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Nordic strategy drives revenue and earnings growth in the largest quarter

# Interim report 9M 2024/25

5 February 2025

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# Disclaimer

## **Forward-looking statements**

This interim report contains statements relating to the future, including statements regarding Matas Group's future operating results, financial position, cash flows, business strategy and future targets. Such statements are based on Management's reasonable expectations and forecasts at the time of release of this report. Forward-looking statements are subject to risks and uncertainties and a number of other factors, many of which are beyond Matas Group's control. This may have the effect that actual results may differ significantly from the expectations expressed in the report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive conditions, supplier issues and financial and regulatory issues, IT failures as well as any effects of healthcare measures that are not specifically mentioned above.

# Agenda

- |           |  |  |
|-----------|--|--|
| <b>01</b> | Group CEO comments and strategy update | Gregers Wedell-Wedellsborg                         |
| <b>02</b> | Financial results for Q3 2024/25       | Per Johannesen Madsen                              |
| <b>03</b> | Q&A                                    | Gregers Wedell-Wedellsborg & Per Johannesen Madsen |

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# 01 Group CEO comments and strategy update

Gregers Wedell-Wedellsborg

Group CEO

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# Nordic strategy drives revenue and earnings growth in the largest quarter

## Accelerated profitable growth in Q3

### 7.7% growth YoY

Group proforma currency neutral  
(Q2: 6.8%, Q1: 6.1%)

### 17.6%

EBITDA margin before special items  
(vs. 17.0% proforma currency neutral in Q3  
2023/24)

### 11.5%

EBITDA before special items growth  
(currency neutral)

## Q3: performance in largest quarter

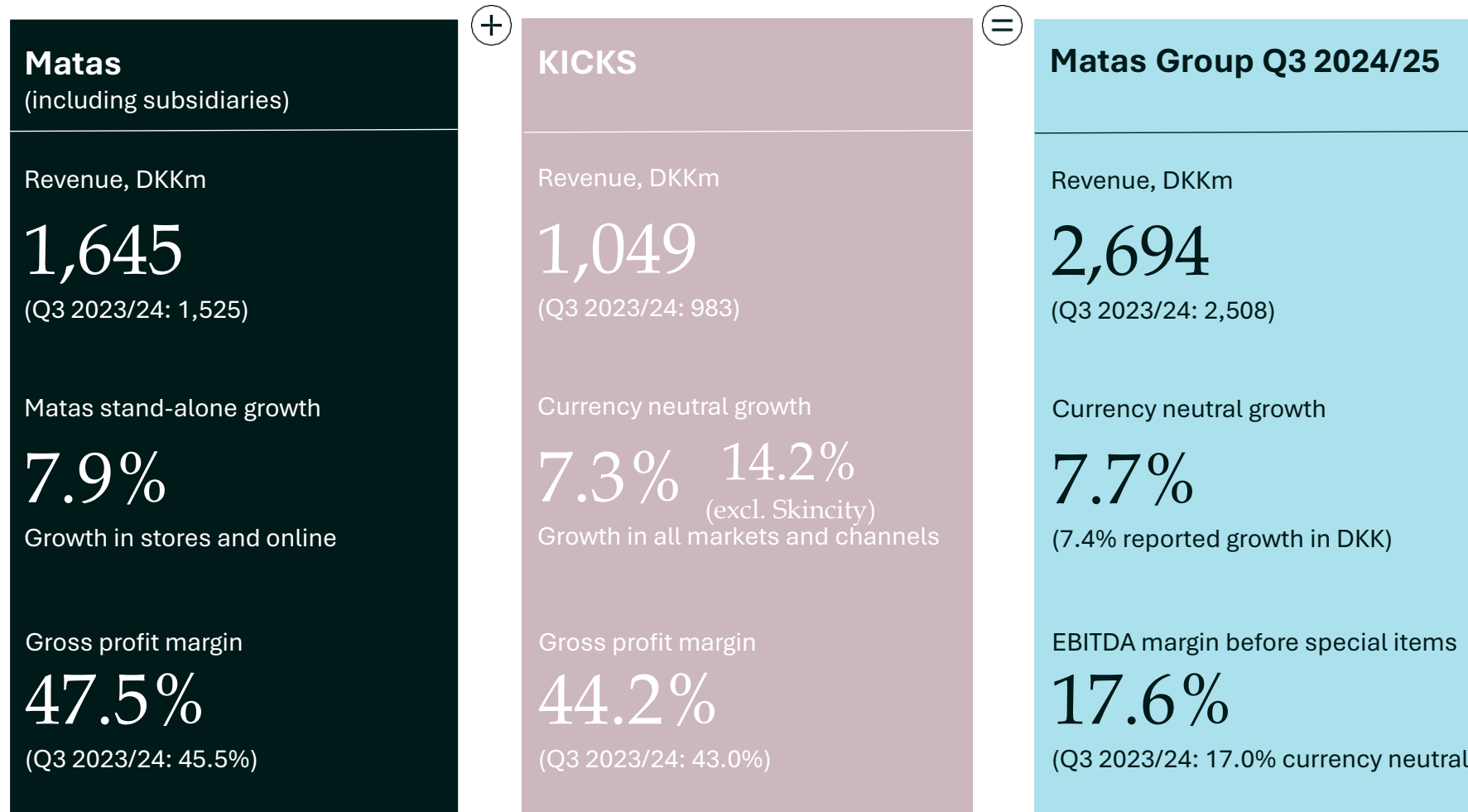
- ✓ **Revenue synergies gaining traction:**  
Growth in all channels and all markets.  
KICKS online grew 23.3% (excl. Skincity)
- ✓ **Improved margins** despite dilution from continued investments, e.g. marketing and pricing, Skincity integration, KICKS in-house brands reset, and capability building
- ✓ Now serving **more than 6 million** Nordic club members with better deals

## Guidance maintained (revenue guidance was upgraded on 7 January)

- ✓ Revenue growth of 6.5% to 7.5%  
exchange rate adjusted ~ 4.6% to 6.6%
- ✓ 14.5% to 15.5% EBITDA margin  
before special items (unchanged)
- ✓ CAPEX of DKK ~650 million  
(unchanged)  
- including DKK ~325 million for Matas' Logistics Center



# Financial highlights Q3 2024/25: Growth of 7.7% currency neutral and improved EBITDA margin of 17.6% before special items



# Six strategic priorities to Win the Nordics: Continued progress in Q3 - synergies on track

All for you					
More for you		Closer to you		Stronger for you	
<p>Roll out "one-stop" offering and concept</p>	<p>Expand and improve portfolio of in-house brands</p>	<p>Take e-commerce market shares and fuel omni-experience</p>	<p>Refresh, upgrade and open stores</p>	<p>Integrate and share to operate efficiently</p>	<p>Build long-term platform and culture</p>
<ul style="list-style-type: none"> <li>✓ Launch of high-demand brands in both Matas &amp; KICKS</li> <li>✓ Investments in improved price perception</li> </ul>	<ul style="list-style-type: none"> <li>✓ Matas Striber activation in KICKS</li> <li>✓ Launch of KICKS in-house brand Atelier Rouge in Matas online</li> </ul>	<ul style="list-style-type: none"> <li>✓ Membership growth: &gt;6m Nordic members</li> <li>✓ Online growth 23% in KICKS and Matas 17%</li> <li>✓ Customer satisfaction maintained at a high level</li> </ul>	<ul style="list-style-type: none"> <li>✓ Helsinki flagship store opened in prime location in October</li> <li>✓ 2 store upgrades (DK) and 2 store reopening's in larger formats (NO) in Q3</li> <li>✓ Net 6 more stores vs. last year</li> </ul>	<ul style="list-style-type: none"> <li>✓ Synergy realisation on track for 2025/26</li> <li>✓ Skincity migrating to KICKS by year-end 2024/25</li> </ul>	<ul style="list-style-type: none"> <li>✓ KICKS Logistic Center delivering</li> <li>✓ Matas' Logistics Center on plan and now in test phase</li> <li>✓ Matas ranked as a top 20 employer in Denmark</li> </ul>

# More for you: High-demand brand launches continue in Matas and KICKS

**KICKS** launched ACO (skincare), first time outside of pharmacy channel



**Niche fragrance universe** launched ahead of gifting season, new on kicks.se, updated on Matas.dk

kicks.se



matas.dk



**Matas** continued to launch brands across categories (examples below)

Foundation



Sport



Baby brand  
(dropship solution)  
**moonboon**  
designed for better sleep

Derma skincare  
**Aveeno**

Matas launched 61 new brands in Q3 and KICKS 16 new brands, including brands to strengthen our position within Haircare and Skincare



# More for you: KICKS in-house brand Atelier Rogue launched in Matas and activation of Matas Striber in KICKS continued

KICKS in-house brand Atelier Rogue (make-up, nailpolish) launched in Matas



Follows the launch of KICKS in-house brand BeautyAct in Matas in 2023/24

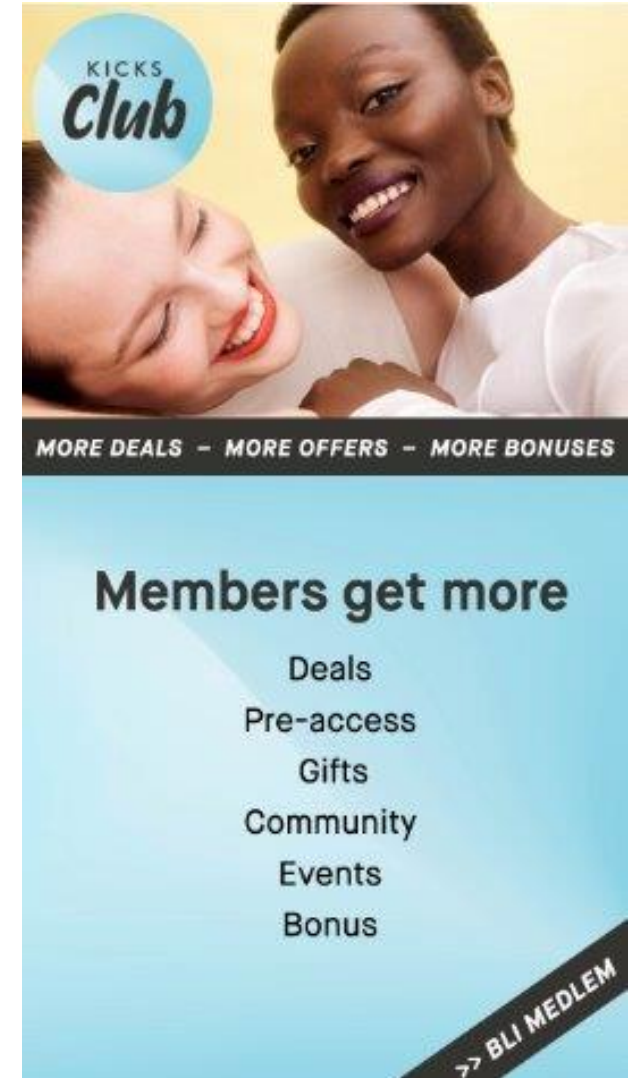
Activation of Matas Striber in KICKS continued after September launch



## Closer to you: Better deals for our now more than 6 million Nordic Club members



- ✓ **More than 6 million Club Members:**
  - ✓ Matas: >2 million
  - ✓ KICKS: almost 4 million members, including >1 million in Norway
- ✓ Member satisfaction (NPS) continues to improve
- ✓ Mainly younger demographics
- ✓ Shopping across more categories and channels



## Stronger for You: Automated logistics – our platform for long-term profitable growth – Matas Logistics Center now completed and in a planned test phase



✓ Building completed







✓ Automation installed



✓ Test phase started

✓ **On budget, on scope, on time to open in H1 2025**

# Synergy realisation on track to achieve DKK >140 million EBITDA improvement by 2025/26

	KICKS standalone improvements	Group synergies		
<b>Synergies:</b>	Secure <b>integration of Skincity</b> in KICKS and <b>go-live of new automated</b> logistic centre	Implement <b>Nordic organisation</b> with reduced FTEs and operational excellence	Secure <b>best terms with suppliers</b> by implementing new Group contracts	<b>Scale and best practice sharing:</b> <ul style="list-style-type: none"> <li>✓ Distribution &amp; IT</li> <li>✓ Retail media</li> <li>✓ Loyalty</li> <li>✓ Assortment expansion</li> <li>✓ Commercial Excellence</li> </ul>
<b>Expected value at transaction:</b>	<b>DKK ~40 million EBITDA</b> uplift with full effect in 2024/25	Minimum <b>DKK 100 million EBITDA</b> improvement by 2025/26		
<b>Status of track:</b>	 100% completed DKK >40 million realised	 100%	 On track	 On track



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## 02 Financial results Q3 2024/25

Per Johannesen Madsen

Group CFO

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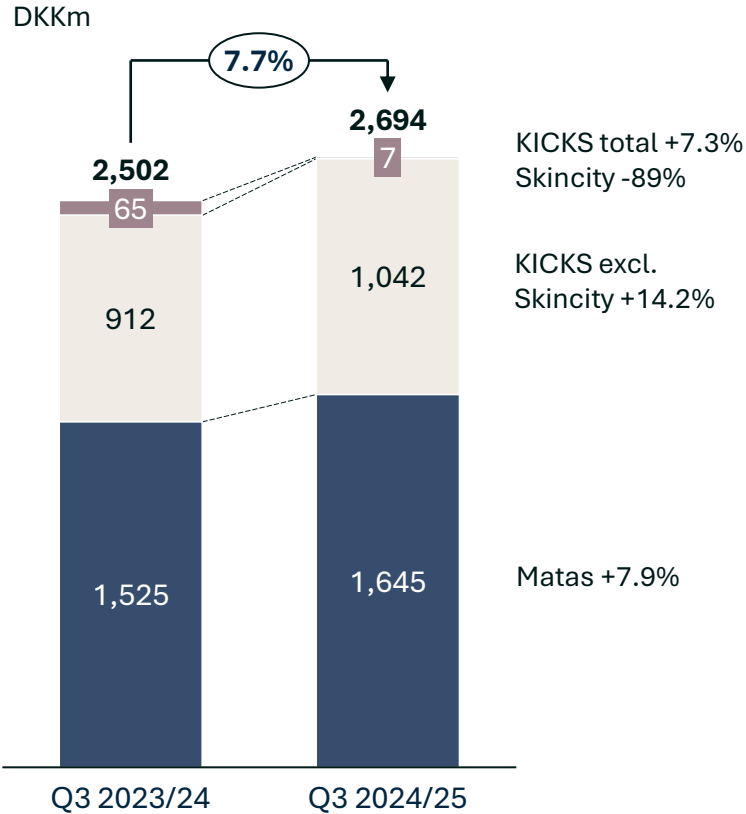
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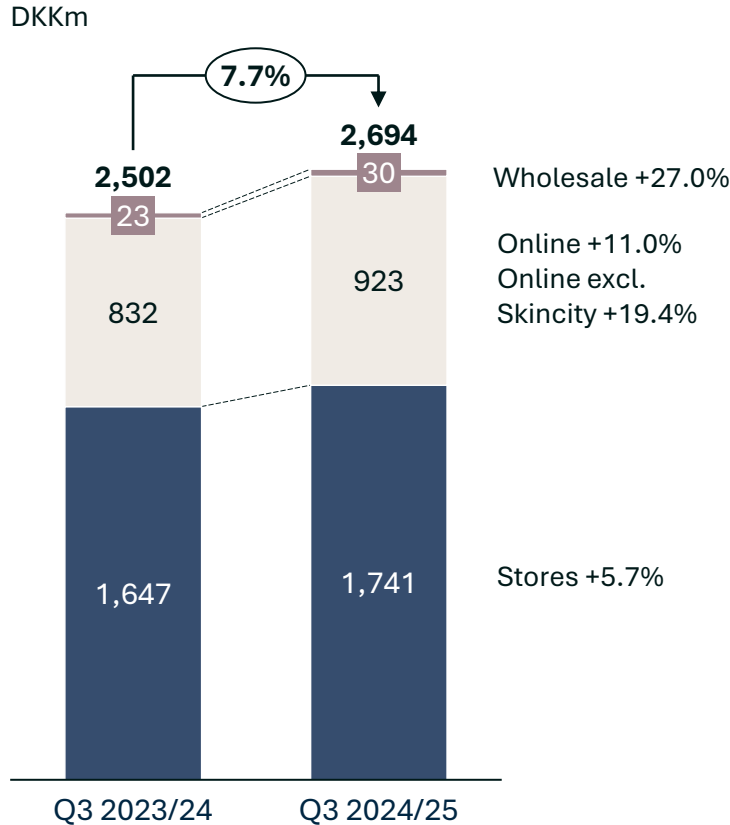


# Revenue performance: Group revenue growth of 7.7% currency neutral in Q3. Group core online growth of 19.4%

## Revenue by banner (currency neutral)



## Revenue by channel (currency neutral)



## High growth in both banners

### Group core online growth of 19.4% in Q3

- E-commerce playbook in KICKS: +23.3% excluding Skincity (currency neutral)
- Assortment driven online growth in Matas: +17.3%

### Store growth across all markets

- Like-for-like growth in stores in Matas and KICKS and basket size increasing
- Net 6 more stores in Q3 vs. last year

### Offset by Skincity migration

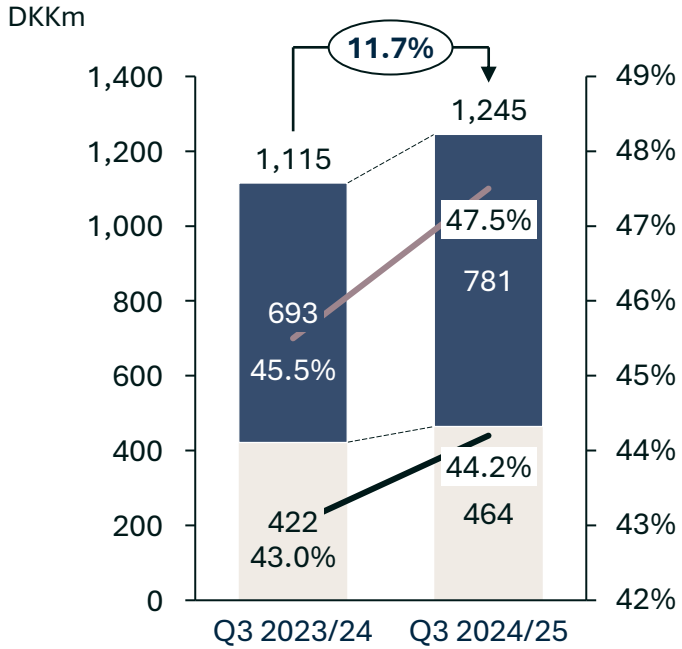
- Moving Pro Skin offering into KICKS
- Limited campaigns in Skincity

■ Matas                      ■ Skincity  
■ KICKS excl. Skincity

■ Stores   ■ Online   ■ Wholesale

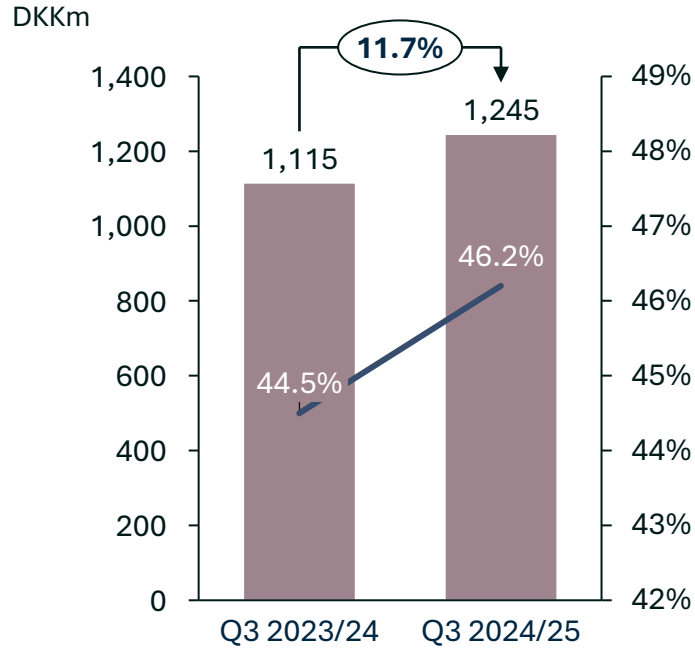
# Gross margin above last year at 46.2% in Q3, against 44.5% last year

## Gross margin by banner



- Gross profit KICKS
- Gross profit Matas
- Gross margin KICKS
- Gross margin Matas

## Group gross margin



- Gross profit
- Gross margin

## Growth with improved gross margin

### Gross margin improvement in Matas

- New assortment driving improved margin
- More support from suppliers on growth initiatives
- Sourcing synergies

### Gross margin improvement and investment in KICKS

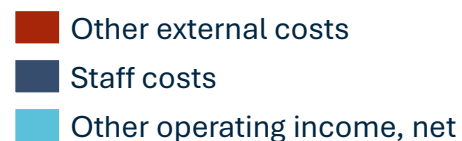
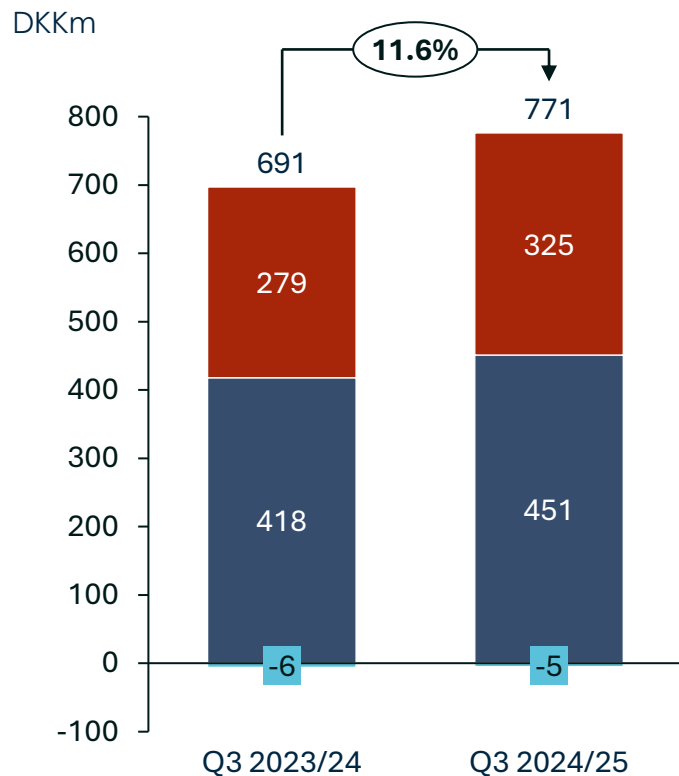
- More support from suppliers on growth initiatives
- Price competitiveness
- In-house brands reset; fewer and stronger

### Dilution due to Skincity migration

- Gross margin dilutive – in the short-term
- EBITDA margin accretive

# Costs are growing as expected and ahead of revenues in Q3, investments supporting growth in the quarter and our strategy to Win the Nordics

## Group costs



## Staff costs

### Growth and inflation offset by synergies

- Staff cost on par with last year currency neutral (16.7% of revenue)

### Mitigating salary inflation

- Workforce planning – stores and online
- Streamlined approach

### Building capabilities to drive growth

- Pricing excellence
- Assortment specialists
- E-commerce

### KICKS Logistics Center efficiencies

- Progressing towards targets, more efficiencies to come (learning curve)

## Other external costs

### Online growth driving variable costs

- Shipping costs driven by order volumes
- Faster deliveries
- Execution of assortment expansion

### Marketing investments

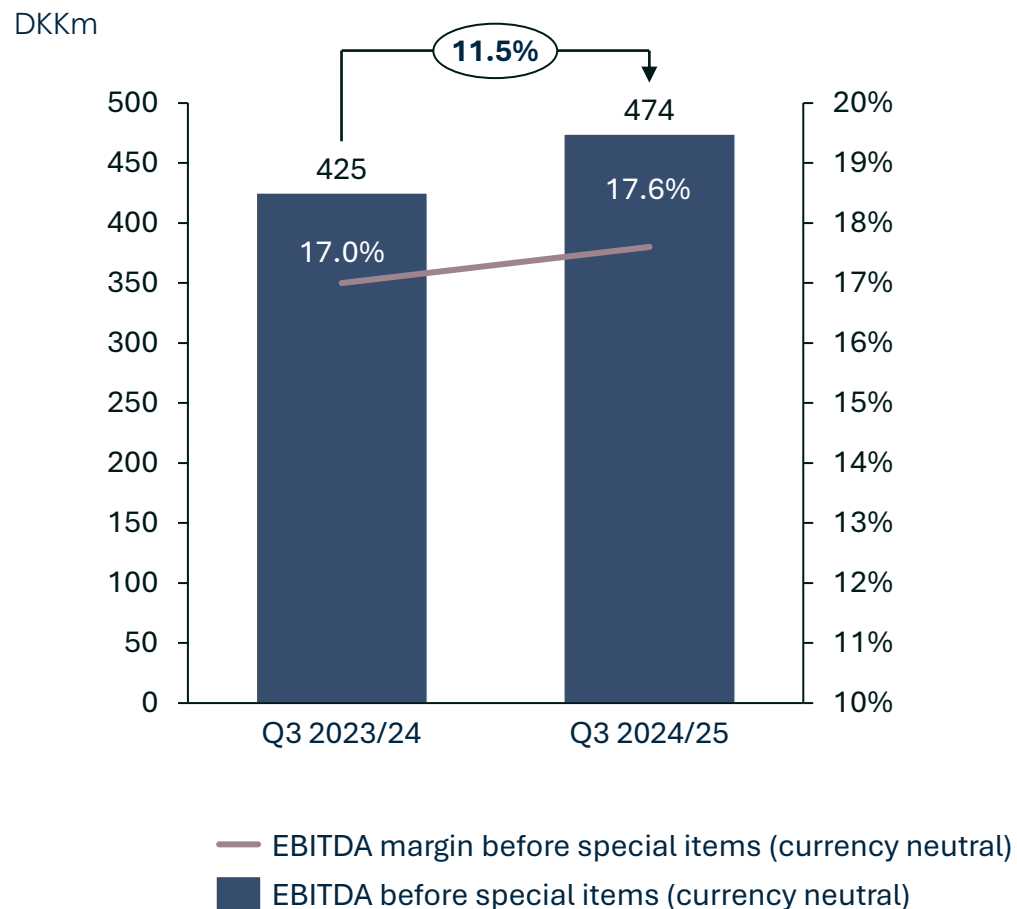
- Share of voice in the markets
- Assortment expansion awareness
- Discretionary decision

### Other

- Nordic efficiencies and synergies

# EBITDA before special items grew 11.5% currency neutral, margin improved from Q3 last year

## EBITDA and EBITDA margin before special items



## Summary for Q3

### Revenues

- Core online growth of 19.4% (excluding Skincity, currency neutral)
- Like-for-like growth in stores

### Gross margin

- Improved margins from assortment expansion, more support from suppliers on joint growth initiatives and sourcing synergies
- Partly reinvested in competitive pricing in KICKS

### Costs

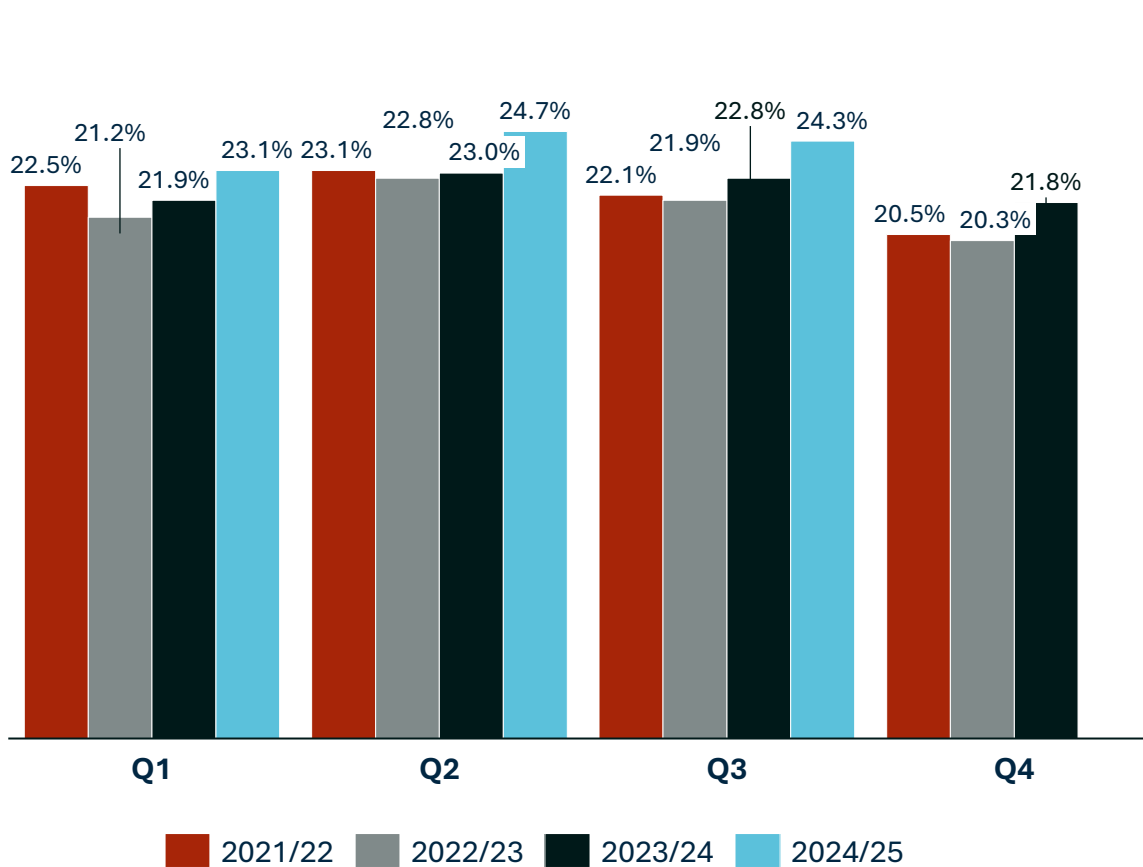
- Building capabilities to execute on Win the Nordic strategy
- Growth and inflation driving costs, offset by synergies

### EBITDA growth and margin

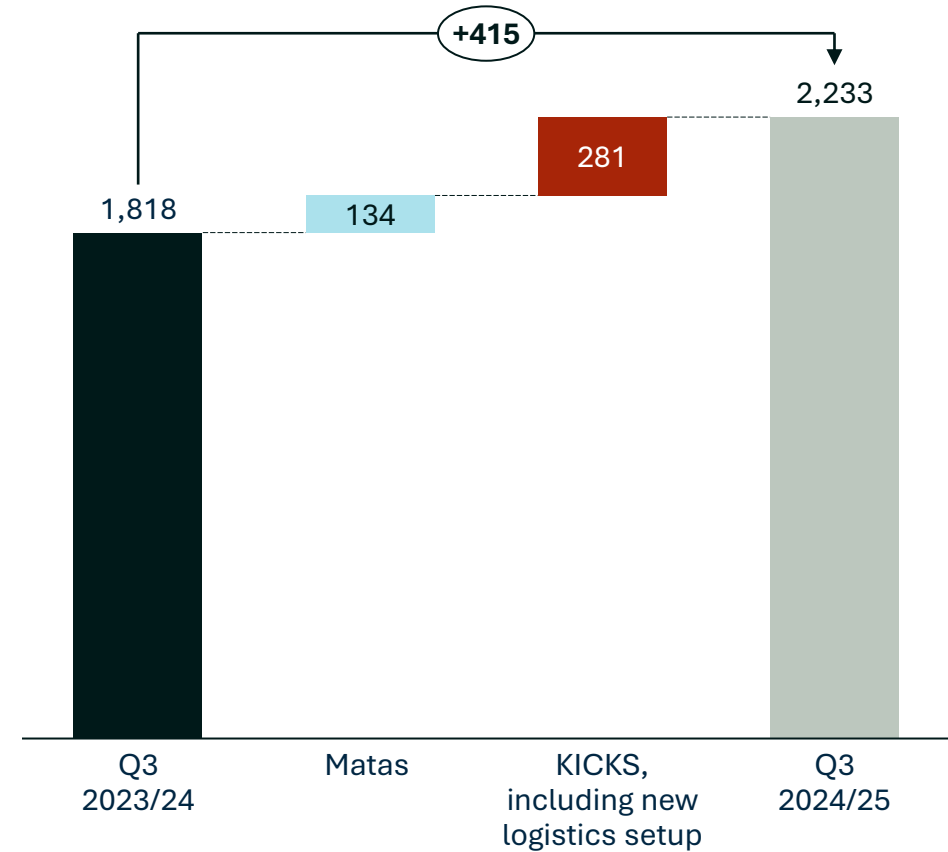
- EBITDA growth above revenue growth in Q3
- Planned “playbook” margin investments to deliver on Win the Nordics
- Margin improved from Q3 last year

Inventories increase YoY driven by increased sales, assortment expansion and better product availability in KICKS. Inventories reduced by DKK 163 million in the quarter

**Inventories per quarter in % of LTM revenue (excl. KICKS)**



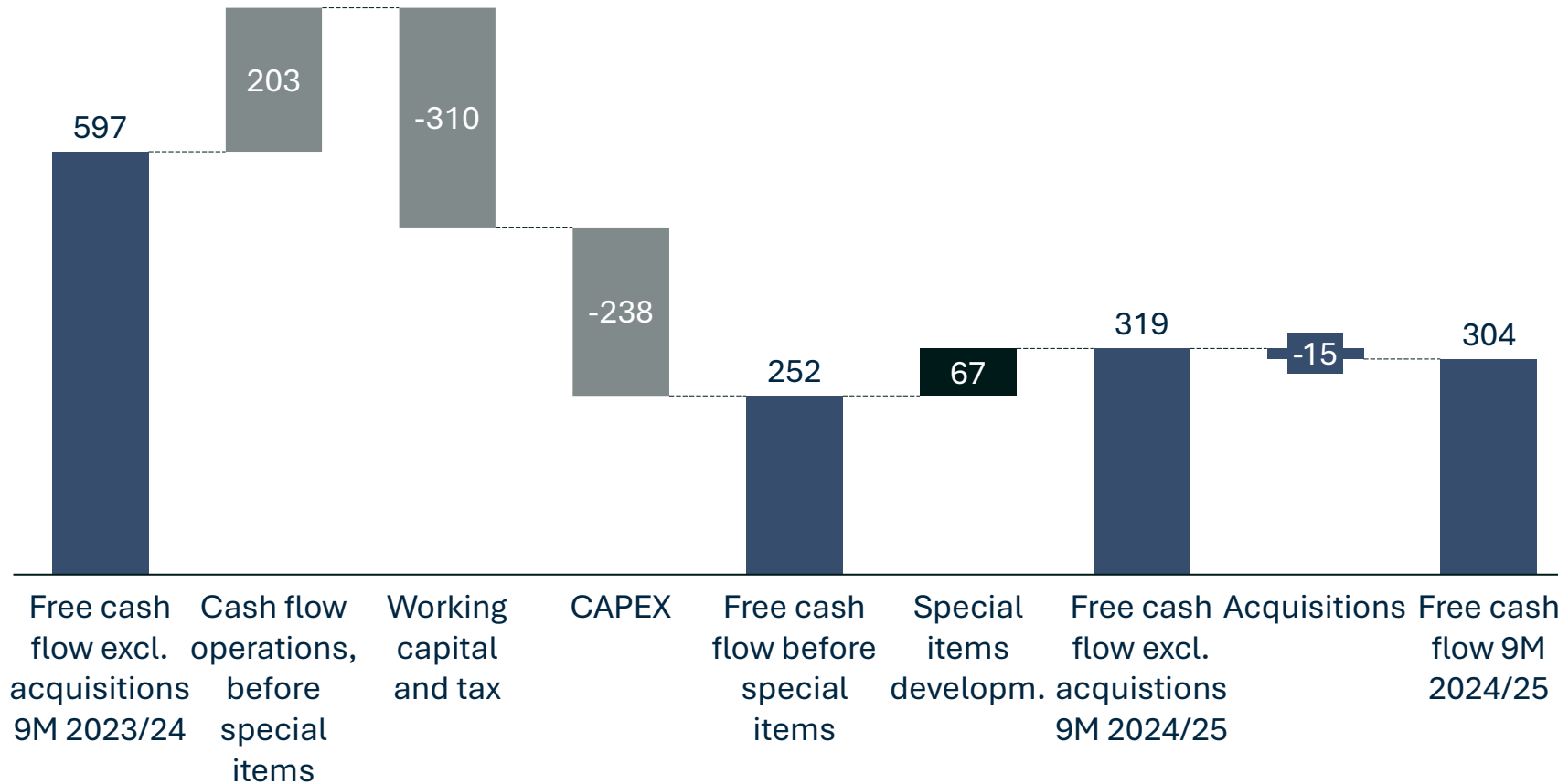
**Change in inventories DKKm**





# Free cash flow from operations increased. Working capital impacted by new logistics setup in KICKS. CAPEX mainly reflecting investment in Matas Logistic Center

**Matas Group free cash flow development** 9M 2023/24 – 9M 2024/25 DKKm

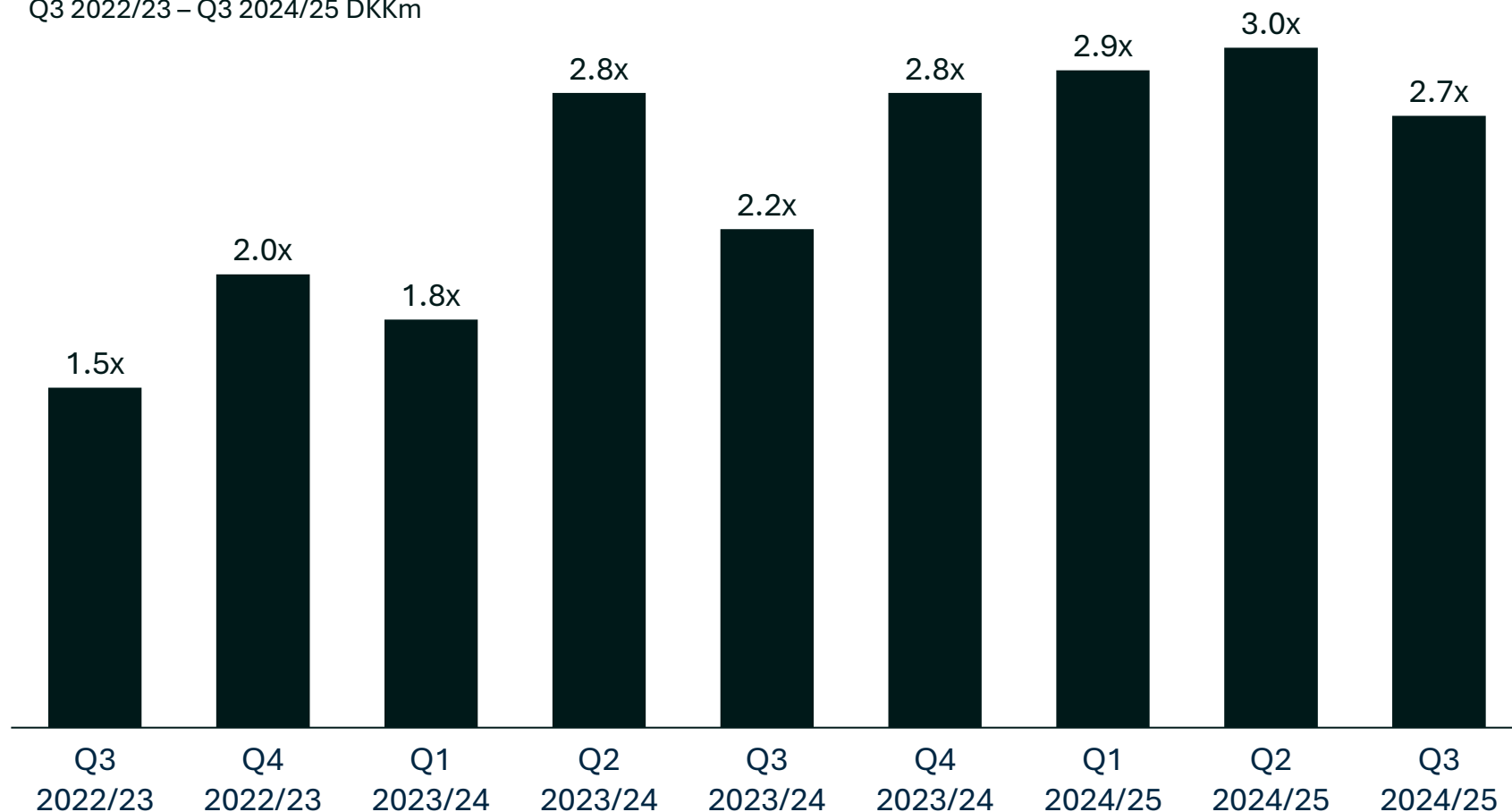


- Cash flow from operations before special items improved by DKK 203 million in 9M 2024/25
- Net change in working capital was driven mainly by increased inventory, reflecting new logistics setup in KICKS
- CAPEX spend mainly reflects investment in Matas’ Logistics Center, which is in a test phase as planned and original estimate for Matas Logistic Center is unchanged

# Gearing

## Matas Group NIBD / LTM EBITDA before special items

Q3 2022/23 – Q3 2024/25 DKKm



- Gearing decreased to 2.7x in Q3 2024/25, due to decreased net debt from inventory reduction in Q3
- Long-term target remains unchanged with a gearing of between 2.0x and 3.0x
- In Q3, Matas increased its Revolving Credit Facility

# Financial guidance for 2024/25: Guidance maintained after revenue guidance upgrade on 7 January 2025

## Baseline: Proforma 2023/24

(if owned KICKS for the full year)

Proforma revenue, DKKm

**7,834**

Based on actual exchange rates

Proforma EBITDA margin  
(before special items)

**14.3%**

## Original financial guidance 2024/25

Underlying revenue growth  
(currency neutral)

 **4-7%**

~3.2-6.2% exchange rate adjusted\*\*\*

EBITDA margin (before special items)

 **14.5 - 15.5%**

CAPEX, excluding M&A, of DKKm

 **~650**

including DKKm ~325 for  
Matas Logistics Center

## 15 November 2024:

Revenue guidance narrowed

**5-7%**

~4.6-6.6% exchange rate adj.\*\*

## 7 January 2025:

Revenue guidance upgraded

**6.5-7.5%**

~6.3-7.3% exchange rate adj.\*

### Assumptions:

The currency neutral financial guidance is based on actual rates in 2023/24 for NOK/DKK of 0.647 and SEK/DKK of 0.648.

\* The 7 January 2025 exchange rate adjusted revenue guidance for 2024/25 is based on actual rates for 9M 2024/25 and forward rates for Q4 2024/25 for NOK/DKK of 0.634 and SEK/DKK of 0.651

\*\* The 15 November 2024 exchange rate adjusted financial guidance for 2024/25 is based on actual FX rates for H1 and forward rates for H2 for NOK/DKK of 0.621 and SEK/DKK of 0.643 as of 13 November 2024.

\*\*\*The original exchange rate adjusted financial guidance for 2024/25 was based on forward rates for NOK/DKK of 0.626 and SEK/DKK of 0.638 as of 14 May 2024.

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03  
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Thank you!

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