. The expenses for this amount to EUR 496 thousand (previous year: EUR 455 thousand). Employer contributions to pension insurance are not included in these benefits.

22. Other expenses

Other expenses break down as follows:

in EUR thousand	2023	2022
Selling expenses	6,085	6,623
Operating expenses	3,541	3,143
Administrative expenses	3,463	3,242
Room operating costs	2,185	2,615
Insurance	592	418
Expenses from exchange rate differences	506	507
Warranties	6	103
Expenses for valuation allowances	5	10
Other	223	182
Other taxes	317	428
Total	16,923	17,271

23. Research and development costs

Development costs eligible for capitalization were recorded under "Intangible assets". Research and non-capitalizable development costs were recognized as expenses at the time they were incurred. Research and development expenses of EUR 693 thousand were incurred in the 2023 financial year (previous year: EUR 600 thousand).



24. Impairment of assets

In accordance with IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets), goodwill and internally generated intangible assets whose production has not yet been completed are subject to regular impairment tests.

Goodwill and internally generated intangible assets whose production has not yet been completed are tested annually for possible impairment. If events or changes in circumstances occur that indicate a possible impairment, the impairment test must also be carried out more frequently.

As part of the impairment test, the Masterflex Group compares the residual carrying amounts of the individual cash-generating units ("CGUs") with their respective recoverable amounts, i.e. the higher of their fair value less costs to sell and their value in use.

Where the carrying amount of a cash-generating unit exceeds its recoverable amount, an impairment loss is recognized for the difference.

The recoverable amount is determined by calculating the value in use using the discounted cash flow method. The cash flows used to determine the value in use were determined on the basis of management's medium-term planning. These 5-year plans, in particular for the development of sales and earnings, are based on past experience and expectations of future market developments, taking into account strategic and operational measures already initiated to manage the business on the basis of management's best estimate of future developments.

The cost of capital is calculated as the weighted average cost of equity and debt (WACC = Weighted Average Cost of Capital). The cost of equity is derived from a peer group analysis of the relevant market and thus from available capital market information.

In order to take account of the different risk/return profiles of our main areas of activity, we calculate individual cost of capital rates for our companies (CGUs). The weighted average cost of capital (WACC before tax) used to discount the cash flows is between 7.15% and 8.53% (previous year: 6.84% and 7.74%). Please refer to the following table for a presentation per CGU. When extrapolating future cash flows beyond the detailed planning period of five years, a growth rate of 1.0% was applied for the CGUs, as in the previous year.



As in the previous years, the acquisitions of subsidiaries in previous years and the successive share purchases and disposals resulted in the following goodwill, which has been allocated to the following CGUs. In addition to the amortized cost of goodwill for each CGU, the following table also shows their individual cost of capital:

	EUR thousand	WACC 2022	WACC 2022
APT Advanced Polymer Tubing GmbH	5,929	7.97	7.74
Flexmaster USA, Inc.	1,488	8.53	7.47
FLEIMA-PLASTIC Ltd.	1,075	7.15	6.84
Novoplast Schlauchtechnik GmbH	462	7.59	6.94
Matzen & Timm GmbH	233	8.47	7.18
Total	9,187		

In the fiscal years 2022 and 2023, the impairment test of goodwill did not reveal any need for impairment. An increase in the discount rate of 1 percentage point would not have led to any impairment of goodwill.

25. Financial result

The financial result breaks down as follows:

in EUR thousand	2023	2022
Other interest and similar income	14	20
Interest and similar expenses	-1,224	-597
Total	-1,210	-577

The interest income results from the short-term area.

26. Income tax

The income tax expense in the income statement is composed as follows:

in EUR thousand	2023	2022
Income tax expense	-3,085	-2,877
Deferred taxes		
from time differences	-66	-76
from loss carryforwards	42	-27
Total deferred taxes	-24	-103
Total income tax expense	-3,109	-2,980



The following reconciliation of income taxes for fiscal year 2023 is based on the overall tax rate of 30.0% (previous year: 30.0%) and reconciles to the effective tax rate of 27.9% (previous year: 27.6%):

in T€	2023	2022
Earnings before income taxes	11,146	10,807
Expected tax expense 30.0%	-3,344	-3,242
Change in deferred tax assets on loss carryforwards or utilization of loss carryforwards in the fiscal year/unutilized losses	-14	23
Effects of non-deductible expenses and tax-exempt income	-134	-136
Tax effect on tax rate differences	457	411
Other	-74	-36
Total tax expense	-3,109	-2,980

The initial figure (earnings before income taxes) corresponds to the consolidated net income for the year plus income taxes and deferred taxes as reported in the income statement.

Deferred taxes result from loss carryforwards and the individual Consolidated Statement of Financial Position items as follows:

in EUR thousand	Dec. 31, 2023		Dec. 31, 2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Loss carryforwards	67	0	25	0
Fixed assets	368	1,357	356	1,267
Financial assets	0	30	0	73
Inventories	38	0	29	0
Receivables	12	179	17	219
Other assets	28	25	43	22
Provisions	10	0	8	0
Liabilities	175	31	205	47
Before netting	698	1,622	683	1,628
Balancing	-598	-598	-639	-639
Consolidated Statement of Financial Position	100	1,024	44	989

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred taxes relate to income taxes levied by the same tax authority.

The recoverability of deferred tax assets on loss carryforwards was tested on the basis of a five-year plan taking the minimum taxation into account. The recoverability is given due to the



positive earnings expectations derived on the basis of medium-term planning. In addition, parts of the loss carryforwards have arisen as a result of expenses in connection with the refinancing and the capital increase. There is sufficient certainty that these loss carryforwards will be realized.

As of December 31, 2023, Masterflex recognized deferred tax assets in the amount of EUR 67 thousand (previous year: EUR 25 thousand) on tax loss carryforwards.

For foreign companies, the tax rates vary between 19% and 30%.

No deferred tax assets were recognized for tax loss carryforwards amounting to EUR 8,810 thousand (previous year: EUR 9,558 thousand), as their utilization is not sufficiently certain. The loss carryforwards of the German companies can be carried forward indefinitely. The use of loss carryforwards of foreign companies is generally limited in terms of time.

No deferred tax liabilities were recognised on temporary differences in connection with affiliated companies amounting to EUR 10,020 thousand (previous year: EUR 10,117 thousand), as it is not probable that these temporary differences will be eliminated in the foreseeable future and the Masterflex Group is able to control the elimination.

Other comprehensive income includes taxes amounting to EUR 44 thousand (previous year: EUR -62 thousand) attributable to exchange rate differences in accordance with IAS 21, which were charged or credited directly to equity.

27. Earnings per share

Earnings per share are calculated as follows:

	2023	2022
Result of the fiscal year (EUR thousand)	7,993	7,777
Weighted average of shares issued	9,618,334	9,618,334
Earnings per share (EUR)	0.83	0.81

There were no dilutive effects for either fiscal year 2023 or the previous year.

28. Appropriation of earnings

The annual financial statements of Masterflex SE (HGB) under commercial law show net retained profits of EUR 21,419 thousand as of December 31, 2023.

The Management Board and Supervisory Board propose to the Annual General Meeting that an amount of EUR 2,404,583.50 be distributed to shareholders as a dividend from Masterflex SE's net retained profits of EUR 21,419,446.36 as of December 31, 2023 on the 9,618,334 issued shares of share capital as of December 31, 2023 and that the remaining amount of EUR 19,014,862.86 be carried forward to new account. This corresponds to a dividend of EUR 0.25 per dividend-bearing share.

As at 31 December 2023, Masterflex SE has amounts blocked from distribution totalling EUR 1,562 thousand, of which EUR 1,562 thousand is attributable to the capitalization of development costs.



29. Financial risk management

Besides identifying, assessing and monitoring risks in the course of business operations and in particular from the resulting financial transactions, risks are managed by the Management Board in close cooperation with the Group companies. Particular attention is paid to hedging certain risks, such as currency, interest rate, price, default and liquidity risks.

In addition to primary financial instruments, various derivative financial instruments can be used, including forward exchange transactions, currency option transactions and interest rate swaps. Derivative financial instruments are used exclusively to hedge existing or planned underlying transactions and serve to reduce foreign currency, interest rate and commodity price risks and are used on a case-by-case basis in consultation with the Management Board of Masterflex SE.

Management of currency risks

The international nature of the Group's operations gives rise to cash flows in various currencies, in particular in US dollars. Foreign currency positions include currency risks from highly probable future business transactions, foreign currency receivables and payables as well as from firmly contracted purchase or sales contracts in foreign currencies. Orders in emerging markets are generally invoiced in US dollars or euros.

The sensitivity analysis based on the outstanding monetary items denominated in US dollars assuming a ten percent change in the US dollar against the euro results in an impact of around EUR 234 thousand on equity.

As of December 31, 2023, the Group held the following instruments to hedge against changes in foreign exchange rates and interest rates:

	Maturity		
	1-6 months	7-12 months	More than a year
Exchange rate risk			
Forward exchange transactions			
Net risk in USD thousand	480	480	2,080
Average EUR:USD forward rate	1.1817	1.1817	1.1817

Management of interest rate risks

Due to the international orientation of our business activities, Masterflex procures and invests liquidity on the international money and capital markets in various currencies.

The resulting financial liabilities and cash investments are partly exposed to interest rate risk. Derivative financial instruments can be used on a case-by-case basis to hedge the interest rate risk with the aim of minimizing the interest rate volatility and financing costs of the underlying transactions.

The sensitivity analysis was determined using the interest rate risk exposure as of the balance sheet date. For floating-rate liabilities, the analysis is prepared on the assumption that the amount of the liability outstanding on the balance sheet date was outstanding for the entire year.

Based on a fluctuation in the interest rate of 100 basis points, the sensitivity analysis results in an increase/decrease in cash and cash equivalents of approximately EUR 211 thousand.



Management of default risks

At Masterflex, the risks of customer receivables are monitored and assessed on a decentralized basis, and default is also limited in some cases through the use of trade credit insurance.

As of the balance sheet date, there were trade accounts receivable from a large number of domestic and foreign customers from various industries. The default risk was negligible.

The risk management of loans to subsidiaries as well as of shares is carried out by means of a Group-wide controlling system with fully consolidated planning accounts, monthly Consolidated Financial Statements and regular discussions of the course of business.

The maximum default risk results from the carrying amounts of the financial receivables recognized in the Consolidated Statement of Financial Position.

Liquidity risk management

Group liquidity management to reduce liquidity risks includes safeguarding cash and cash equivalents, the availability of sufficient credit lines, and the ability to close out market positions.

The table shows the contractually agreed repayments of financial liabilities:

2023 in EUR thousand	Carrying amount	2024	2025	2026	2027	2028	≥ 2029
Trade payables	2,023	2,023	0	0	0	0	0
Liabilities to banks	19,952	19,952	0	0	0	0	0
Lease liabilities	4,193	910	706	521	337	347	1,372
Other liabilities	4,216	4,216	0	0	0	0	0
Total	30,384	27,101	706	521	337	347	1,372

2022 in EUR thousand	Carrying amount	2023	2024	2025	2026	2027	≥ 2028
Trade payables	2.368	2.368	0	0	0	0	0
Liabilities to banks	21.397	1.501	19.896	0	0	0	0
Lease liabilities	5.189	1.050	1.004	558	521	337	1.719
Other liabilities	4.750	4.750	0	0	0	0	0
Total	33.704	9.669	20.900	558	521	337	1.719

The table contains only the contractually agreed payments from the financial liabilities up to the reporting date without planned figures for future new liabilities. Financial liabilities repayable at any time are presented as due within one year. Payments under operating leases are reported under financial liabilities.

The accruals and deferrals reported under "Other liabilities" in the amount of EUR 662 thousand (previous year: EUR 699 thousand) do not affect payments. For this reason, the reversal is not shown in the table.



30. Other financial obligations

With the exception of the collateral referred to in Notes 3, 12 and 16, there were no contingent liabilities arising from warranty agreements, guarantees and other contingent liabilities as of the balance sheet date.

31. Segment reporting

The Masterflex Group is managed as a single-segment Company. It is managed on the basis of the information at Group level that the full Management Board, as the chief operating decision maker, receives to measure performance and allocate resources for the entire Masterflex Group (so-called “management approach”).

Following the disposal of business units in previous years, Masterflex SE reports only one operating segment, the core business unit (HTS).

In its sole High-tech Hose Systems (HTS) segment, which represents the core business of the Masterflex Group, activities focus on the development and production of technically sophisticated high-tech hose systems, molded parts and injection-molded elements made of innovative specialty plastics for industrial and medical applications. The products of this segment are used in a wide variety of industrial sectors, such as the chemical industry, the food industry, automotive engineering and medical technology.

The segment is managed on the basis of both sales and earnings (earnings before interest and income taxes (EBIT)).

Segment assets include operating assets such as property, plant and equipment, intangible assets including goodwill, inventories, receivables, other assets and cash. Tax receivables, deferred tax assets and financial assets are not part of the segment assets to be reported under IFRS 8.

According to IFRS 8, liabilities are only to be included in segment reporting if they are used regularly and reported for company management purposes. Masterflex SE does not use this indicator and therefore does not disclose it.

Segment information:

in EUR thousand	2023	2022
Sales revenue from third parties outside the Group	101,115	100,274
EBIT	12,355	11,385
Investments in property, plant and equipment and intangible assets	5,437	9,631
Scheduled depreciation	5,291	5,041
Assets	93,691	90,218



The geographical distribution of revenue is reported at Group level. The basis of calculation is the location of the customer's registered office. This results in a geographical distribution of sales as follows:

in EUR thousand	2023	2022
Germany	44,512	43,432
Rest of Europe	21,562	19,902
Third countries	35,041	36,940
Total	101,115	100,274

No sales > 10% of Group revenue were generated with any customer in fiscal year 2023.

The reconciliation of EBIT to earnings after taxes is as follows:

Reconciliation to Group after-tax result in EUR thousand	2023	2022
EBIT	12,355	11,385
Interest income/income from investments	14	20
Interest expense, etc.	-1,224	-597
EBT	11,146	10,807
Taxes on income and earnings	-3,085	-2,877
Deferred taxes	-24	-103
Earnings after taxes	8,037	7,827

Rounding differences possible

In accordance with IFRS 8, the geographical breakdown of non-current assets must be disclosed. Non-current assets include property, plant and equipment and intangible assets. In accordance with IFRS 8, deferred taxes and financial assets are not included in the non-current assets to be presented.

Non-current assets in EUR thousand	2023	2022
Germany	44,344	43,906
Rest of Europe	815	856
Third countries	3,997	4,402
Total	49,156	49,164



Segment assets reconcile to Group assets as follows:

	2023	2022
Segment assets	93,183	90,050
Deferred tax assets	100	44
Tax receivables	346	37
Financial assets	62	87
Group assets	93,691	90,218

32. Cash flow statement

The Consolidated Statement of Cash Flows has been prepared in accordance with IAS 7. A distinction is made between cash flows from operating, investing and financing activities. The liquidity shown in the Consolidated Statement of Cash Flows corresponds to the Consolidated Statement of Financial Position item "Cash and cash equivalents."

The Consolidated Statement of Cash Flows is prepared using the indirect method in respect of cash flows from operating activities and the direct method in respect of cash flows from investing and financing activities.

Liabilities from financing activities developed as follows from January 1 to December 31, 2023:

Figures in EUR thousand	As of Dec. 31, 2022	Cash- effective	Non-cash (accrued interest)	Non-cash (lease liabi- lity)	Non-cash items (foreign exchange trans- actions)	As of Dec. 31, 2023
Current financial debt	2,495	-1,445	19,952	-140	0	20,862
Non-current financial debt	24,091	0	-19,952	-856	0	3,283
Total liabilities from financing activities	26,586	-1,445	0	-996	0	24,145

33. Related party disclosures

Business transactions between Masterflex SE and its consolidated subsidiaries are conducted at arm's length and have been eliminated in consolidation.

The key management personnel remuneration required to be disclosed in accordance with IAS 24 includes the remuneration of the Management Board and the Supervisory Board.

The remuneration of the Management Board is performance-related in its entirety and consisted of three components in the fiscal year: non-performance-related remuneration, performance-related remuneration, long-term incentive component.

In the past financial year, the total remuneration for the Management Board and Supervisory Board in accordance with IFRS amounted to EUR 1,281 thousand (previous year: EUR 1,271 thousand). The remuneration of the Supervisory Board amounted to EUR 106 thousand (previous year: EUR 106 thousand) and consisted exclusively of short-term components.



The following table shows the individual components of Management Board remuneration according to IFRS:

in EUR thousand	2023	2022
Basic remuneration	680	680
Remuneration in kind and fringe benefits	88	88
Total short-term non-performance-related remuneration	768	768
Short-term performance-related remuneration	325	322
Total short-term remuneration	1,093	1,090
Long-term performance-related remuneration	82	75
Total long-term remuneration	82	75
Total remuneration (according to IFRS)	1,175	1,165

The total remuneration of the Management Board and Supervisory Board in accordance with the German Commercial Code (HGB) amounted to EUR 1,292 thousand (previous year: EUR 1,374 thousand). Of this, EUR 1,186 thousand (previous year: EUR 1,268 thousand) was paid to the Management Board and EUR 106 thousand (previous year: EUR 106 thousand) to the Supervisory Board. The Management Board remuneration consisted of short-term non-performance-related remuneration of EUR 768 thousand (previous year: EUR 768 thousand), short-term performance-related remuneration of EUR 272 thousand (previous year: EUR 325 thousand) and long-term performance-related remuneration of EUR 146 thousand (previous year: EUR 175 thousand). The remuneration for Supervisory Board members included attendance fees of EUR 6 thousand (previous year: EUR 6 thousand).

34. Declaration of the German Corporate Governance Code

In December 2023, the Management Board and Supervisory Board of Masterflex SE again issued a Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders on the Company's website at www.MasterflexGroup.com/de/Investor-Relations/Corporate-Governance/.



35. Number of employees

The number of employees in the reporting period breaks down by operating function as follows:

	2023	2022
Production	430	406
Sales	93	93
Management	104	96
Technology	35	34
Employees in the Group	662	629
thereof trainees	14	14

36. Auditor's fees

In the 2023 financial year, the expenses (provision) for the auditor of the consolidated financial statements, BDO AG, Wirtschaftsprüfungsgesellschaft, total EUR 180 thousand and comprise the fees for the audit of the consolidated financial statements and the audit of the statutory financial statements of Masterflex SE and its domestic subsidiaries.

37. Exemption of subsidiaries pursuant to Section 264 (3) HGB

The following subsidiaries make partial use of the option under section 264 (3) of the HGB:

- Novoplast Schlauchtechnik GmbH
- Matzen & Timm GmbH
- M&T Verwaltungs GmbH
- FLEIMA-PLASTIC Ltd.

38. Events after the balance sheet date

There have been no significant events of particular importance for the net assets, financial position and results of operations of the Masterflex Group since the balance sheet date of December 31, 2023.

According to our current assessment, the ongoing discussions for follow-up financing to the syndicated loan agreement expiring in September 2024 will not have any significant impact on the interest bases.



39. Publication of the Consolidated Financial Statements

These Consolidated Financial Statements were authorized for publication by the Management Board on March 26 and are to be published on March 28, 2024.

Gelsenkirchen, March 26, 2024

The Management Board

Dr. Andreas Bastin
(Chairman of the Management Board)

Mark Becks
(CFO)



Consolidated statement of changes in non-current assets 2023

	AK/HK	Additions	Disposals	Transfers	Exchange rate differences	AK/ HK
in EUR thousand	Jan. 1, 2023					Dec. 31, 2023
Intangible assets						
Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets	4,582	104	0	103	0	4,789
Development work	2,465	399	0	-59	0	2,805
Goodwill	15,090	0	0	0	0	15,090
Prepayments made	517	117	0	-44	0	590
Total	22,654	620	0	0	0	23,274
Property, plant and equipment						
Land, land rights and buildings, including buildings on third-party land	36,298	655	0	15	-220	36,748
- thereof rights of use from IFRS 16	7,812	137	0	0	-63	7,886
Technical equipment and machinery	38,596	918	125	1,552	-274	40,667
Other equipment, operating and office equipment	13,445	1,256	243	170	-161	14,467
- thereof rights of use from IFRS 16	1,144	234	257	0	-2	1,119
Advance payments and assets under construction	771	1,988	65	-1,737	-7	950
Total	89,110	4,817	433	0	-662	92,832
Financial assets						
Securities held as fixed assets	733	0	0	0	0	733
Other loans	0	0	0	0	0	0
Total	733	0	0	0	0	733
	112,497	5,437	433	0	-662	116,839



Consolidated statement of changes in non-current assets 2023

	Accu- mulated deprecia- tion	Depre- ciation in the fiscal year	Dispo- sals	Write- ups	Changes in fair value recog- nized directly in equity	Exchange rate diffe- rences	Accu- mulated deprecia- tion	Book value as at	Book value as at
in EUR thousand	Jan. 1, 2023						Dec. 31, 2023	Dec. 31, 2023	Dec. 31, 2022
Intangible assets									
Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets	3,109	374	0	0	0	0	3,483	1,306	1,473
Development work	435	101	0	0	0	0	536	2,269	2,030
Goodwill	5,903	0	0	0	0	0	5,903	9,187	9,187
Prepayments made	0	0	0	0	0	0	0	591	517
Total	9,447	475	0	0	0	0	9,922	13,353	13,207
Property, plant and equipment									
Land, land rights and buildings, including buildings on third-party land	15,837	1,992	0	0	0	-180	17,649	19,099	20,461
- thereof rights of use from IFRS 16	3,154	1,103	0	0	0	-53	4,204	3,682	4,658
Technical equipment and machinery	26,769	1,746	125	0	0	-214	28,176	12,491	11,827
Other equipment, operating and office equipment	10,575	1,078	242	0	0	-157	11,254	3,213	2,870
- thereof rights of use from IFRS 16	794	255	257	0	0	-2	790	329	350
Advance payments and assets under construction	0	0	0	0	0	0	0	950	771
Total	53,181	4,816	367	0	0	-551	57,079	35,753	35,929
Financial assets									
Securities held as fixed assets	646	0	0	0	26	0	672	62	87
Other loans	0	0	0	0	0	0	0	0	0
Total	646	0	0	0	26	0	672	62	87
	63,274	5,291	367	0	26	-551	67,673	49,168	49,223



Consolidated statement of changes in non-current assets 2022

	AK/HK	Additions	Disposals	Rep postings	Exchange rate differences	AK/ HK
in EUR thousand	01.01.22					31.12.22
Intangible assets						
Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets	4,512	29	0	41	0	4,582
Development work	2,065	400	0	0	0	2,465
Goodwill	15,090	0	0	0	0	15,090
Prepayments made	412	146	0	-41	0	517
Total	22,079	575	0	0	0	22,654
Property, plant and equipment						
Land, land rights and buildings, including buildings on third-party land	31,676	4,166	478	739	195	36,298
- thereof rights of use from IFRS 16	4,583	3,573	398	0	54	7,812
Technical equipment and machinery	35,539	780	117	2,106	288	38,596
Other equipment, operating and office equipment	12,603	1,022	239	24	35	13,445
- thereof rights of use from IFRS 16	992	189	39	0	2	1,144
Advance payments and assets under construction	558	3,088	6	-2,869	0	771
Total	80,376	9,056	840	0	518	89,110
Financial assets						
Securities held as fixed assets	733	0	0	0	0	733
Other loans	0	0	0	0	0	0
Total	733	0	0	0	0	733
	103,188	9,631	840	0	518	112,497



Consolidated statement of changes in non-current assets 2022

	Accu- mulated deprecia- tion	Depre- ciation in the fiscal year	Dispo- sals	Write- ups	Changes in fair value recognized directly in equity	Exchange rate diffe- rences	Accu- mulated deprecia- tion	Book value as at	Book value as at
in EUR thousand	Jan. 1, 2022						Dec. 31, 2022	Dec. 31, 2022	Dec. 31, 2021
Intangible Assets									
Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets	2,726	383	0	0	0	0	3,109	1,473	1,786
Development work	344	91	0	0	0	0	435	2,030	1,721
Goodwill	5,903	0	0	0	0	0	5,903	9,187	9,187
Prepayments made	0	0	0	0	0	0	0	517	412
Total	8,973	474	0	0	0	0	9,447	13,207	13,106
Property, plant and equipment									
Land, land rights and buildings, including buildings on third-party land	14,597	1,775	372	269	0	106	15,837	20,461	17,079
- thereof rights of use from IFRS 16	2,473	998	306	0	0	-11	3,154	4,658	2,110
Technical equipment and machinery	24,842	1,729	87	0	0	285	26,769	11,827	10,697
Other equipment, operating and office equipment	9,683	1,063	228	0	0	57	10,575	2,870	2,920
- thereof rights of use from IFRS 16	585	246	39	0	0	2	794	350	407
Advance payments and assets under construction	0	0	0	0	0	0	0	771	558
Total	49,122	4,567	687	269	0	448	53,181	35,929	31,254
Financial assets									
Securities held as fixed assets	621	0	0	0	25	0	646	87	112
Other loans	0	0	0	0	0	0	0	0	0
Total	621	0	0	0	25	0	646	87	112
	58,716	5,041	687	269	25	448	63,274	49,223	44,472



Other information

Balance sheet oath	139
Independent Auditor's report	140
Glossary	148
Imprint	149



Balance sheet oath

“To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the earnings, asset and financial positions of the Group and the Combined Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.”

Gelsenkirchen, 26. März 2024

The Management Board

Dr. Andreas Bastin
(Chairman of the Management Board)

Mark Becks
(CFO)



Independent auditor's report

To Masterflex SE, Gelsenkirchen

Report on the audit of the consolidated financial statements and the combined management report

Audit judgments

We have audited the Consolidated Financial Statements of Masterflex SE, Gelsenkirchen, and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as of December 31, 2023, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the fiscal year from January 1, 2023, to December 31, 2023, and the Notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

We have also audited the Combined Management Report (Combined Management Report of the Company and the Group) of Masterflex SE for the fiscal year from January 1, 2023, to December 31, 2023. In accordance with German legal requirements, we have not audited the content of the components of the Combined Management Report mentioned under "OTHER INFORMATION."

In our opinion, based on the findings of our audit

- the accompanying Consolidated Financial Statements comply in all material respects with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (HGB) and give a true and fair view of the asset and financial positions of the Group as of December 31, 2022, and of its earnings situation for the fiscal year from January 1, 2022, to December 31, 2022, in accordance with these requirements; and
- the accompanying Combined Management Report as a whole provides a fair view of the Group's position. In all material respects, this Combined Management Report is consistent with the Consolidated Financial Statements, complies with German legal requirements, and suitably presents the opportunities and risks of future development. Our audit opinion on the Combined Management Report does not cover the content of the parts of the Combined Management Report mentioned under "OTHER INFORMATION."

In accordance with Section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the correctness of the Consolidated Financial Statements and the Combined Management Report.

Basis for the audit judgments

We conducted our audit of the Consolidated Financial Statements and the Combined Management Report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Regulation on Auditing of Financial Statements (No. 537/2014; herein-after "EU-APrVO") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions and standards is further described in the section "AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT" in our auditor's report. We are independent of the Group companies in accordance with European



law and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements.

In addition, we declare pursuant to Article 10 (2) (f) EU-Audit Regulation that we have not performed any prohibited non-audit services in accordance with Article 5 (1) EU-Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements and the Combined Management Report.

Key audit matter in the audit of the consolidated financial statements

Key audit matters are those matters which, in our professional judgment, were of the greatest importance in our audit of the Consolidated Financial Statements for the fiscal year from January 1, 2023, to December 31, 2023. These matters were considered in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

We have identified the following matter as key audit matter to be reported in our audit opinion:

Recoverability of goodwill

Facts

Goodwill amounting to EUR 9,187 thousand (previous year EUR 9,187 thousand) is reported under the balance sheet item "Goodwill" in the Consolidated Financial Statements of Masterflex SE, representing 9.8 % (previous year 10.2 %) of the consolidated balance sheet total. The goodwill has been allocated to cash-generating units.

Cash-generating units with goodwill are tested for impairment by the company as of December 31 of each fiscal year and whenever there are indications of impairment. The recoverable amount based on the value in use is determined using a valuation model based on the discounted cash flow method. If the carrying amount of a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized for the difference between the carrying amount and the recoverable amount.

The assessment of the recoverability of goodwill is complex and requires a number of estimates and judgments by the legal representatives, particularly with regard to the amount of future cash surpluses, the growth rate for forecasting cash flows beyond the detailed planning period and the discount rate to be used. Due to the significance of the amount of goodwill for the Consolidated Financial Statements of Masterflex SE and the significant uncertainties associated with its measurement, this is a particularly important audit matter.

Masterflex SE's disclosures on goodwill are included in Note 2 Goodwill, Note 3a) and Note 24 to the consolidated financial statements.

Audit response and findings

As part of our audit, we assessed the appropriateness of the key assumptions and discretionary parameters as well as the method of calculating the impairment tests by involving our valuation specialists. We have obtained an understanding of the planning system and process and of the significant assumptions made by the management in the planning. We have compared the forecast of future cash surpluses in the detailed planning period with the multi-year plan approved by the Supervisory Board. We verified the assumptions underlying the planning and the growth rates assumed in the forecast of cash flows beyond the detailed planning period by comparing



them with current industry-specific market expectations. In addition, we critically examined the discount rates applied on the basis of the weighted average cost of capital of a peer group. Our audit also included the sensitivity analyses performed by Masterflex SE.

Overall, we were able to assure ourselves that the assumptions made by the legal representatives in performing the impairment test and the valuation parameters used are comprehensible and lie within a reasonable range.

Other information

The legal representatives or the Supervisory Board are responsible for the other information. The other information comprises:

- the separate Non-Financial Group Report published on the parent company's website, to which reference is made in the "ECONOMIC REPORT" of the Combined Management Report.
- the Declaration on Corporate Governance contained in the section "CORPORATE GOVERNANCE REPORT" of the Combined Management Report.
- the other parts of the Management Report, with the exception of the audited Consolidated Financial Statements and Combined Management Report and our auditor's report.

Our audit opinions on the Consolidated Financial Statements and the Combined Management Report do not cover the other information and, accordingly, we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, evaluate whether the other information

- is materially inconsistent with the Consolidated Financial Statements, the Combined Management Report, or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there has been a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of the legal representatives and the supervisory board for the consolidated financial statements and the combined management report

Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (HGB) and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the management is responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to a going concern. Furthermore, they are responsible for preparing the financial statements on a going concern basis unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

In addition, the management is responsible for the preparation of the Combined Management Report that as a whole provides a suitable view of the Group's position and is consistent in all material respects with the Consolidated Financial Statements, complies with German legal requirements, and suitably presents the opportunities and risks of future development. Furthermore, the management is responsible for the arrangements and measures (systems) that it determines are necessary to enable the preparation of the Combined Management Report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the Combined Management Report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the Consolidated Financial Statements and the Combined Management Report.

Auditor's responsibility for the audit of the consolidated financial statements and the combined management report

Our objective is to obtain reasonable assurance as to whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Combined Management Report as a whole provides a suitable view of the Group's position and is consistent, in all material respects, with the Consolidated Financial Statements and with our audit findings, complies with German legal requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinions on the Consolidated Financial Statements and on the Combined Management Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU-APrVO and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with



ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these Consolidated Financial Statements and the Combined Management Report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore, we

- identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Combined Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than the risk of not detecting material misstatements resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misleading representations or override of internal controls.
- obtain an understanding of internal control relevant to the audit of the Consolidated Financial Statements and of the arrangements and actions relevant to the audit of the Combined Management Report in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of the going concern basis of accounting used by the legal representatives in making those risk assessments and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that could cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Combined Management Report or, if these disclosures are inappropriate, to modify our respective audit opinions. We draw our conclusions based on the audit evidence obtained up to the date of our audit opinion. However, future events or conditions can result in the Group being unable to continue as a going concern.
- assess the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that the Consolidated Financial Statements give a true and fair view of the asset, financial and earnings positions of the Group in accordance with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Section 315e para. 1 of the German Commercial Code (HGB).
- obtain sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements and on the Combined Management Report. We are responsible for directing, supervising and performing the audit of the Consolidated Financial Statements and are solely responsible for our audit opinions.
- assess the consistency of the Combined Management Report with the Consolidated Financial Statements, its legality and the overall presentation of the Group's position.



- perform audit procedures on the forward-looking statements made by the management in the Combined Management Report. In particular, based on sufficient appropriate audit evidence, we reproduce the significant assumptions made by the management regarding the forward-looking statements and evaluate the appropriateness of the information derived from these assumptions. We do not express an independent opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and, where relevant, the actions taken or safeguards implemented to address independence threats.

From the matters we discussed with those responsible for governance, we determine those matters that were of the greatest significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or other regulations preclude public disclosure of the matter.

Other statutory and legal requirements

Report on the audit of the electronic reproductions of the consolidated financial statements and the management report prepared for the purpose of disclosure in accordance with section 317 (3A) HGB

Audit opinion

Pursuant to Section 317 (3a) of the German Commercial Code (HGB), we have performed a reasonable assurance review to determine whether the financial statements contained in the attached file "Masterflex_KA_zLB_ESEF_31122023.zip" and prepared for disclosure purposes of the Consolidated Financial Statements and the Combined Management Report (hereinafter also referred to as the "ESEF Documents") comply in all material respects with the electronic reporting format requirements ("ESEF Format") pursuant to Section 328 (1) of the German Commercial Code (HGB). In accordance with German legal requirements, this audit extends only to the conversion of the information in the Consolidated Financial Statements and the Combined Management Report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the Consolidated Financial Statements and the Combined Management Report included in the above-mentioned attached file and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of Section 328 (1) of the German Commercial Code (HGB). We report on this audit opinion and on our audit opinions contained in the preceding "REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE ACCOMPANYING COMBINED MANAGEMENT REPORT" for the fiscal year from January 1, 2023 to December 31, 2023. In addition, we do not express any opinion on the information contained in these reproductions or on the other information contained in the aforementioned file.



Basis for the audit opinion

We conducted our audit of the reproductions of the Consolidated Financial Statements and the Combined Management Report contained in the above-mentioned attached file in accordance with Section 317 (3a) of the German Commercial Code (HGB) and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes in Accordance with Section 317 (3a) HGB (IDW PS 410 (06.2022)). Our responsibility thereafter is further described in the section “Auditor’s Responsibility for the Audit of the ESEF Documents.” Our auditing practice has applied the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1).

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The company’s management is responsible for the preparation of the ESEF documents containing the electronic reproductions of the Consolidated Financial Statements and the Combined Management Report in accordance with Section 328 (1) sentence 4 no. 1 of the German Commercial Code (HGB) and for the mark-up of the Consolidated Financial Statements in accordance with Section 328 (1) sentence 4 no. 2 of the German Commercial Code (HGB).

Furthermore, the management is responsible for the internal controls they deem necessary to enable the preparation of ESEF documents that are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) of the German Commercial Code (HGB) regarding the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the accounting process.

Auditor’s Responsibility for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance as to whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) of the German Commercial Code (HGB). During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore, we

- identify and assess the risks of material non-compliance with the requirements of Section 328 (1) of the German Commercial Code (HGB), whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit of ESEF documents in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.
- assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, regarding the technical specification for that file.
- assess whether the ESEF documents provide a consistent XHTML representation of the audited Consolidated Financial Statements and the audited Combined Management Report.
- assess whether the markup of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815, as applicable on the reporting date, provides an adequate and complete machine-readable XBRL copy of the XHTML rendering.



Other disclosures pursuant to article 10 EU APRVO

We were elected auditors by the Annual General Meeting on June 7, 2023. We were appointed by the Supervisory Board on December 20, 2023. We have served as auditors of the Consolidated Financial Statements of Masterflex SE since fiscal year 2020.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the audit committee pursuant to Article 11 EU-APrVO (audit report).

Other matters — Use of the audit opinion

Our audit opinion should always be read in conjunction with the audited Consolidated Financial Statements and the audited Combined Management Report and the audited ESEF documents. The Consolidated Financial Statements and the Combined Management Report converted to the ESEF format — including the versions to be entered in the register of companies — are merely electronic reproductions of the audited Consolidated Financial Statements and the audited Combined Management Report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

Auditor responsible

The auditor responsible for the audit is Dr. Marcus Falk.

Essen, March 26, 2024

BDO AG
Wirtschaftsprüfungsgesellschaft

signed Fritz
Certified Public Accountant

signed Dr. Falk
Certified Public Accountant



Glossary

Gross Domestic Product (GDP)	The total value of all goods and services produced by an economy for the market within a reporting period.
Cashflow	The flow of financial resources generated from the current period, adjusted for non-cash expenses and income. It shows the company's self-financing capability or earning power.
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBIT	Earnings before interest and taxes
EBT	Earnings before taxes
Extrusion	Procedure for the processing of plastics. The raw materials in granular form are crushed and heated in a so-called extruder until they are plasticised – i.e. moldable – so that they can be processed further.
FEP	Fluorinated ethylene propylene: fully fluorinated plastics with very high chemical resistance.
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
PFA, PTFE	Perfluoroalkoxy (PFA) and polytetrafluoroethylene (PTFE): two fluorinated plastics with very high chemical resistance.
Stage-Gate-Prozess	Model for the optimisation of innovation and development processes. Thus, objectives that were not or insufficiently included in such processes should also be taken into account. These could be about: focusing and prioritising, parallel developments at a faster pace, using cross-divisional teams or market orientation.
Working Capital	Current assets less current liabilities.



Imprint

Masterflex SE
Willy-Brandt-Allee 300
45891 Gelsenkirchen, Germany

Contact

Tel +49 209 97077 0
Fax +49 209 97077 33
info@MasterflexGroup.com
www.MasterflexGroup.com

Text & Editorial

CROSS ALLIANCE communication GmbH
www.crossalliance.de

Layout

FAME Sommer Kippenberg GmbH
www.fame-brand.com

Forward-looking statements

This annual report contains forward-looking statements. These statements are based on the current expectations, presumptions 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, the future developments and results are dependent on a large number of factors; they involve various risks and imponderables and are based on assumptions that may prove to be incorrect. We assume no obligation to update the forward-looking statements made in this report.

