Capital Markets Day 2021

Copenhagen August 18, 2021

matas

Agenda

Today’s presenters

Gregers Wedell-Wedellsborg
CEO

Anders T. Skole-Sørensen
CFO

Brian Andersen
Ecommerce Director

Lise Ryevad
Commercial Director

Christian Schmidt
Retail Director

Michael Shin
Brands Director

Brian Gøbel-Poulsen
Logistics Director

1.0

Point of Departure: ”Renewing Matas”

Gregers Wedell-Wedellsborg
CEO

matas

Point of Departure:

”Renewing Matas”

The "Renewing Matas" 5-year strategy plan launched in 2018 has delivered results **across all five tracks**

1	**Live our purpose** Beauty & Wellbeing for Life	• Improved brand to become #3 best brand in Denmark • ~20% increase in matas.dk satisfaction since 2018/19
2	**Win online** From top 3 to undisputed market leader	• Matas.dk is 2nd most used webshop in Denmark • +600% growth on matas.dk since 2017/18 • Profitability increased significantly to almost match stores
3	**Consolidate & refresh stores** Adapt the network & shopping experience	• Store footprint at 264 – all but two have been profitable despite covid-19 restrictions in 2020/21 • 49 store upgrades in the last 3 years
4	**New growth** Build the next destination categories	• +29% growth in Health & Wellbeing since 2017/18 • Added 11 digital verticals through acquisition of Firtal • Added #1 Danish make-up to own brand portfolio
5	**Change how we work** Enabling and funding the transformation	• DKK ~75M cost savings reinvested in digital growth • MLC Project initiated with building plot secured • Revitalized culture and competencies

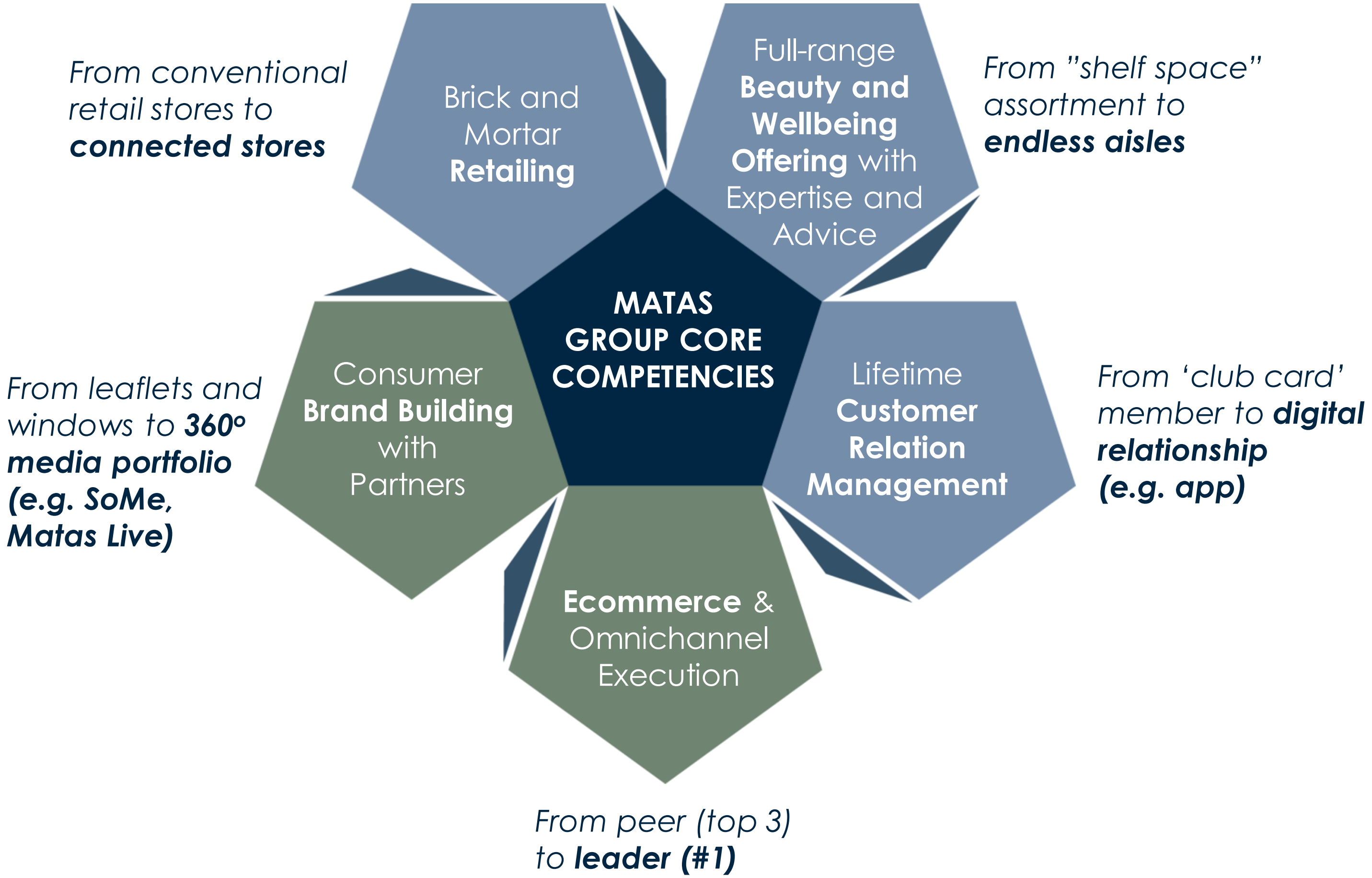
The **major milestones:** Strategy has been executed both organically and through M&A

- **June 2018** – *Launch of **Same Day Delivery***
- **August 2018** – *Acquisition of **Firtal Group***
- **March 2019** – *Acquisition of **Kosmolet***
- **August 2019** – *Opening of **webshop logistics** at 7,000 sqm warehouse in Humlebæk*
- **October 2019** – *Acquisition of **Din Frisør Shop***
- **June 2020** – *Acquisition of minority stake in **Miild***
- **Sep'-Nov' 2020** – *Winner of **"Ehandelsprisen"** by Dansk Erhverv and **"MMM Prisen"** by Detailforum*
- **January 2021** – *Launch of subscription services and recurring revenue stream through **Club Matas Plus***
- **March 2021** – *Matas Group's ecommerce business reaches **DKK 1 billion in LTM revenue***
- **April 2021** – *Acquisition of **Web Sundhed** and parthership with **Webapoteket***
- **May 2021** – *Launch of **health initiatives** with Aktiviva, shop-in-shop and partnerships*

We are now a digital company

We are now a digital company **across all functions and roles**

The **core competencies have been digitized** and new competencies added to build a platform for **future growth and profitability**

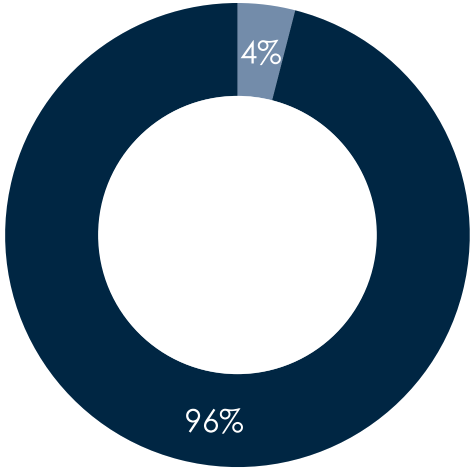


We are now a digital company **leading the online market**

Matas has undergone a very **fast and successful digital transformation** to become the leading omnichannel retailer in beauty and wellbeing

2017/18: DKK 3.5B
Brick & mortar retailer

Matas Group Revenue Split
2017/18, DKK M / %



3-year digital transformation

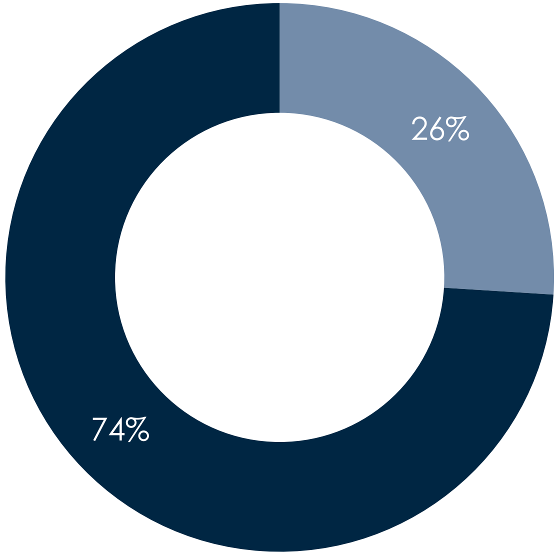
DKK 1,100,000,000

Digital Revenue in 2020/21
(2017/18: DKK 123M)

Stores   Digital

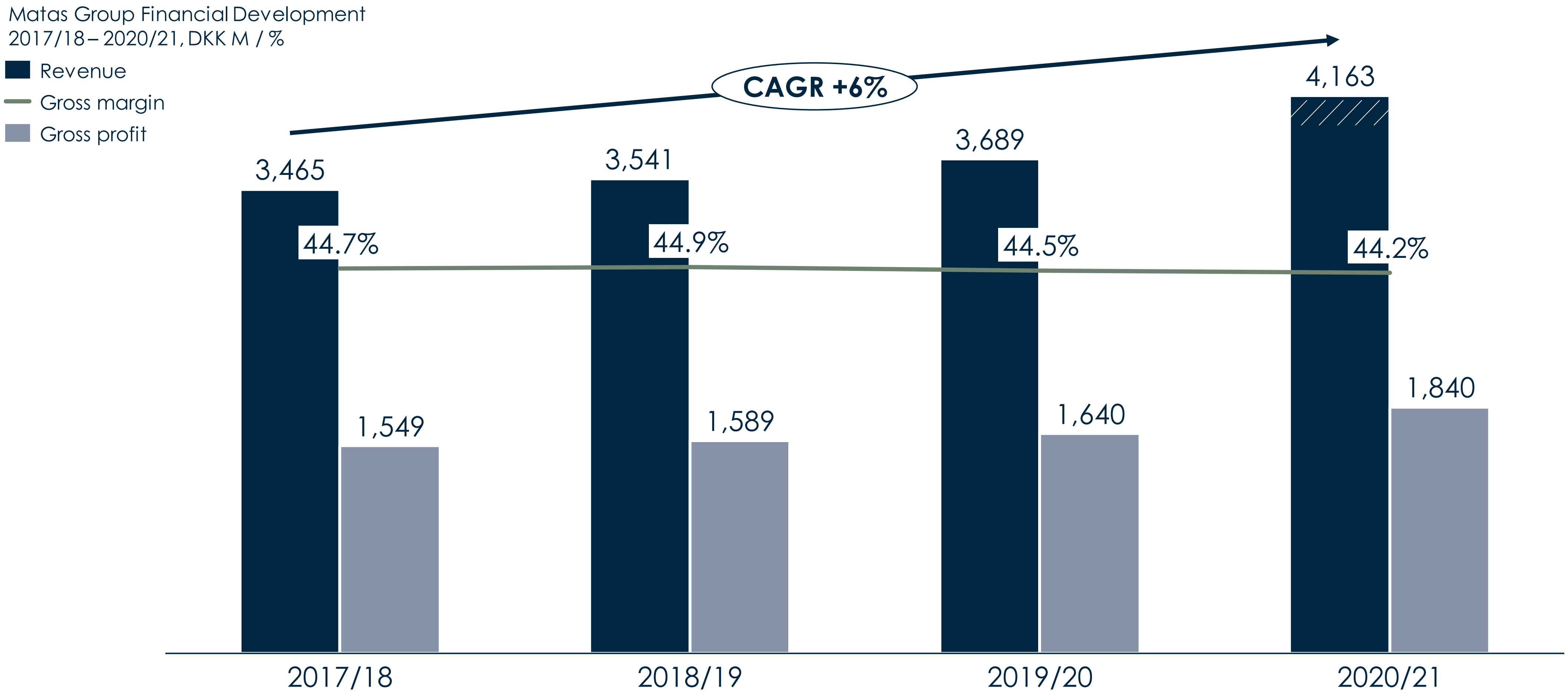
2020/21: DKK 4.2B
Omnichannel retailer

Matas Group Revenue Split
2020/21, DKK M / %

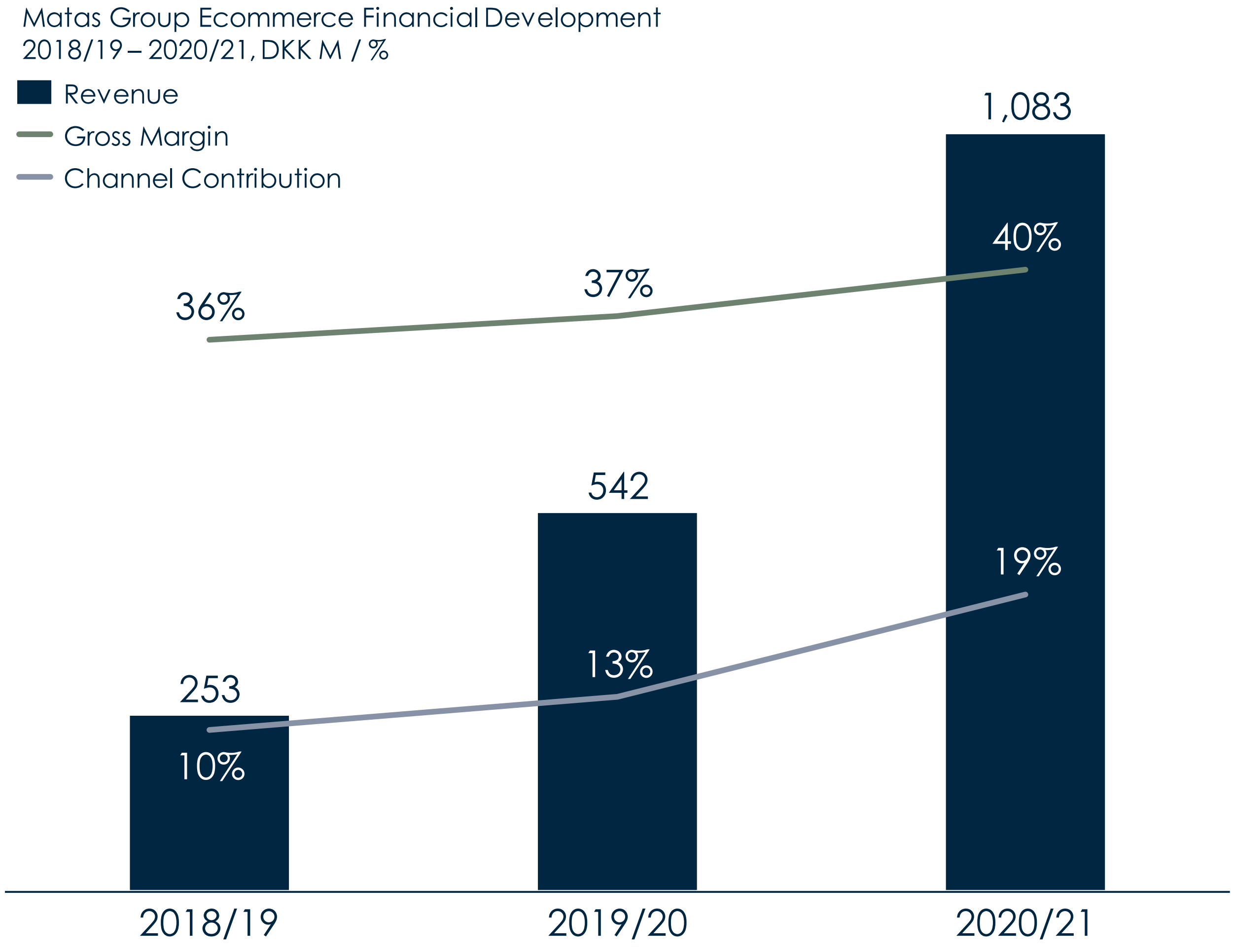


We are now a digital company
with a profitable business model

Revenue growth of 6% p.a. (including Covid-19 tailwind) achieved while **sustaining gross margins** despite margin erosion from channel shift



Superior online profitability due to **omnichannel synergies** and **scale effects**



Sales synergies: Cross-selling & CLV*

Sourcing synergies: Buying power

Marketing synergies: CAC** & mROI

Fulfillment synergies: Click & Collect

Staff synergies: Shared services

Note: Channel Contribution is Gross Margin less personnel -, marketing -, and freight costs
Note: *) CLV = Customer Lifetime Value; **) CAC = Customer Acquisition Costs

We are now a digital company **with competitive advantages**

Matas has built a number of assets to fend off the anticipated competitive pressure and **capture growth and value**

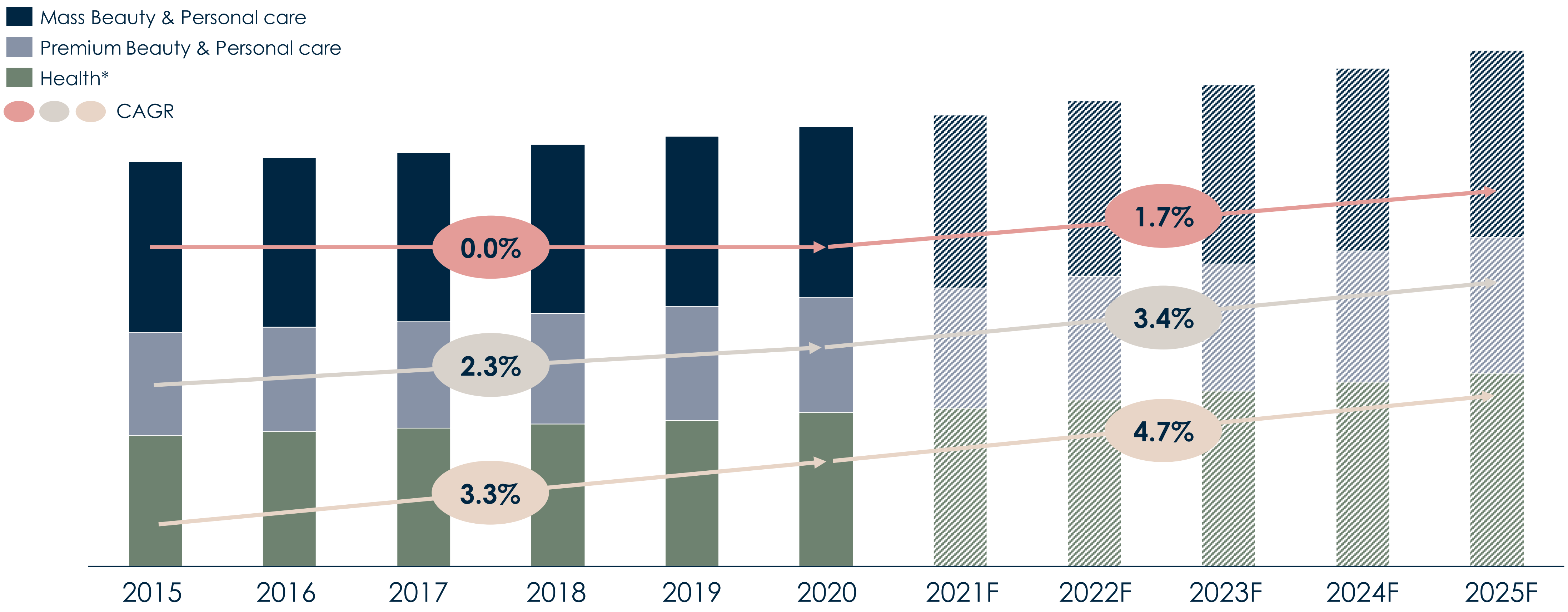
Assets & Capabilities	KPI trend	Key facts
Matas' brand	↗	• #2 strongest brand overall in DK, #1 in Health & Beauty (YouGov)
Club Matas	↗	• 1.7M members of which 1.5M are active • 70% of Danish women between age 18 and 65
Omni-channel	↗	• +600.000 omnichannel customers (spend 2x offline customers) • 264 local stores with trained staff, endless aisles and high NPS
Own digital channel	↗	• Customer satisfaction for matas.dk at record highs, with NPS at 68 • Same day delivery available for ~50% of Danish consumers
Portfolio: Price fighter channels	↗	• Firtal Group has a low cost operating model and 11 webshops
Own media & content	↗	• Monthly reach of 1.8M persons across channels • Significant growth in own digital media portfolio and reach
House brands	→	• 16% of Matas sales* from House Brands, incl. private label • 47% private label share in Mass Beauty
Selective distribution/Authorized Dealer	→	• 39% of Matas sales* from High End Beauty with selective distribution • Access to exclusives, news, content and marketing support
Commercial model: Dynamic pricing	↗	• High campaign share limits competitive exposure • Every Day Low Price on key value items

Note: *) Matas Sales only represents sales through Matas stores and matas.dk

We are now a digital company **with long-term growth prospects**

Euromonitor forecasts the underlying Danish Health & Beauty **market to support our long-term growth** by 2-4% p.a. with some post-covid volatility

Danish Health, Beauty & Personal care market 2015-2025, CAGR %



Note: *) Excludes prescription and pharmacy restricted OTC products, **) Assuming inflation rate of 1.5% p.a.
Source: Euromonitor

The market is characterized by a set of **fundamentals that makes it highly attractive**

Market **outgrowing general economy** for numerous years expected to continue due to continued demographic and lifestyle evolution

Evergreen need for inner and outer beauty, **continuously growing the Health & Beauty market**

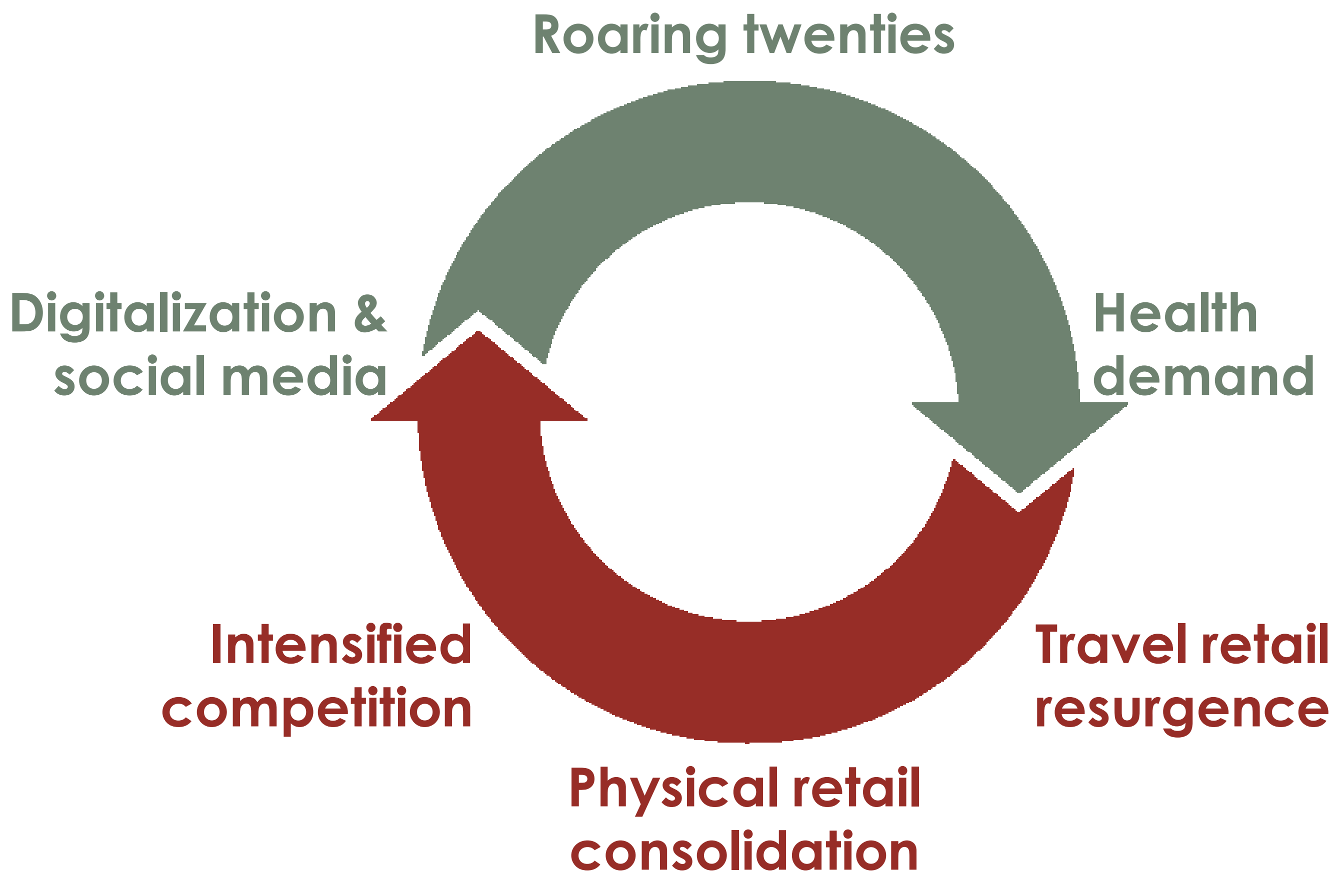
Large profit pools to be shared across the entire value chain due to limited commoditization

Consumer preferences for **brands, newness, experience** and **advice** drives differentiation and premiums

Massive innovation in the **consumer health space** opening new growth opportunities

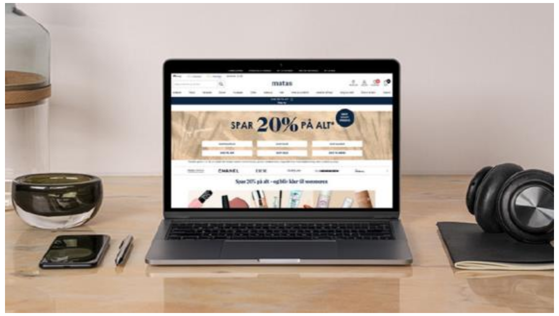
Resilient to economic cycles with Mass beauty, High-end beauty and Health categories

Looking ahead, the Health & Beauty market is expected to **outgrow the general economy** with six major factors affecting the future



The digital core competencies allow for three addressable **expansion opportunities** and one medium-term opportunity

Digital core competence



Ecommerce

Expand with
new categories
in Denmark

Health

Broaden
health offering
online and in-store

Brands

Build **Nordic brands**
through own and third
party channels

International

Sell own and
partner brands
online

We now aim to put Matas on a
long-term sustainable growth trajectory

2.0

Introducing New Strategy: "Growing Matas Group"

Gregers Wedell-Wedellsborg
CEO

Introducing New Strategy:

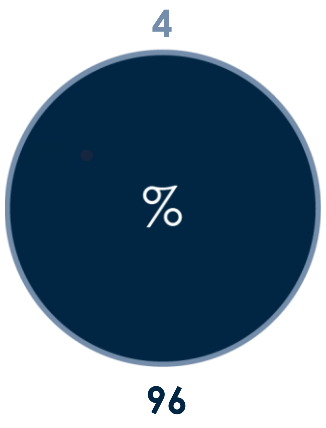
"Growing Matas Group"

The Matas Group Purpose:
Health and beauty for life

Ambition is to accelerate growth by **doubling the digital revenue** and build a **digital health and beauty group** towards 2025/26

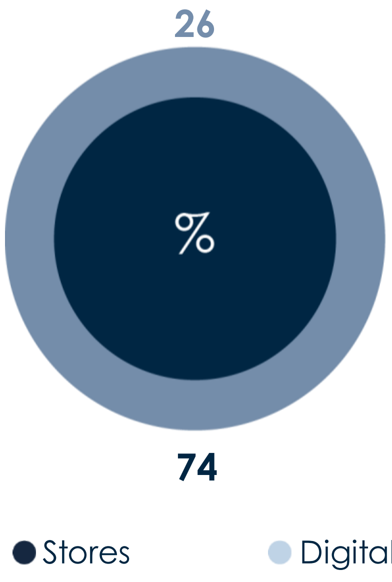
2017/18:
Brick & mortar retailer

Matas Group Revenue Split
2017/18, %



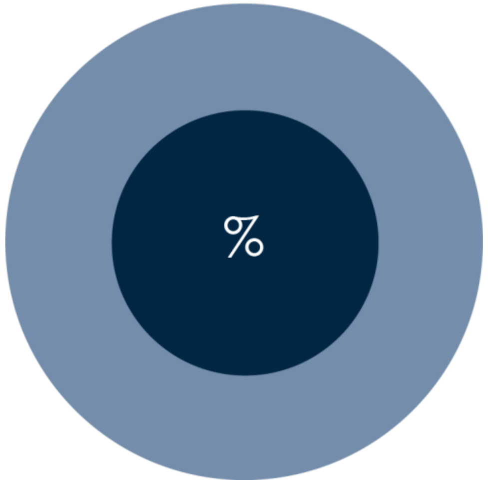
2020/21:
Omnichannel retailer

Matas Group Revenue Split
2020/21, %



2025/26:
Health & Beauty Group

Matas Group Revenue Split
2025/26, %



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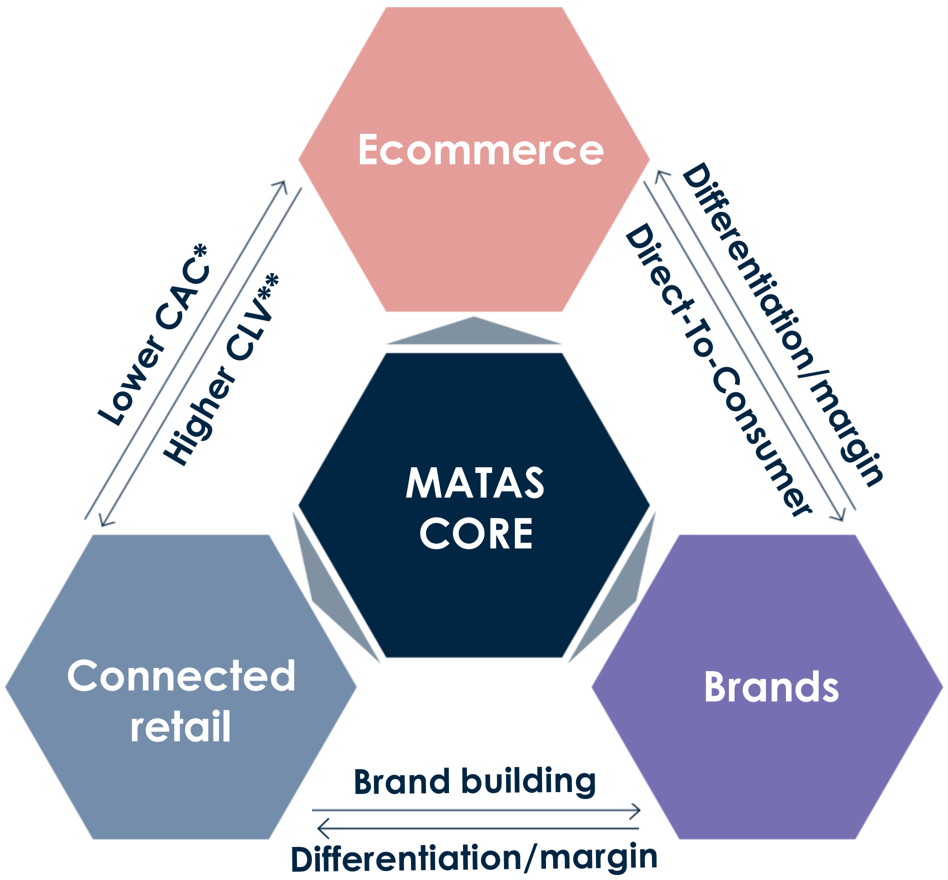
Matas Group: The **health and beauty group** consists of three mutually supportive growth platforms with a shared core



Note: *) CAC = Customer Acquisition Costs; **) CLV = Customer Lifetime Value

Matas Group is based on **Nordic values**: ESG/CSR strategy is linked to our purpose and is a competitive advantage

Health and Beauty for Life

Sustainability: Minimize the climate footprint of shopping	CO_2 neutral in 2030
	Eliminate 100 mio. pieces of plastic
Health: Contribute to public health	Access to digital health solutions for all
	More "clean, green and healthy" ranges
Inclusion: Empower our colleagues and customers	Best place to work in retail

- Science-based targets
- Milestone and activity plans
- ESG reporting according to GRI and UN Global Compact signatories
- Compliance on GDPR and product safety
- Supplier code of conduct
- Governance and incentives

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The Growing Matas Group strategy and the omnichannel business model **positions Matas for long-term profitable growth**

Three main targets for the financial guidance by 2025/26

Revenue

+5.0B

In 2025/26, driven by +1B increase in online sales and consolidation of stores, excluding significant M&A

EBITDA-margin

17-18%

In 2025/26, affected by (i) margin expansion from scale advantages, MLC & vertical integration, and (ii) margin dilution from competitive response and growth "investments"

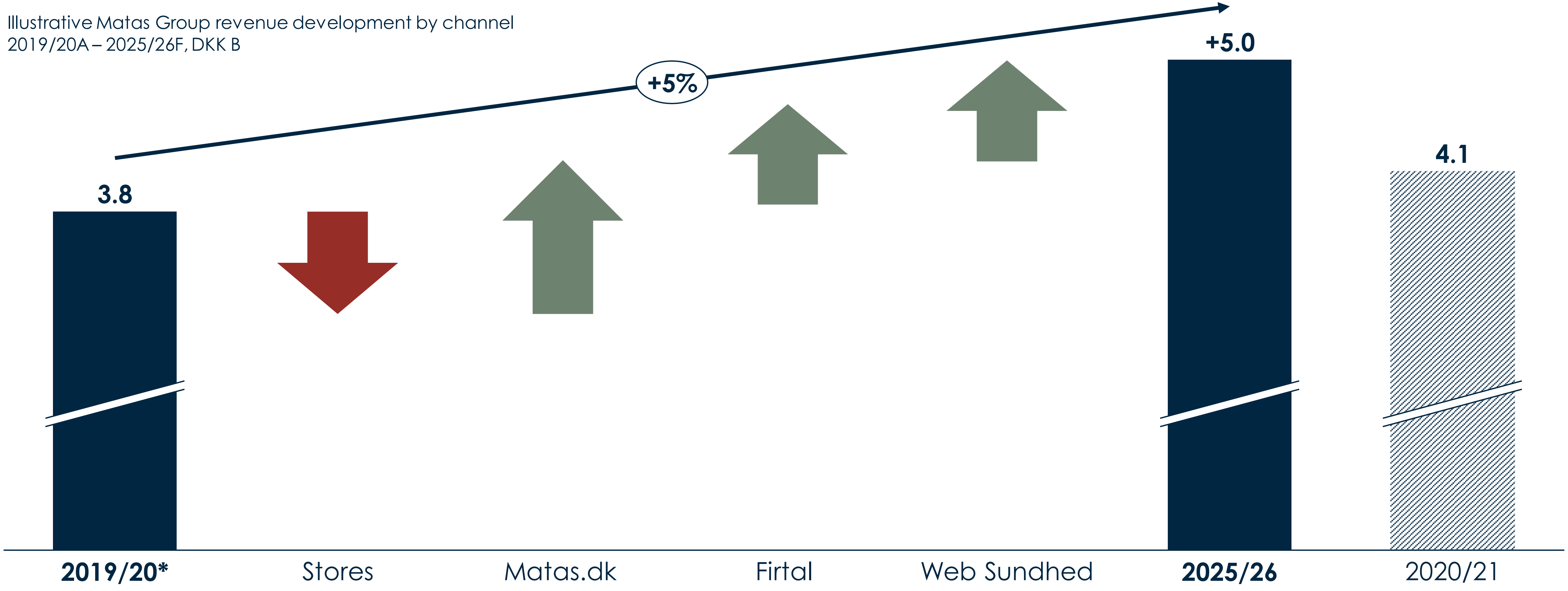
CAPEX

1.0-1.3B

Accumulated from 2021/22 to 2025/26, through MLC and continued digitalization, (excluding M&A)

The growth ambition is **driven by the online channels**, while stores are expected to consolidate due to channel shift

Illustrative Matas Group revenue development by channel
2019/20A – 2025/26F, DKK B



matas Note: *) 2019/20 proforma adjusted to include Web Sundhed's revenue as of acquisition

A profitable **growth strategy**

Growing Matas Group: #1 for health and beauty
Leverage our platform for growth with a profitable business model

Commercial: #1 offer
Triple the assortment and market the broadened offer to consumers

Ecommerce: #1 online
Double revenues by acquiring omni-customers and growing sales per customer

Connected retail: #1 in-store
Consolidate and connect the stores to drive customer satisfaction and protect profitability

Brands: #1 products
Widen 'house brand' portfolio to improve margins and open for international growth options

Logistics: #1 operator
Build Matas Logistics Center to enable growth and improve margins

2.1

Commercial: Expanding the Range

Lise Ryevad
Commercial Director

L'OREAL
MARS DENMARK
COPENHAGEN AIRPORT
NESTLÉ

Strategic mission:

Triple the assortment and market broadened offer to our 1.8 million consumer contacts per month

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From single-channel to omni-channel retailer: Future focus is **growing customer lifetime value** (CLV) by selling more to existing customers

Historically:

Market leading single-channel retailer

- ~20 million in-store transactions per year, driven by 1.7 million members
- ~18,000 products in biggest store, while average store only has ~10,000 products

Today:

Market leading omni-channel retailer

- +600,000 omni-channel customers with **2x annual spend** compared to offline-only customers
- 50,000 products offered online and through endless aisles

Future:

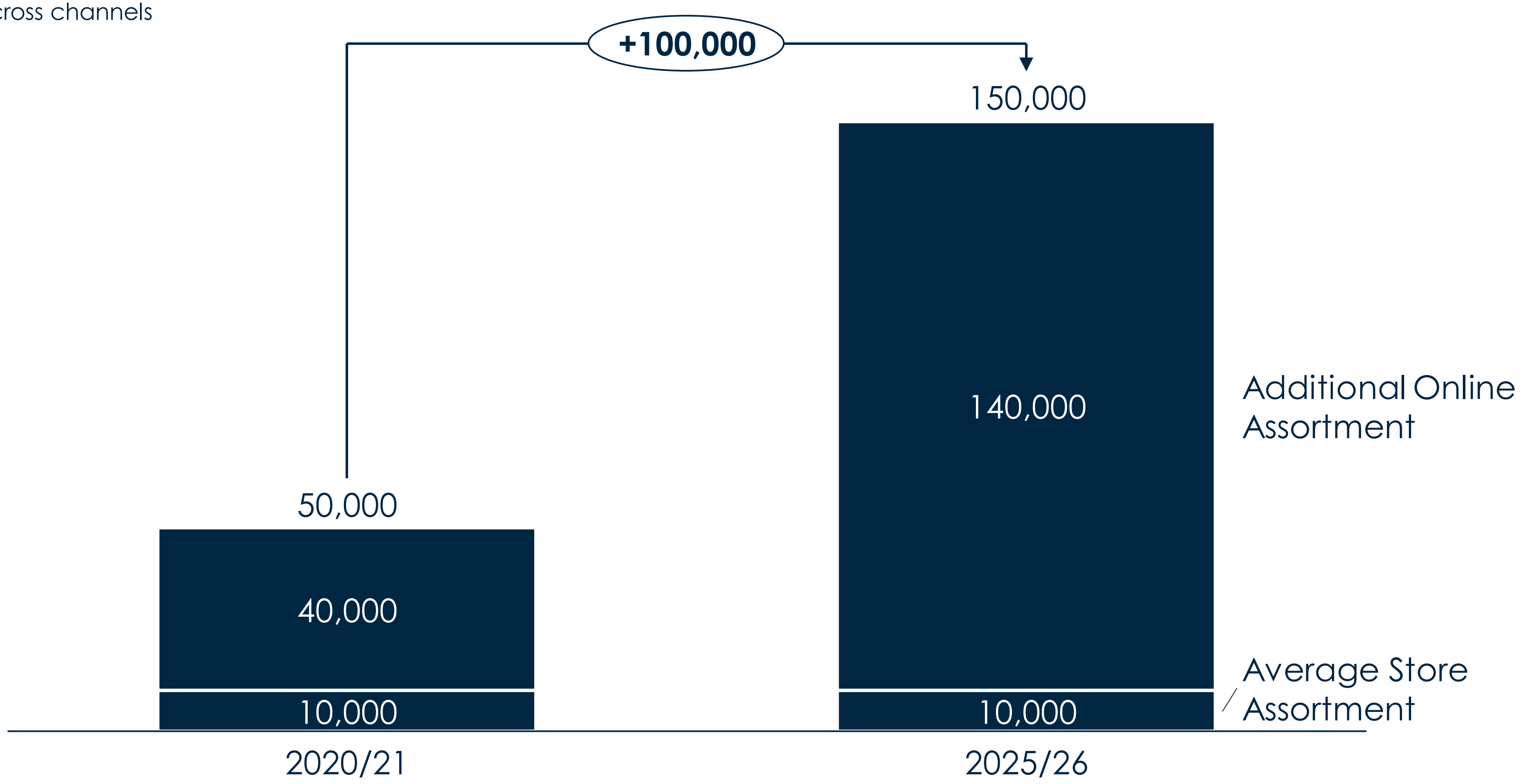
Range expansion

- Grow customer lifetime value **through a deeper beauty range and a wider health range,** as well as adjacent categories
- 150,000 products offered online and through connected retail

Customer Lifetime Value = Annual spend pr. member x years of memberships

Customer lifetime value will be increased through a dedicated range expansion strategy aiming at a **3x expansion of assortment**, mainly online

Assortment development across channels
2020/21 – 2025/26, # SKU



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Range expansion provides an assortment, available online and through endless aisles, **15x the average matas store** and 2x a typical hypermarket

matas

~10,000 SKUs

Average store 2020/21

TYPICAL HYPERMARKET

~80,000 SKUs

matas group

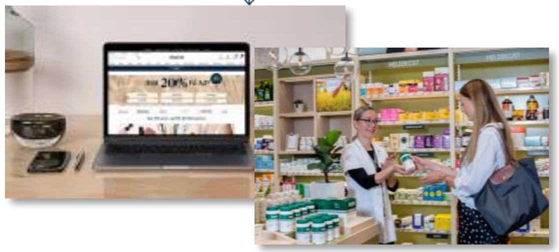
150,000 SKUs

Assortment 2025/26

matas Legend: ■ = 1,000 SKUs

Range expansion strategy is supported by **second-to-none marketing** and **distribution power** that stimulates demand and builds brand value

Matas' second-to-none product launch and sales machine



Advise-led omnichannel setup reaching 70% of Danish women

- Ability to both **build brand value**, while ensuring **high sales volume** across channels
- **Nationwide distribution**, plus **digital advisory services with educated specialists**, ranging from hair dressers to pharmacy technicians

Clubmatas

Insights from Club Matas with 1.7M members

- **Instant and continuous feedback** on product performance and consumer identification
- Potential for **"personalized" communication** to select customers through "Brand Club"

Media portfolio reaching 1.8 million contacts per month

- Fast build-up of **awareness and recognition of new product and brand** through multiple online and offline channels
- **First-party data** provides insights to alter communication and media strategy

Range expansion focused on widening assortment in **Health** and deepen assortment in **Beauty** sub-segments

1

Matas has a **high share of the DKK 7.5-8.0B beauty market**, but room to **grow in selected sub-segments** and increase fair share online

2

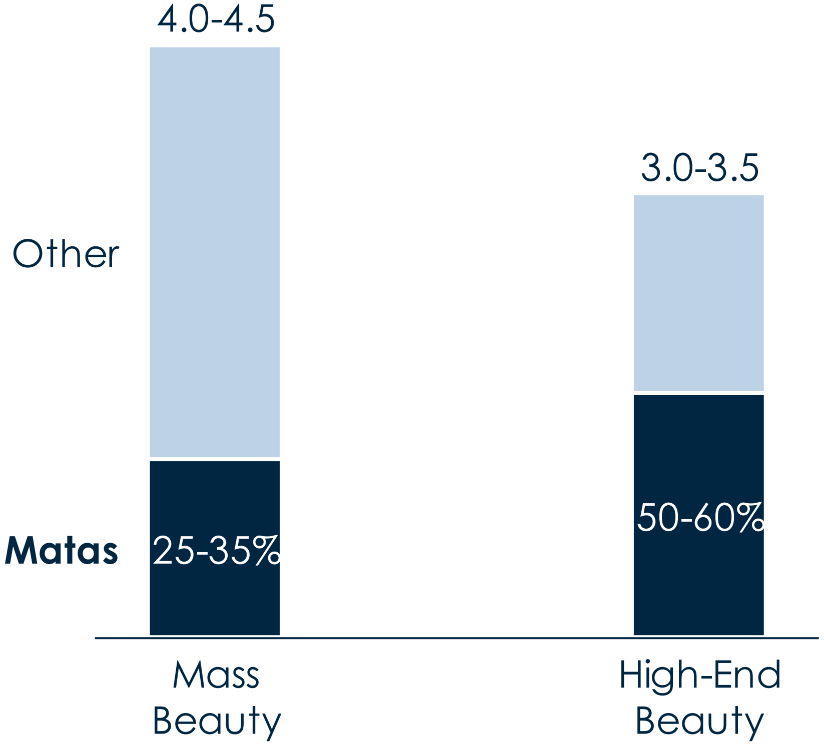
Matas is **underrepresented in DKK 5.0-5.5B health market** with significant room to grow as the consumers transition online

1

Matas is already at a high market share in high-end beauty, but still **room to grow in few sub-segments**

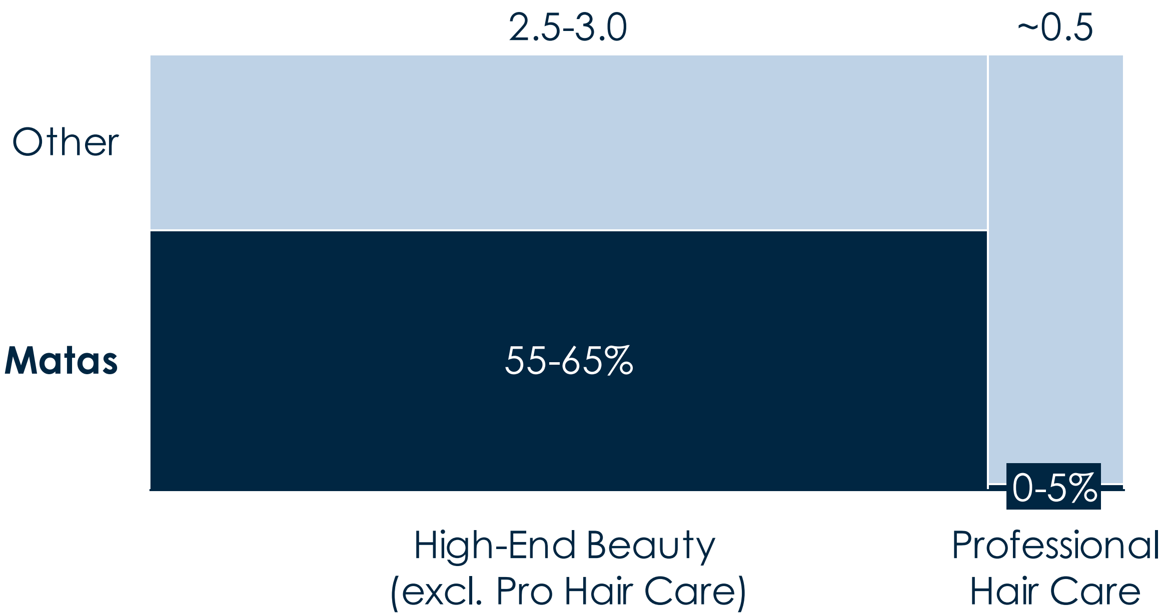
Matas is clear market leader in High-End Beauty…

Estimated market size and Matas' share of beauty segments in Denmark
2020, DKK B / %



…But still room to grow in few underrepresented sub-segments, such as Professional Hair Care

Estimated market size and Matas' share of high-end beauty and Pro hair care in DK
2020, DKK B / %



matas Sources: ACN; Euromonitor; Dansk Erhverv; Management Estimate

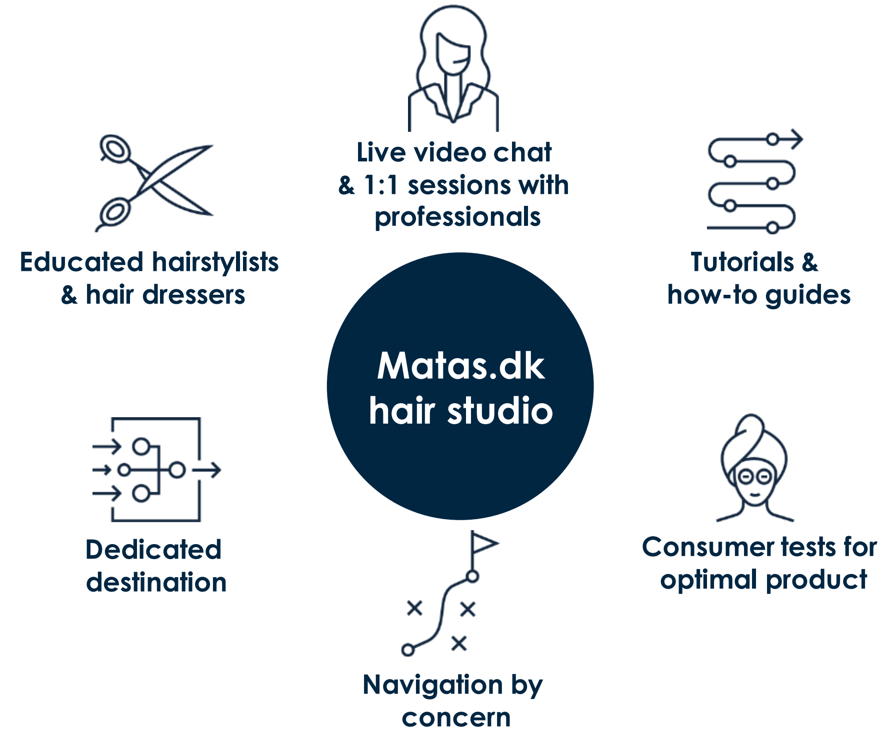
1

First off is **Professional Hair Care**, launched on matas.dk & through endless aisles with 18 high-end brands and online hair studio

Launched **18 high-end brands and 700 SKU's** on matas.dk, while additional **15-20 brands with 600-750 SKU's** expected in 1-2 years

→ Benefiting from Matas' **second-to-none ecommerce capabilities** encapsulated in Matas.dk Hair Studio

18 EXISTING PRO HAIR CARE BRANDS ON MATAS.DK:

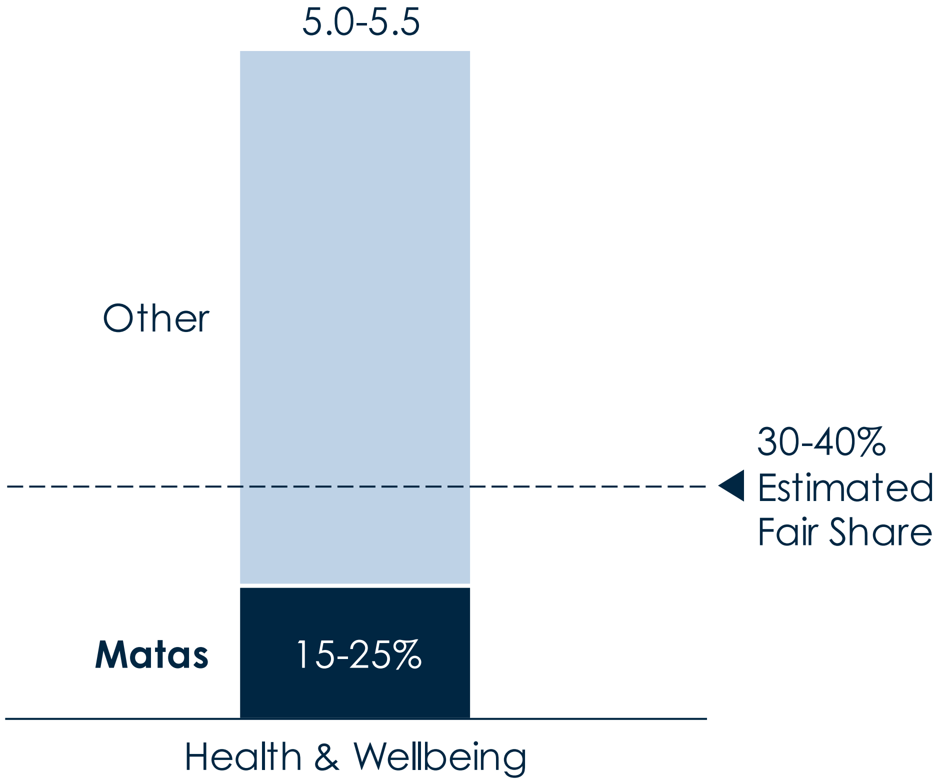


2

Health & Wellbeing is a DKK 5.0-5.5B market with strong online growth - opening a large share gain opportunity for Matas

Matas is below fair share in the DKK 5.0-5.5B Health & Wellbeing market

Estimated market size of non-prescription Health & Wellbeing products in Denmark
2020, DKK B / %



Market has several attractive sub-segments for Matas

Non-prescription Health & Wellbeing market segments
2020, DKK B / %

matas

Notes: Health & Wellbeing excludes prescription and pharmacy restricted OTC products, while market share includes Firtal's webshops
Sources: ACN; Euromonitor; Apotekerforeningen; Dansk Erhverv; Management Estimate

2

To address the Health market opportunity, **new products, partnerships, and services** will be launched

Strategic initiatives to address Health Market

Products

Expand assortment across (i) **vitamins & supplements**, (ii) **skin care** products and (iii) **new categories** such as scalp, eye, oral, etc.

Partnerships

Enter partnerships with niche experts to develop **new products and services**

Advisory

Further expand authority as **trusted health advisor** – offline and online

Media & marketing

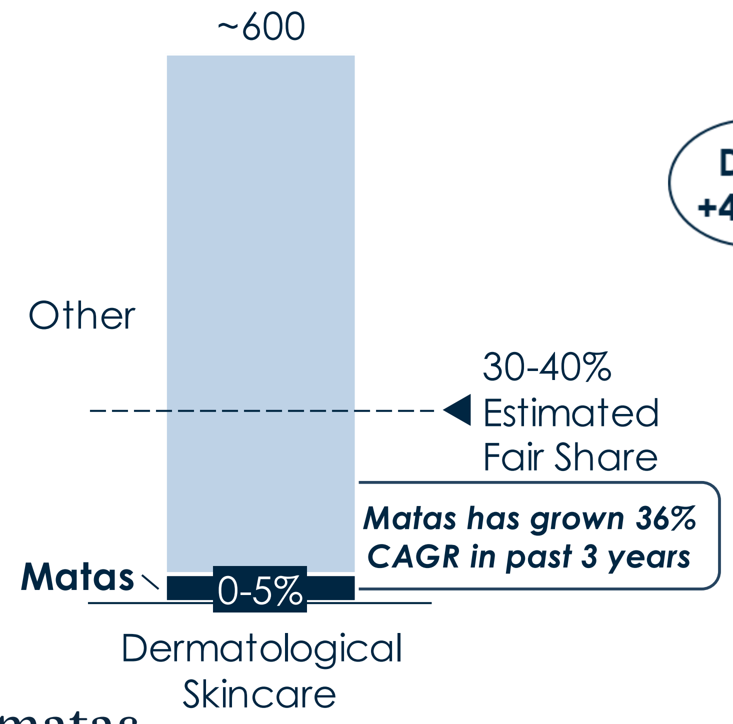
Leverage full suite media portfolio, 1st party data and campaigns to **win share of voice in under-communicated market**

2

First off is **dermatological skincare**, which is a high growth Health segment perfectly fit for Matas' #1 position as health and beauty advisor

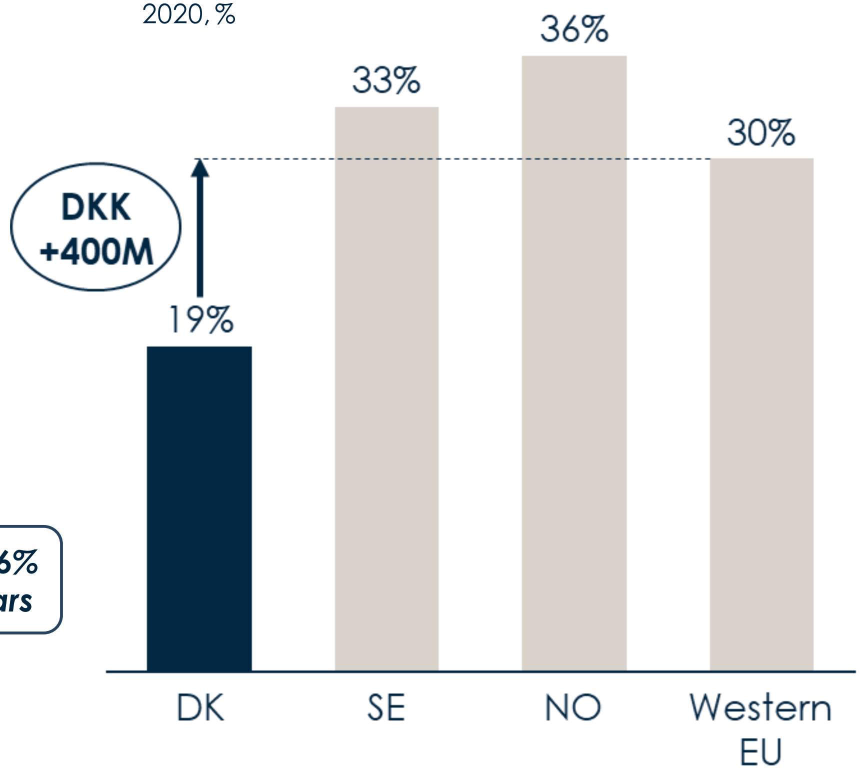
Matas has seen strong growth in under-represented problem-solving skincare products

Estimated market size and Matas share in Denmark
2020, DKK M / %



Danish market is significantly behind other markets with DKK +400M opportunity to catch up to Western EU

Dermatological skincare share of skincare market
2020, %



Matas addresses the market opportunity with launch of 7-9 high performing brands in 2021

Three new brands launched in Q2 2021:

ACO
Cetaphil
Neutrogena

Four to six new brands still to be launched in 2021:

Brand #4	Brand #5	Brand #6
Brand #7	Brand #8	Brand #9

matas Sources: Euromonitor; L'Oreal; Apotekerforeningen; Management Estimate

2.2

Ecommerce: Digital Growth Platforms

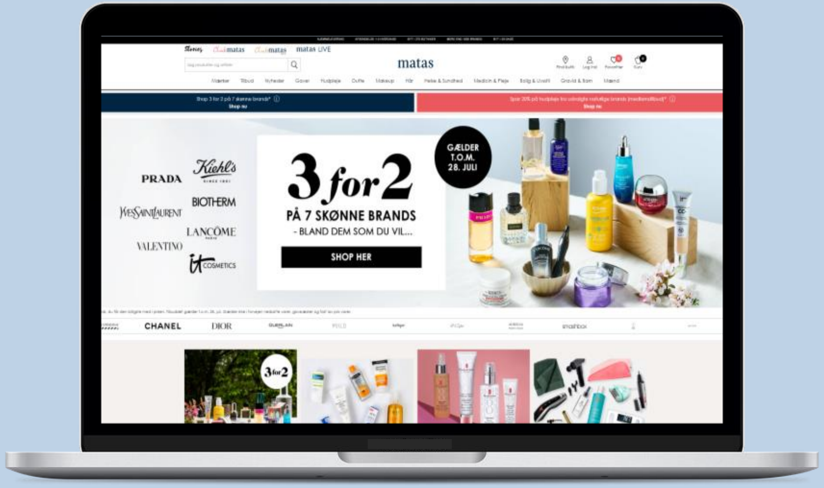
Strategic mission:

Double online revenues by selling more to the existing +600,000 omni-customers and converting more offline customers to online

Brian Andersen
Ecommerce Director

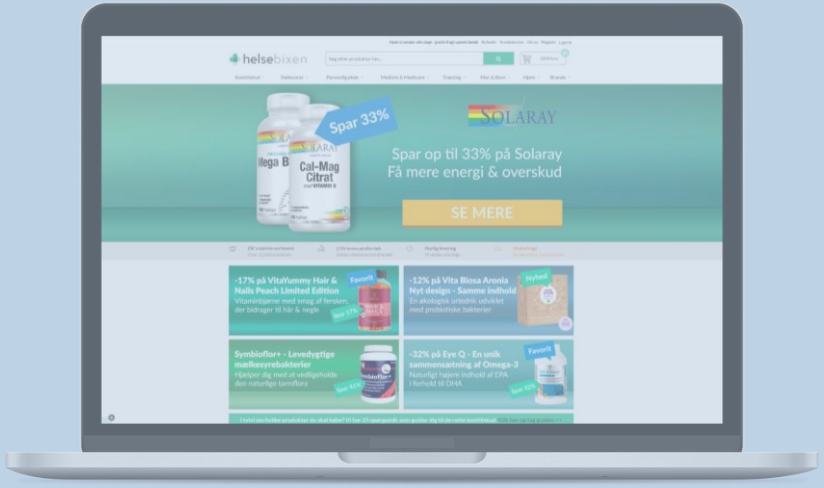
MASAI
COOP
FDM travel
BON'A PARTE

Matas Group’s **three digital businesses** provide a strong platform for continued growth



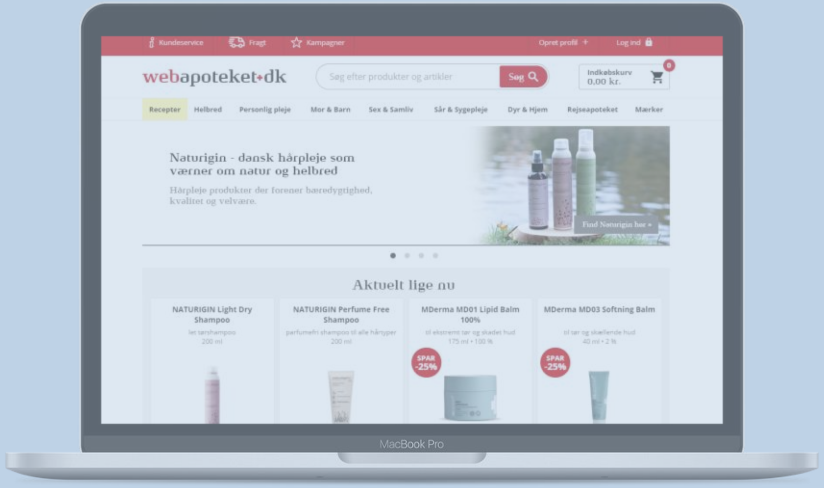
Matas.dk

Broadest assortment & best-in-class customer experience



Firtal

Price-led niche positioning for portfolio of webshops with low-cost operating model



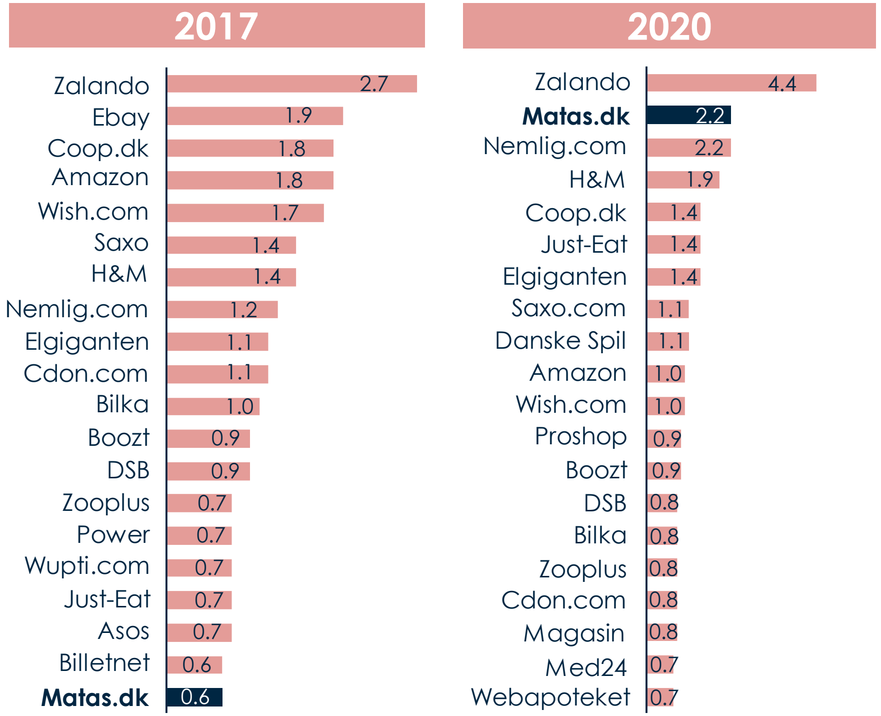
webapoteket.dk

Improving convenience and accessibility of health and pharmacy purchase

Matas.dk has leaped to become **the 2nd most used webshop** in Denmark and has changed the perception of Matas' brand

MATAS.DK

Significant leap to become the second most used webshop in Denmark in 2020



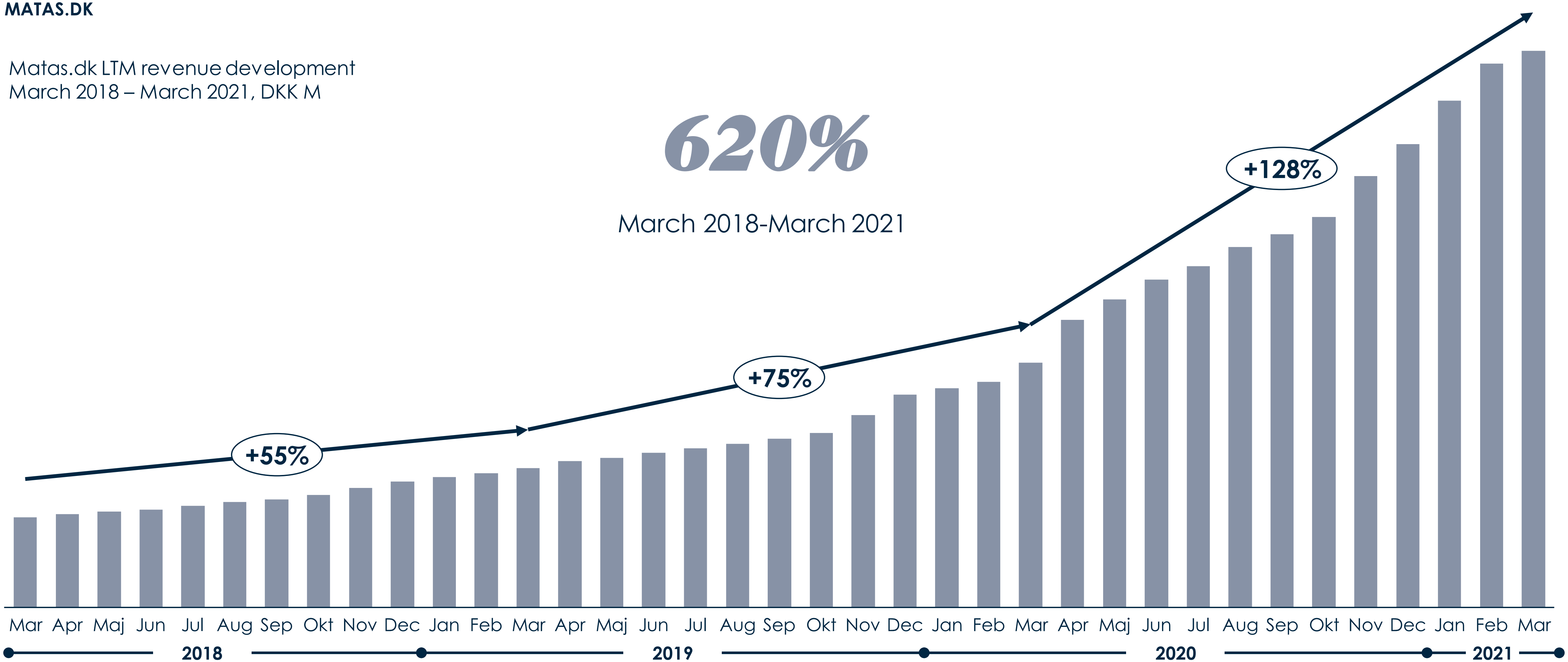
The Matas brand ranking reached new heights due to strong digital performance

2017		2021	
Rank	**Brand**	**Rank**	**Brand**
1	Lego	1	Rema 1000
2	Rema 1000	2	Lego
3	MobilePay	3	Matas
4	Lurpak	4	MobilePay
5	Anthon Berg	5	Lurpak
6	Audi	6	Netflix
7	Volvo	7	DR
8	Änglamark	8	DRTV
9	Kærgården	9	Ikea
10	Rynkeby	10	TV2

Matas.dk has delivered **strong growth and increasing earnings** margins for the past three years while covid-19 added an extra boost

MATAS.DK

Matas.dk LTM revenue development
March 2018 – March 2021, DKK M

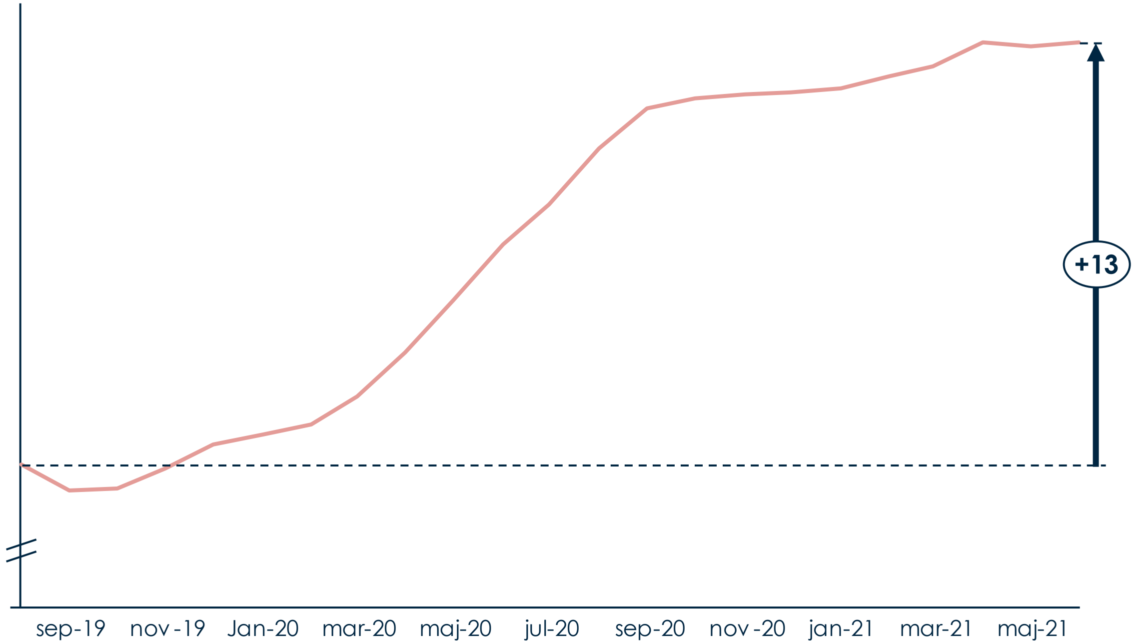


Primary growth driver has been the **persistent focus on improving customer** experience through innovative best-in-class customer services

MATAS.DK

Matas.dk's net promoter score has increased by 13 points during the covid-19 pandemic

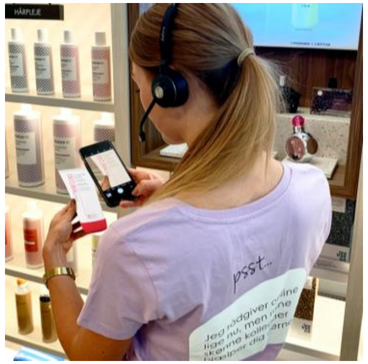
Matas.dk Net Promoter Score development
August 2019 – April 2021, NPS Score



Through a persistent focus on innovative best-in-class customer services

Same-Day deliveries

+50% of consumers can get same-day-delivery



Personalized online guidance

Live video consultation with basket size at index 180

Engaging content

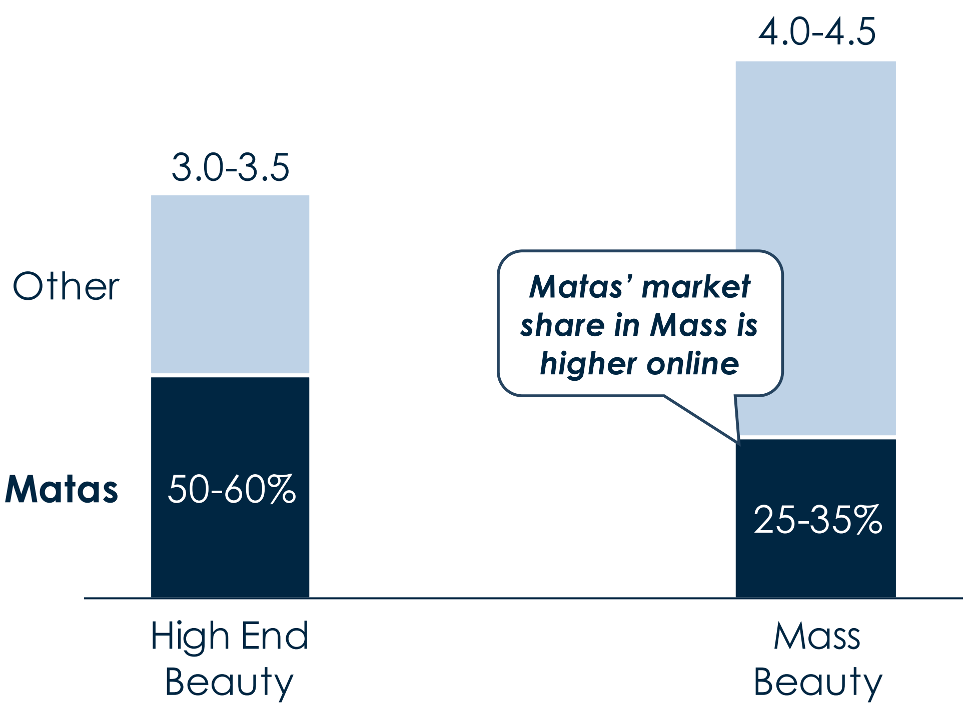
+100 live shopping events since March 2020 with 14% conversion rate

Matas.dk is expected to be the **largest growth contributor** in Matas Group driven by headroom in existing categories and range expansion

MATAS.DK

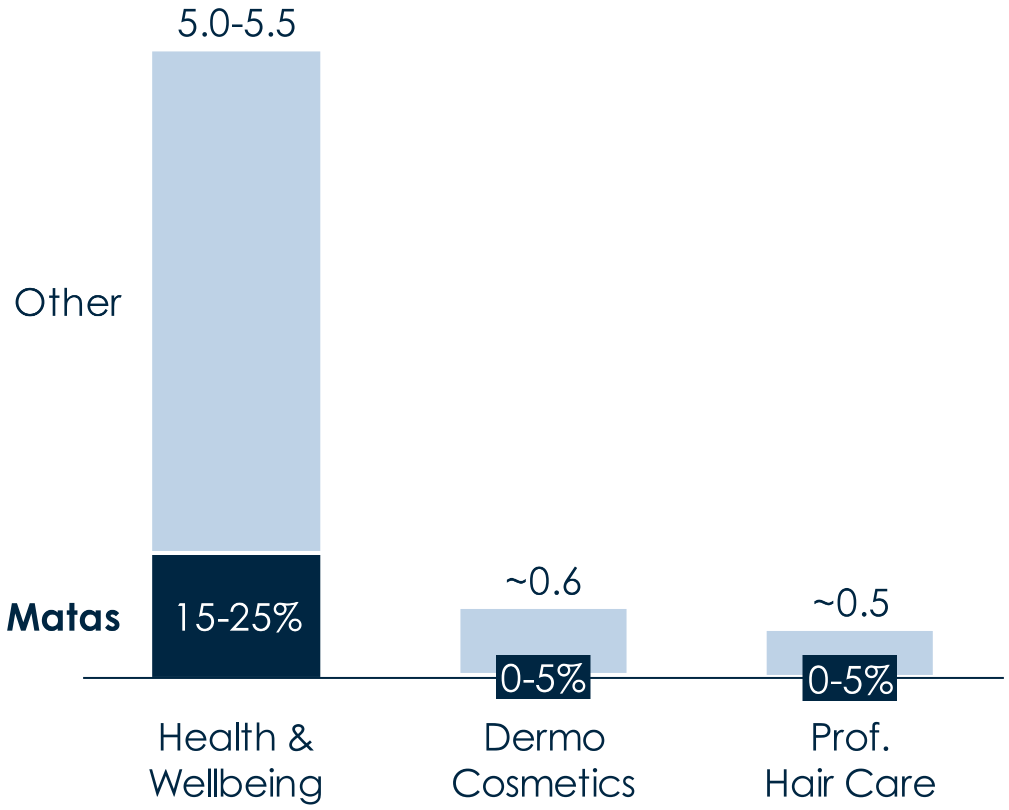
Existing Beauty categories allow for market share gain through online migration

Estimated market size and Matas share of beauty segments in Denmark
2020, DKK B / %



Headroom to grow in new Health & Beauty categories through range expansion

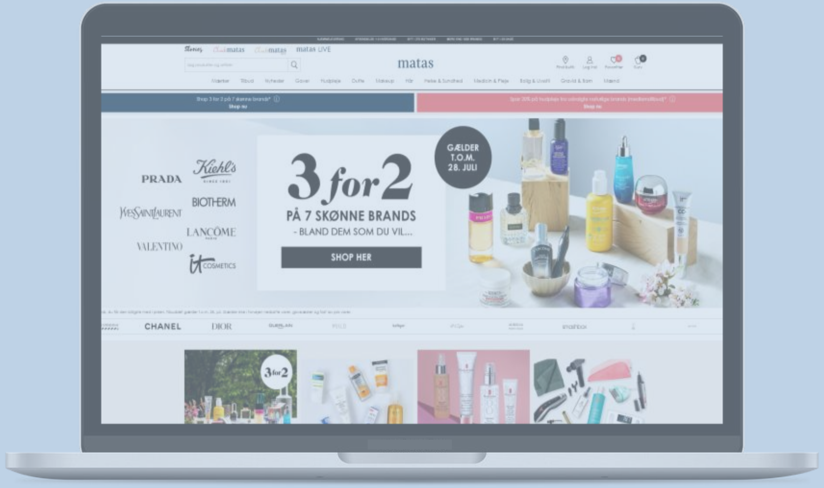
Estimated market size and Matas share of selected segments in Denmark
2020, DKK B / %



Strategy for Matas.dk is to **strengthen and expand the leading market position in Denmark** reinforcing continuous profitable growth

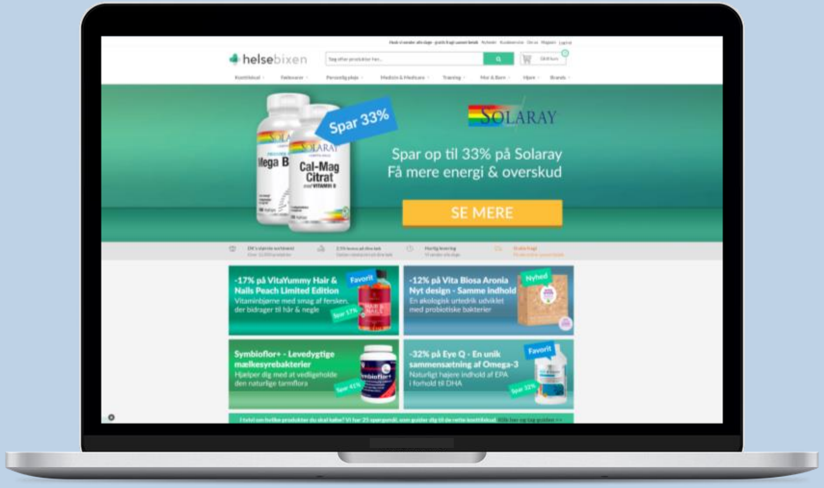
MATAS.DK

Matas Group’s **three digital businesses** provide a strong platform for continued growth



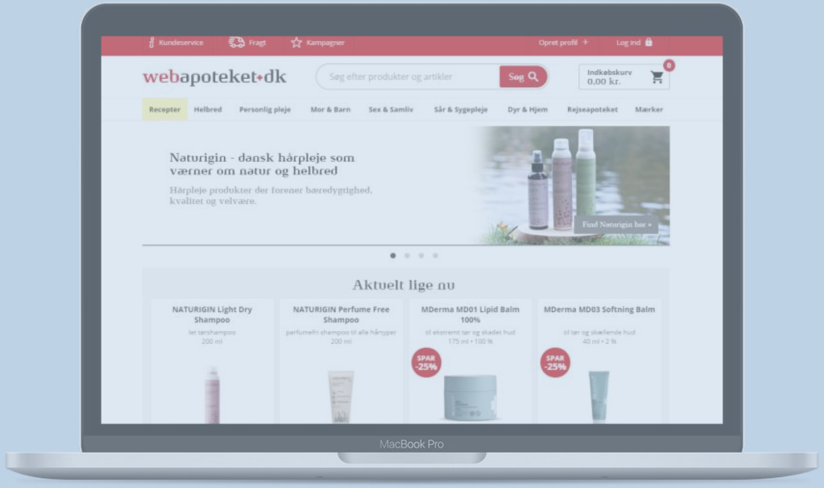
Matas.dk

Broadest assortment & best-in-class customer experience



Firtal

Price-led niche positioning for portfolio of webshops with low-cost operating model



webapoteket.dk

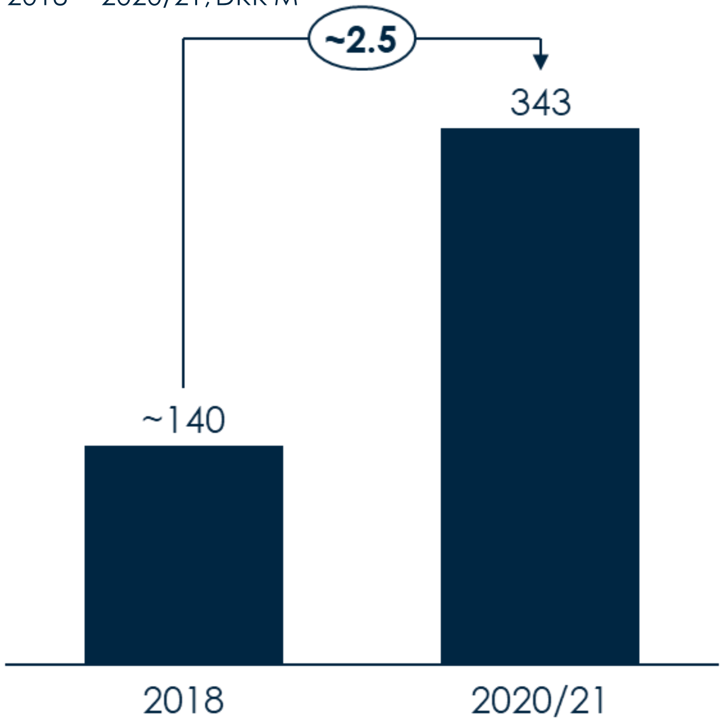
Improving convenience and accessibility of health and pharmacy purchase

Firtal has outperformed the investment case to deliver profitable growth while keeping leadership team engaged and developing new services

FIRTAL

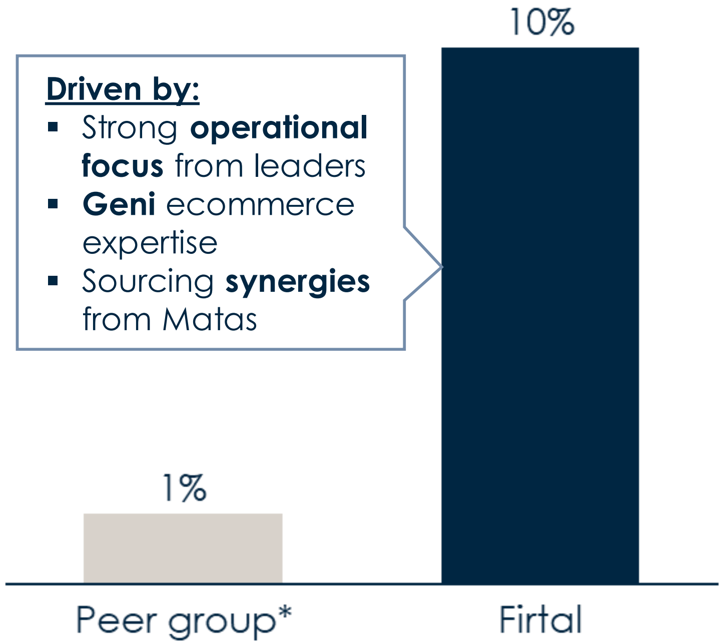
Strong growth to more than double revenue in three years

Firtal revenue development during ownership
2018 – 2020/21, DKK M



Peer-leading margins by large gap to pure-play online retailers

Firtal EBITDA-margin vs. peers
2020/21, %



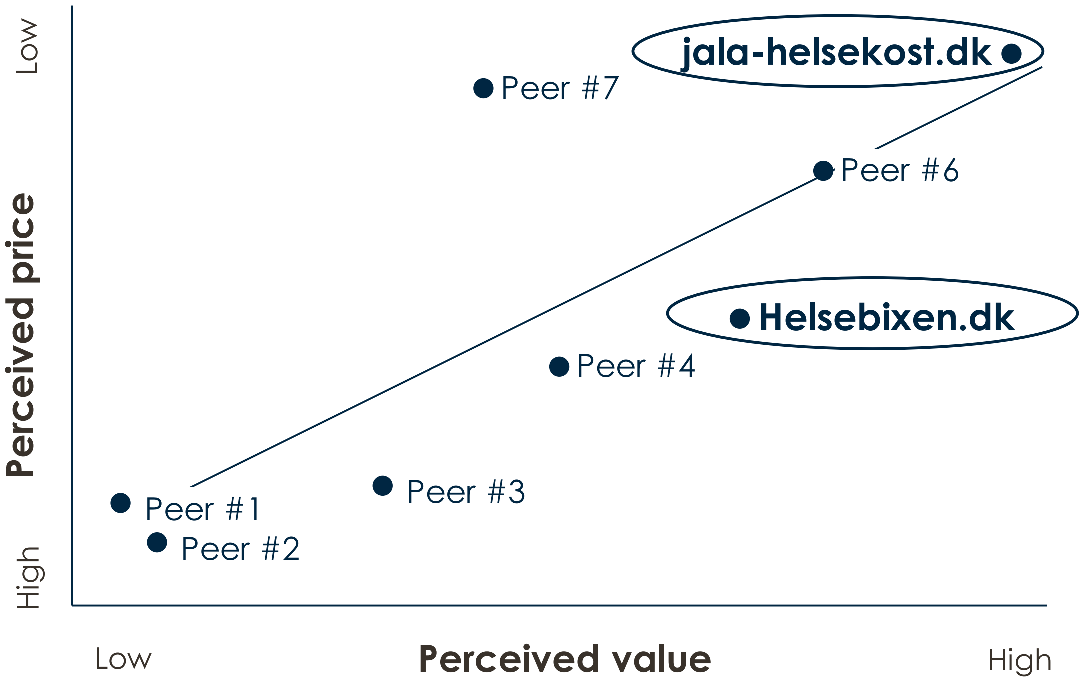
Founders still on-board and strong competencies built

- Founders (CEO & CTO) and **leadership team have been successfully kept on-board** and are still highly engaged in operations
- **Organization has expanded significantly** while further strengthening the culture
- **Developed best of breed digital services** under the "brand" Geni with strong digital agency services, data insights and platform services

Note: Firtal acquisition was announced in August 2018, with an expected 2018 revenue of DKK ~140M
Notes: *) Lyko.se, Frederikoglouisa.no, cocopanda.se, Skincity.se & Nordicfeel.se

Firtal has developed a **strong platform for future profitable** growth across a portfolio of webshops

Firtal has a strong model to build price fighter positions to compete in multiple market niches



Ambition is to continue growth and sustain margins through market share expansion

#1 Low-end double-digit growth

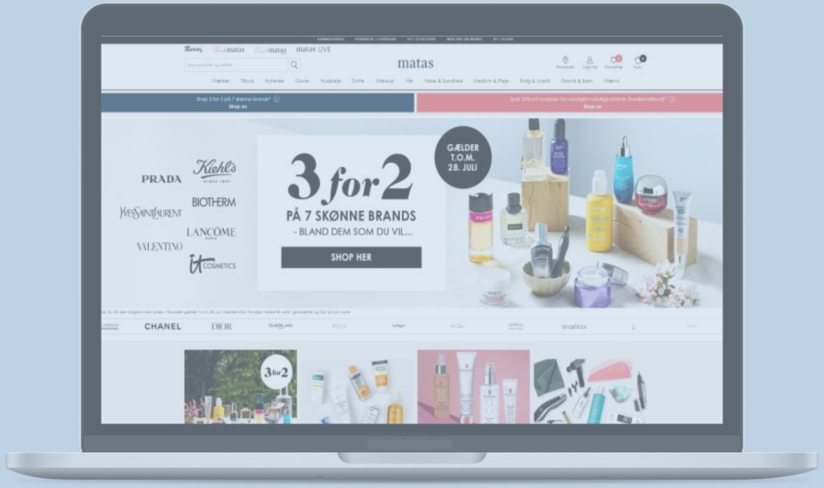
- Firtal's current webshops are strong and able to **increase market share through price fighter** strategy
- Platform is able to expand through potential **select bolt-on acquisitions**

#2 Sustain margins

- Continued strong **focus on operations** and further development of **Geni services** and expertise
- Leveraging **Matas synergies** further on top of already strong purchasing synergies

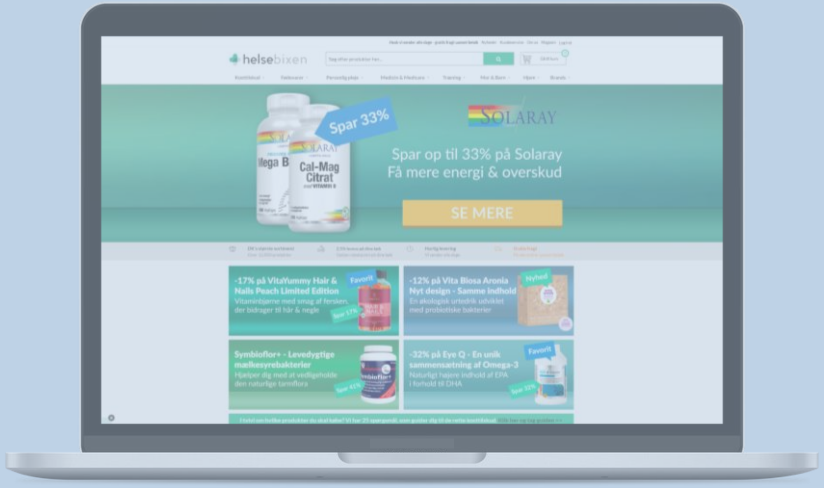
Source: YouGov (Vitamins, Minerals & Supplements store/webshop survey)

Matas Group's **three digital businesses** provide a strong platform for continued growth



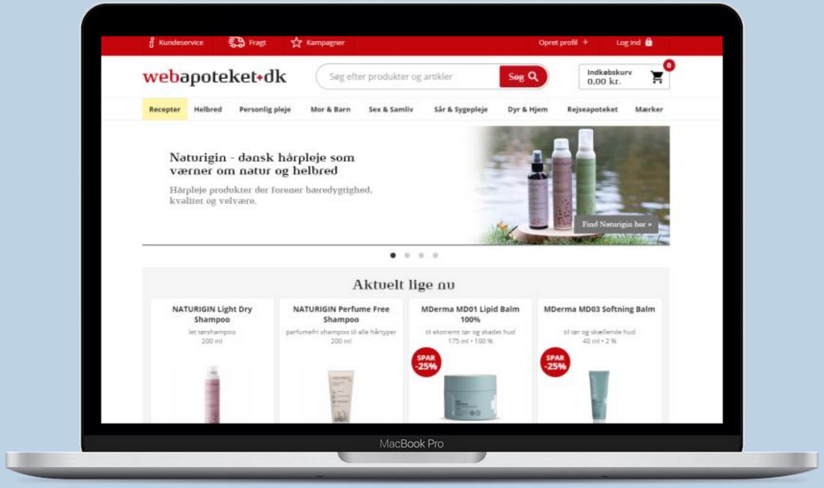
Matas.dk

Broadest assortment & best-in-class customer experience



Firtal

Price-led niche positioning for portfolio of webshops with low-cost operating model



webapoteket.dk

Improving convenience and accessibility of health and pharmacy purchase

matas

Matas' Web Sundhed provides IT and supply chain services to Webapoteket.dk, **a digital market leader in the Danish pharmacy market**

WEBAPOTEKET.DK

Web Sundhed ApS
(owned by Matas)

Web-Apo ApS

Storage & logistics services
(freight agreements, logistic optimization ensuring smooth back-end operations)

Purchasing services
(purchasing agreements including expansion of free trade assortment)

Apo IT ApS

IT platform & services
(E-commerce platform, hardware, software and licenses)

Marketing services
(SEO, google optimization, online advertising and newsletters)

Webapoteket.dk
(owned by Trine Persson)

Gazelle Online Apotek

Customer handling
(contact & service)

Pharmacy operations
(orders, prescription handling and packaging)

Commercial strategy
(prices, assortment and campaign timing)

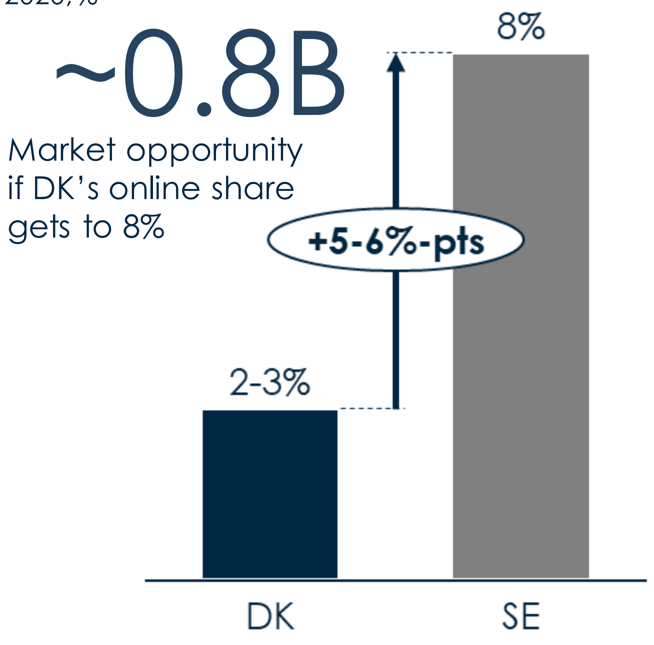
Acquisition entails **three broad investment case drivers** through market growth, synergies and positioning for further liberalization

WEBAPOTEKET.DK

#1

Danish health market poised for digital transformation

Online share of free-trade and OTC pharmacy sales 2020, %



#2

Low margin growth case with sourcing synergies

- Access to **strongest assortment** through exclusive international supplier agreements
- **Best-in-class delivery services** to help vulnerable customers at home
- Best of breed **digital marketing** services
- Pharmacist Trine Persson can **focus on core business** with outsourcing of IT & logistics

#3

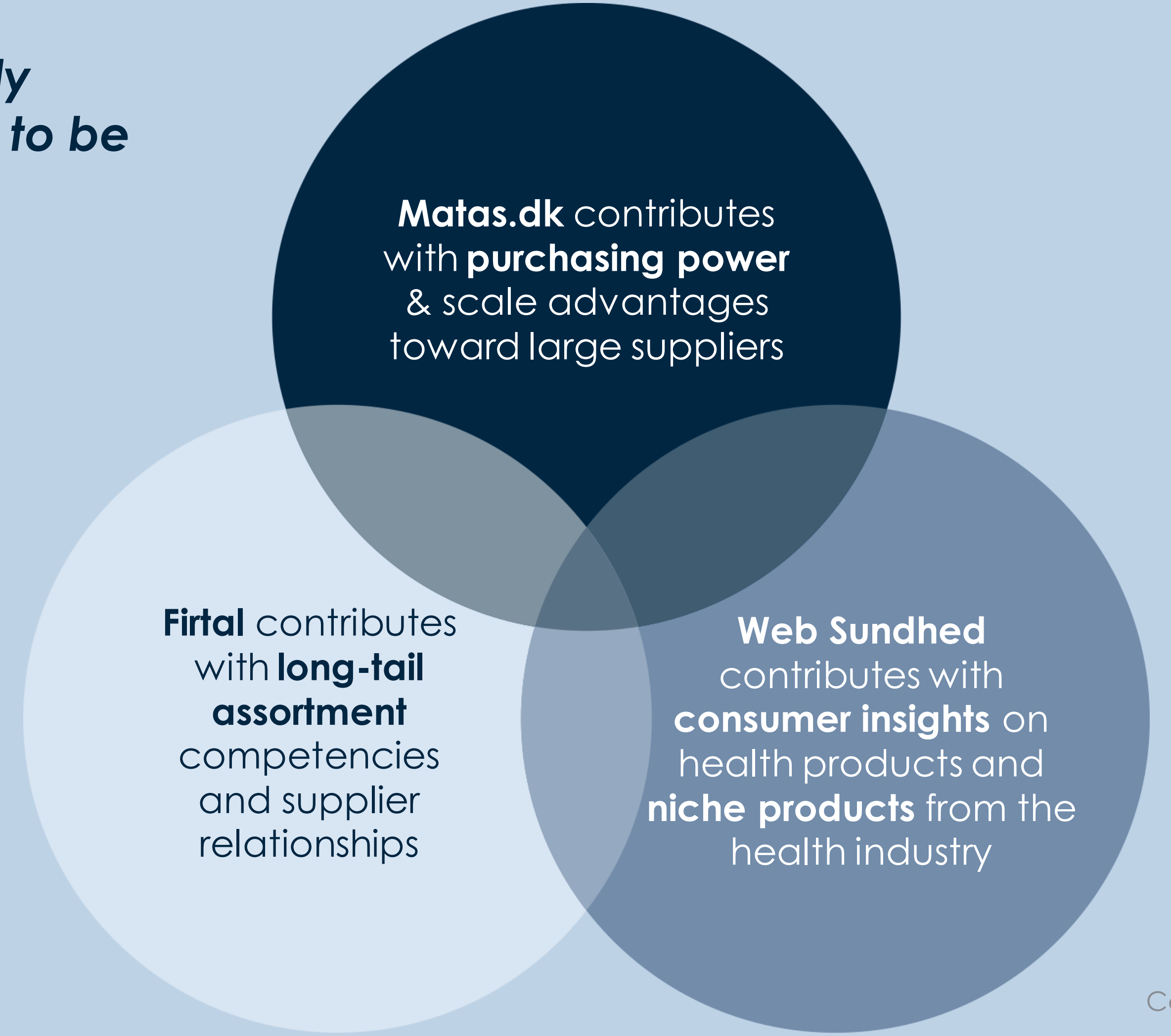
Strategic position for further liberalization of pharmacies

Danish pharmacy market has seen gradual liberalization in recent years:

- **2015** Ownership of multiple pharmacies
- **2016** Apopro & Webapoteket granted online pharmacy licenses
- **2018** Self-selection of OTC in retail
- **2019** Pharmacists allowed to renew prescription of regular medicines

Matas Group's three digital businesses **reinforce each other through synergies on assortment, sourcing and best-practice sharing**

Three platforms collectively make a strong assortment to be shared across



2.3

Connected Retail: Omnichannel Platform

Christian Schmidt
Retail Director

SALLING GROUP
TOP TOY
ALDI

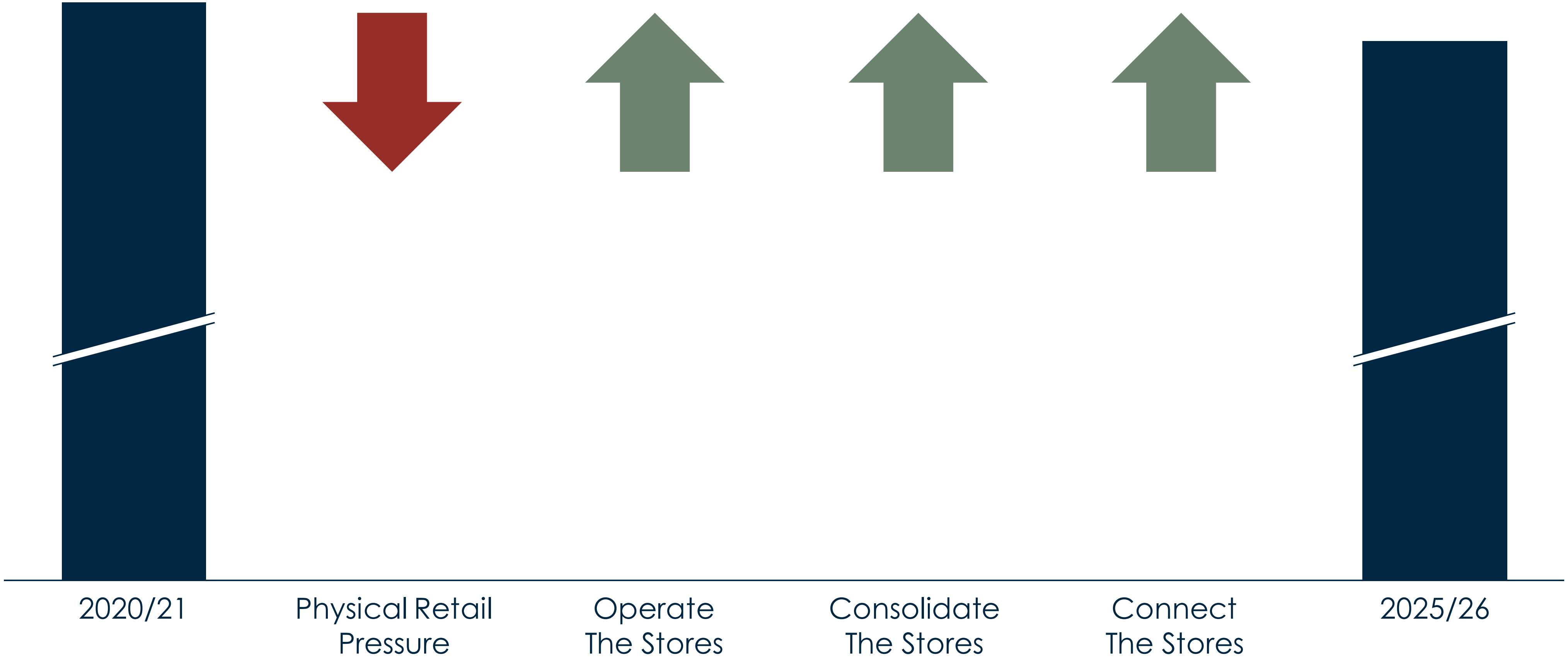
matas

Strategic mission:

Connect and consolidate the stores to drive customer satisfaction and protect profitability

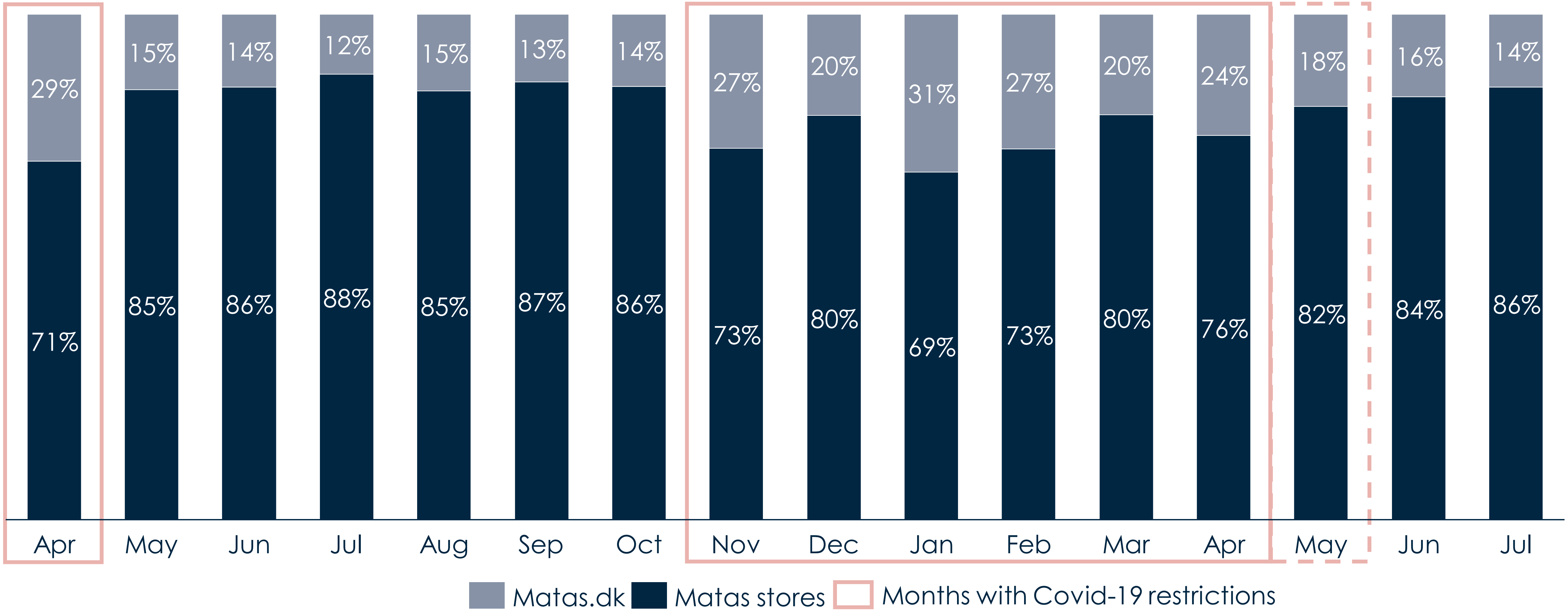
Physical retail market continue to be under pressure, but **connecting, consolidating and operating the Matas stores better** will mitigate this

Illustrative earnings development of Store network
2020/21 – 2025/26, illustrative



Covid-19 accelerated **online channel shift**, but also showed the resilience of stores as soon as restrictions were lifted

Matas Channel Development
2020/21 – July 2021/22, Matas.dk vs. Matas stores

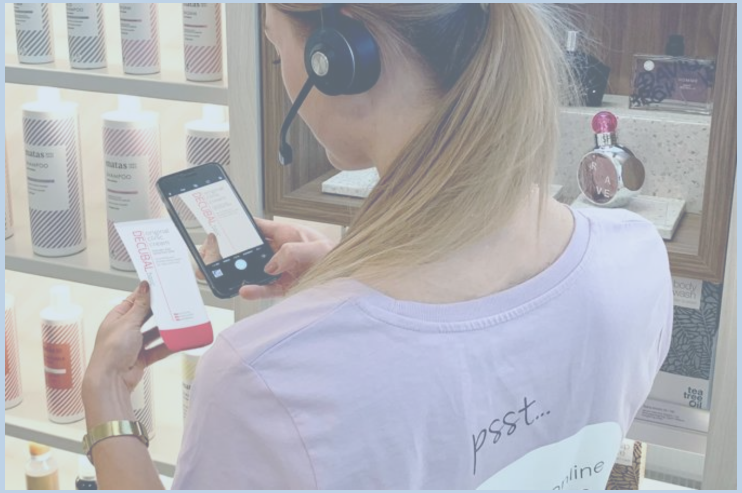


matas Note: Above sales channel split is excluding Firtal's online channels

Connected Retail shifting focus from Conventional Store Renewal Program, to **Digital Store Renewal Program**

OPERATE THE STORES

CONSOLIDATE THE STORES

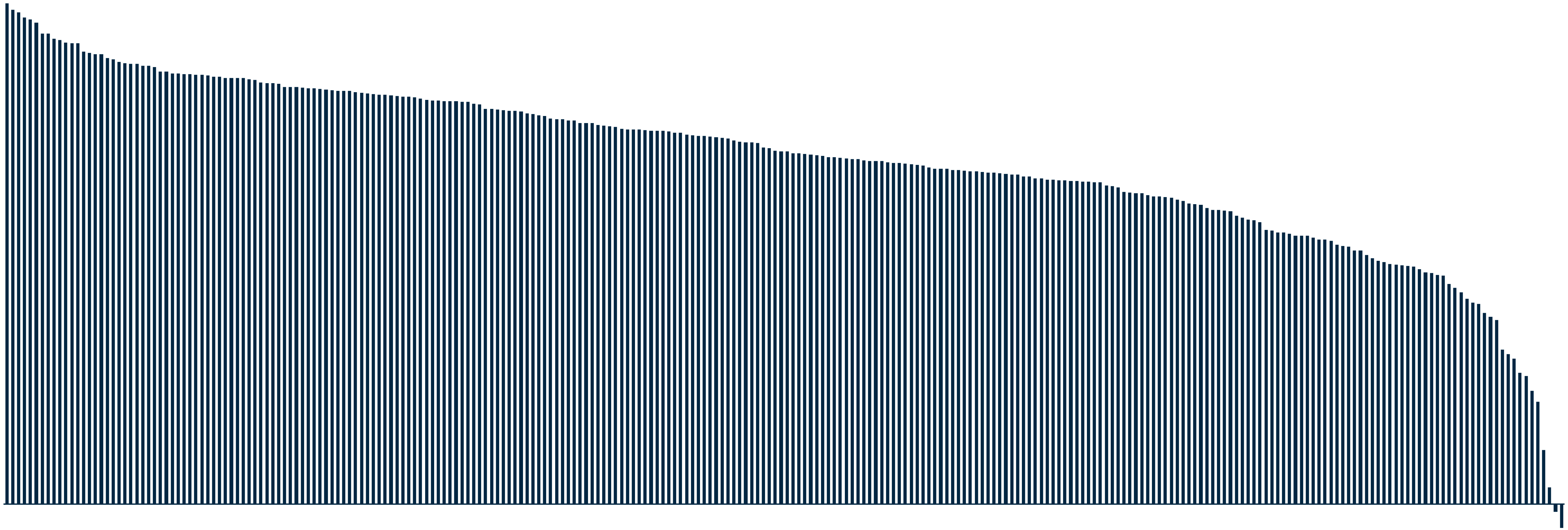


CONNECT THE STORES

matas

All but two of the 264 stores have been profitable during 2020/21, despite the restrictions following the Covid-19 pandemic

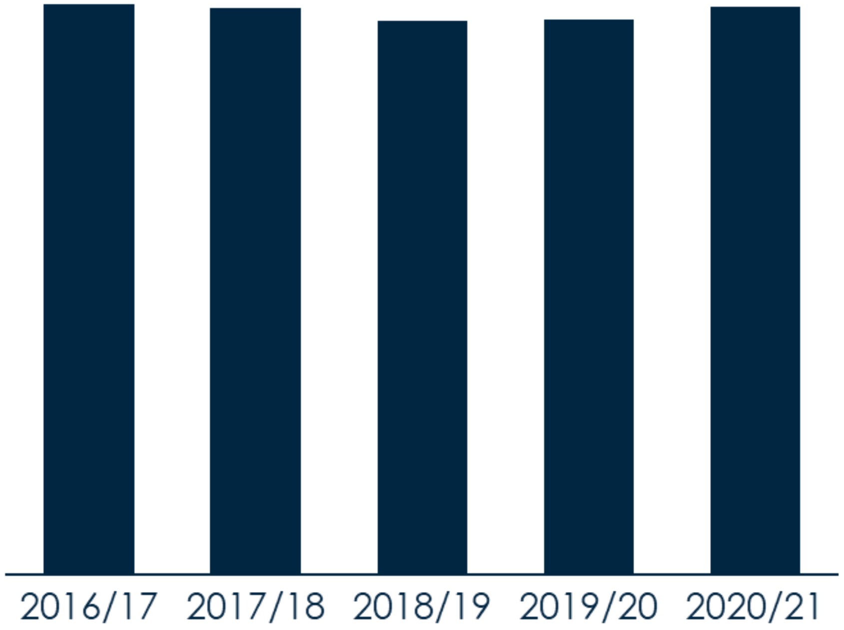
Matas Stores Channel Contribution Margin
2020/21, %



Stores still contain room for operational improvements to sustain salary-percentage with market pressure on topline

Stores have kept salary-percentage relatively stable in recent years…

Matas Store salary as % of revenue
2016/17 – 2020/21, %



…But still significant potential to improve operations and sustain salary-percentage with market pressure on topline performance

Staff optimization

Leverage data to **optimize and allocate store personnel** to match consumer footfall

Ease of payment

Staff **spend ~15% of time on transactions** which will be freed up by technological advancements

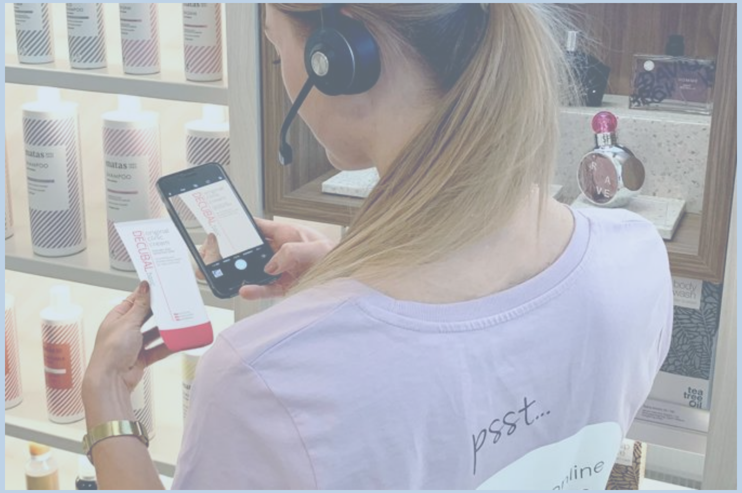
Best practice

Benchmark within clusters to improve staff efficiency to match **best practice stores**

Connected Retail shifting focus from Conventional Store Renewal Program, to **Digital Store Renewal Program**

OPERATE THE STORES

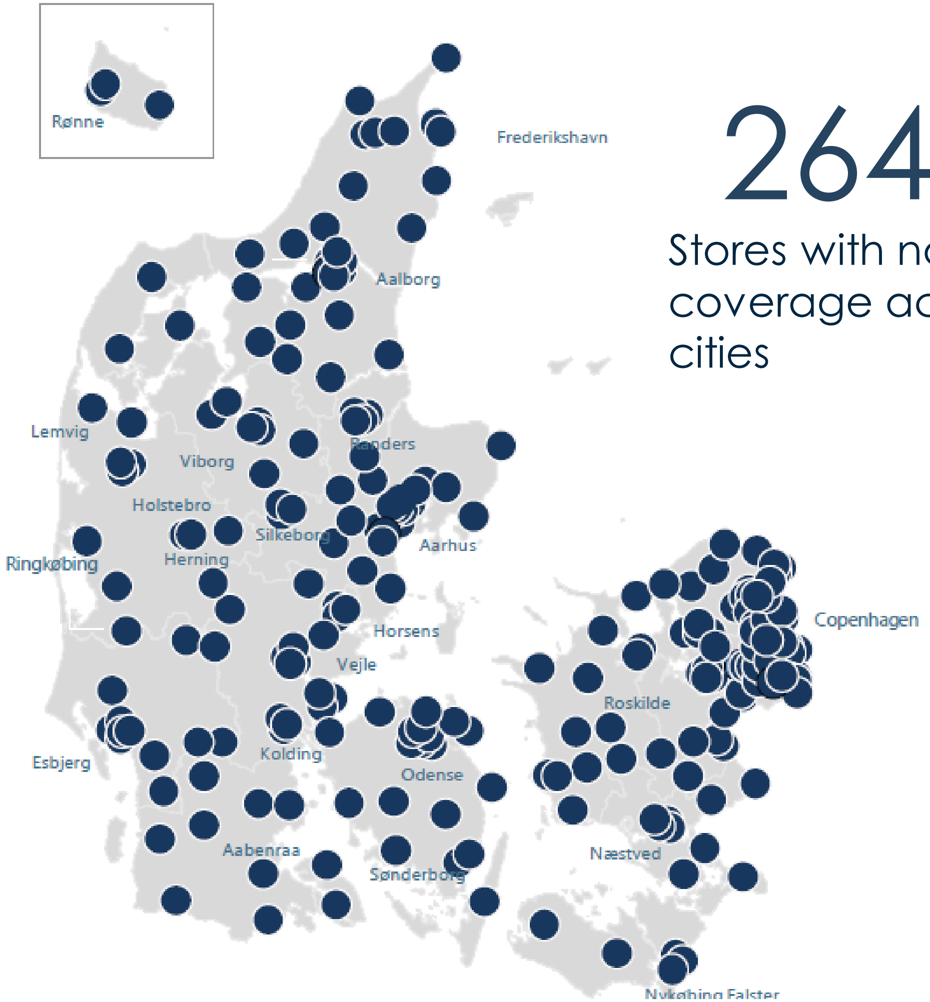
CONSOLIDATE THE STORES



CONNECT THE STORES

matas

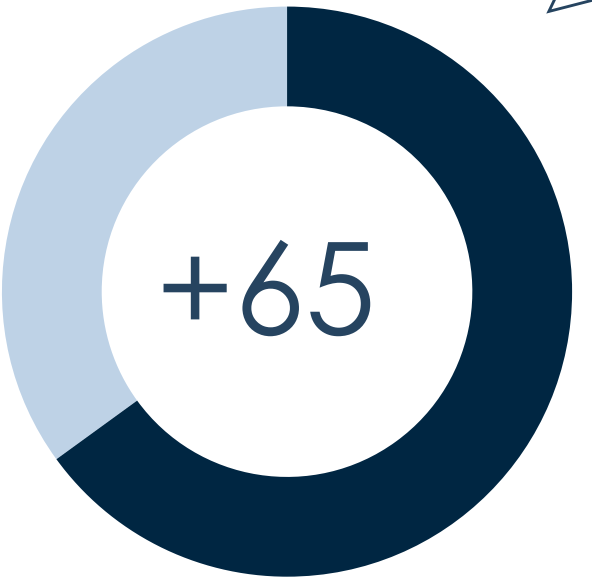
Matas’ nationwide **network of 264 stores is unmatched** and filled with +2,000 trained advisors driving strong customer satisfaction



264

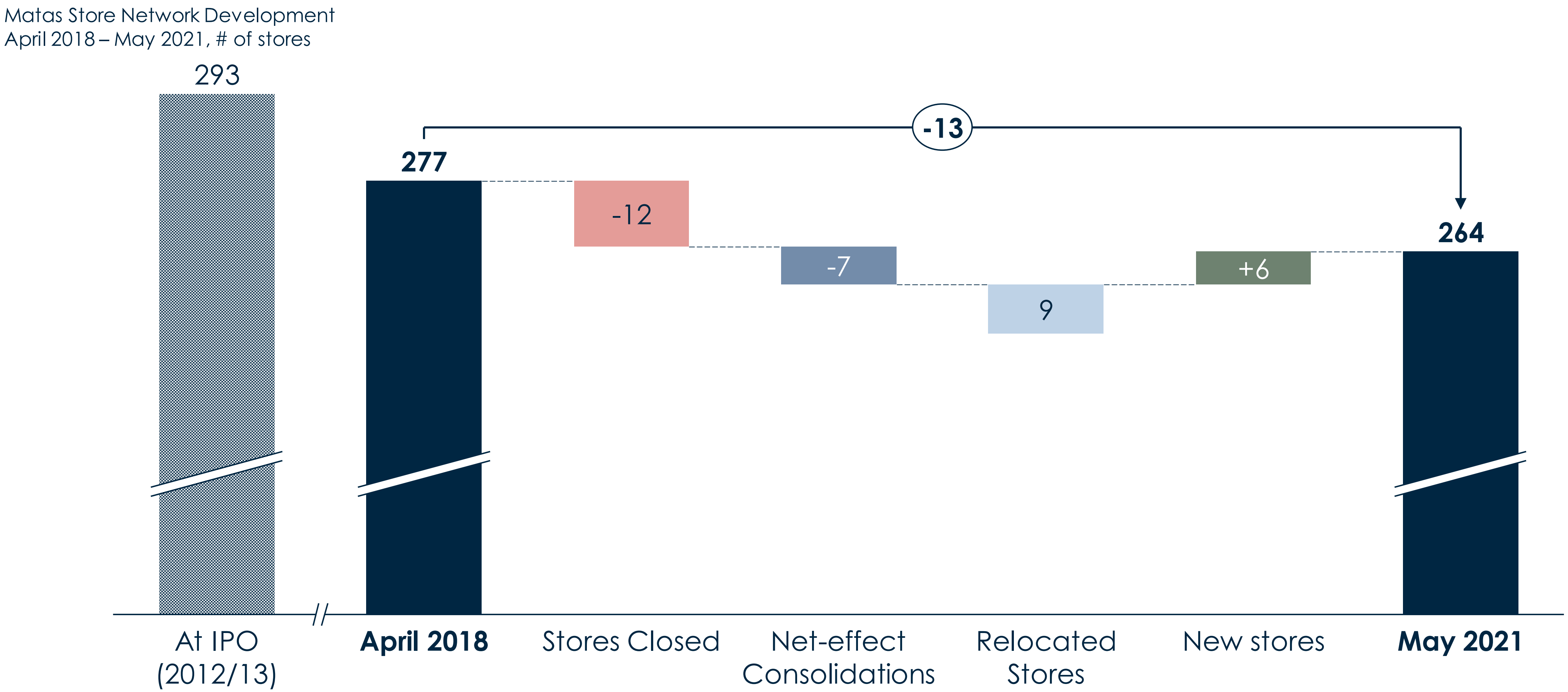
Stores with nationwide coverage across ~170 cities

Stores have performed at a **+65 Net Promoter Score** since the nationwide lockdown was eased



matas

Store network has undergone **significant transformation** in recent years through consolidations, relocations, closures and new openings



matas Note: Store count includes the store on Faroe Island

Flexible lease terms provides a significant competitive advantage to **consolidate store network** continuously to get fewer and bigger stores

Flexible lease terms for store network allows quick and cheap consolidation

- All 264 stores are **100% rental spaces**, hence no tied-up capital in real estate
- **Exit terms** on leases are on average **less than 6 months**
- **Cost to exit leases** has historically on average been **covered by the up-front deposit***
- Financial reporting will be impacted by **some goodwill impairment** when exiting cities fully

Strategy will leverage on this advantage to continually adapt store network

Continuous adaptation…

- There will be **no 5-year store number target**, as store network will adapt to consumer needs and behavior

…to get fewer & bigger stores…

- **Relocation of stores** to get better lease terms and achieve higher footfall
- **Consolidation of stores** in near proximity increase total earnings

…and push rent cost down

- Agile network allows for more **aggressive rent negotiations** to ensure positive rent in % of revenue development

Note: *) Based on latest 23 leases that have been terminated with an average cost to exit at DKK 164K vs. average deposits at DKK 190K per lease

Connected Retail shifting focus from Conventional Store Renewal Program, to **Digital Store Renewal Program**

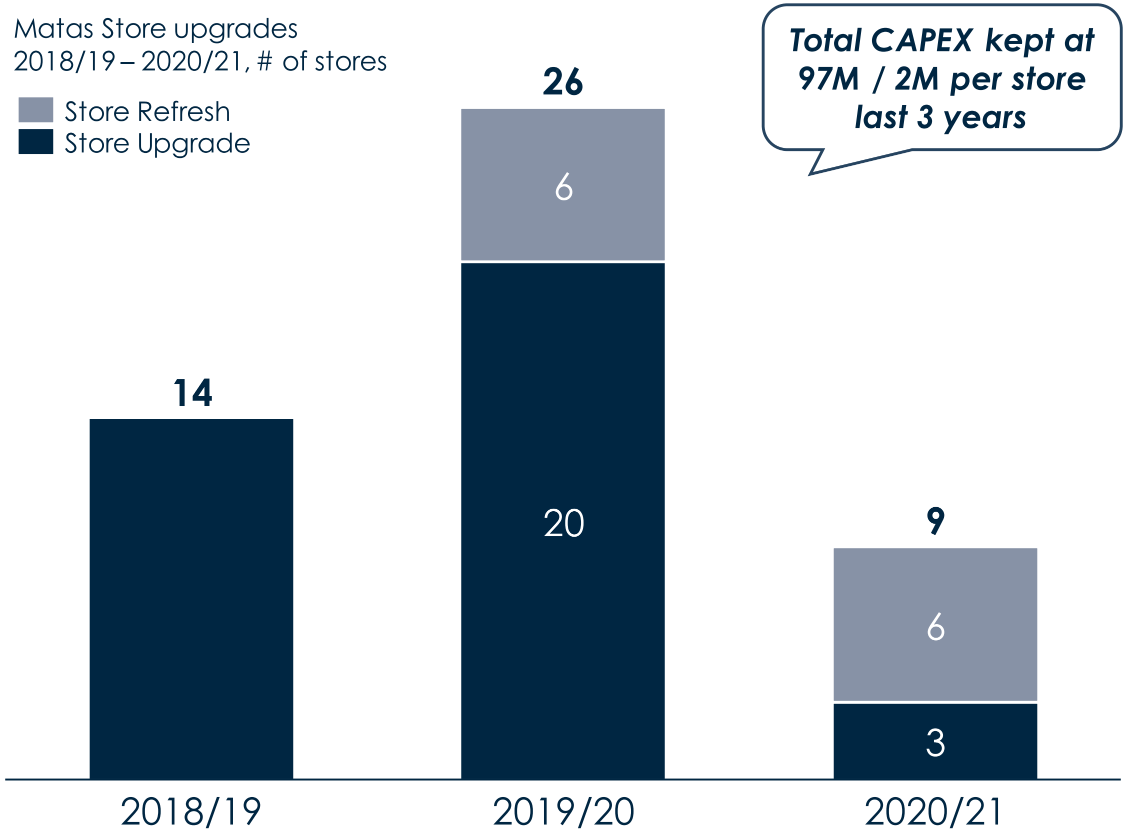
OPERATE
THE STORES

CONSOLIDATE
THE STORES

CONNECT
THE STORES

The **Matas Life Store Upgrade program** has shown the way to a less capex intensive Store Refresh program with multiple digital enhancements

Matas Life upgrade program has gravitated towards a store refresh program



Lower capex "connected store" refresh program shows same effect on sales and customer satisfaction

Store refresh look & feel

In-store app mode

In-store endless Aisles

Convenient payment

Connecting the stores **adds a new innovative layer of digital services** that increases customer satisfaction and earnings per store

Connected store

Conventional Store

- **Click & Reserve**: Low-cost fulfillment from store with increased traffic
- **Endless aisles**: Every store offers full matas.dk assortment as staff can order for home delivery with a current average SKU up-lift from ~10K to +50K
- **Subscrip-tions**: In-store recruitment of subscribers that have 25-30% higher sales and increased frequency of 20-25%
- **Pick-up-in-store**: Up-sell at more than 25% of the +1.1M store pick-ups
- **Appoint-ment shopping**: Online booking of 1:1 shopping appointment w. beauty advisor
- **Live In-store events**: Live events from local stores through Facebook with ~50% conversion and best stores improving sales +20%
- **Ease of payment**: Ultra convenience for customers and release of staff time spend on transactions
- **1:1 Video consul-tation**: Basket size at index 180 and +20% conversion rate

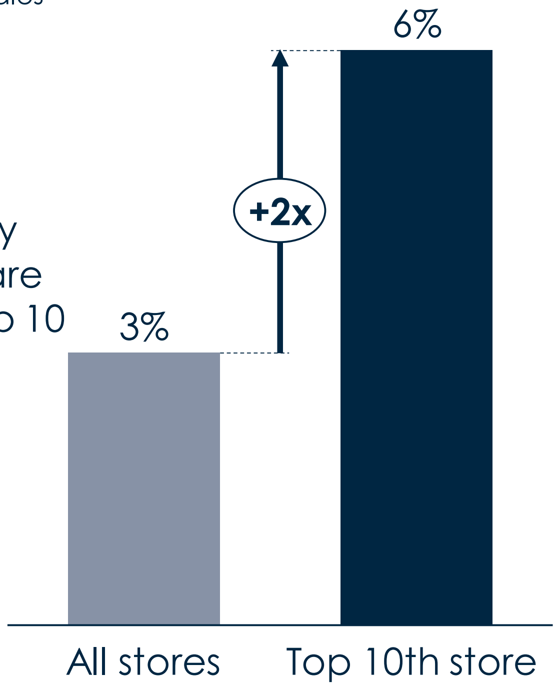
The model for **connecting the stores is in place** with DKK +200M revenue potential to roll-out across store network

Improving Endless Aisles sales across store network could provide 80-100M additional revenue

Endless aisles sales share of total store sales 2020/21, %

80-100M

Revenue uplift potential by increasing Endless Aisles share to 6% for all stores outside top 10



Long term potential increases further when online range is extended

Live shopping and video consulting offers new revenue streams through stores

25-35M

Revenue uplift potential at full run-rate when all stores conduct Live Events

In-store live event

80-100M

Revenue uplift potential if scaling number of beauty advisors fully

1:1 booking of beauty advisor

2.4

Brands: Differentiation, Growth & Margin Improvement

Michael Shin
EVP, Director of Matas Brands

L'OREAL
ELIZABETH ARDEN
BIOEFFECT

matas

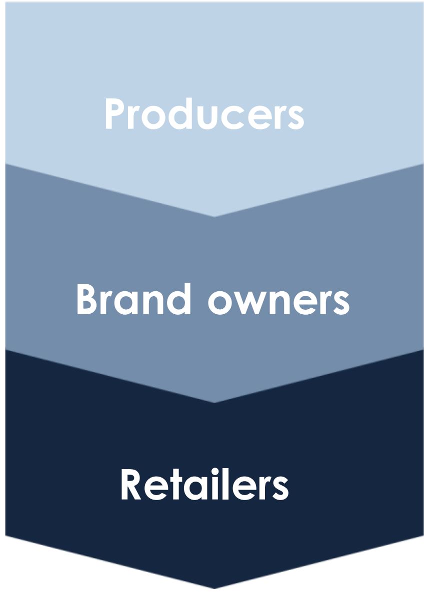
Strategic mission:

Widen the portfolio of House Brands to support differentiation and margin improvement - and initiate international sales of brands

Numerous retailers have vertically **integrated brand ownership** to differentiate, grow and improve margins

Retailers vertically integrate due to differentiation, margins and growth opportunities

Illustrative value chain



- **Differentiate** from retailing competitors
- Take larger share of value chain to achieve better **margins**
- Open up new **growth** opportunities

Numerous examples of retailers with brand ownership

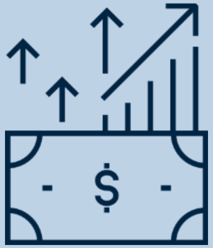
Private label

High-end brands

The objective of the brand ownership strategy is foremost to **improve differentiation and margins, and secondly to add international growth**

Differentiation & margin

Improving margins and differentiation in Matas' online and offline channels



International growth

Opening new growth avenues internationally

Matas Brands strategy is driven through **three sequential levers** to upgrade competencies, expand portfolio and initiate international sales of brands

#1
Upgrade brand-building competencies

#2
Expand portfolio of house brands & partnerships

#3
Initiate international sales of brands

Building brands has become much **less risky and time consuming** due to social media and online advertising, as well as DTC sales channels

#1
Upgrade brand-building competencies

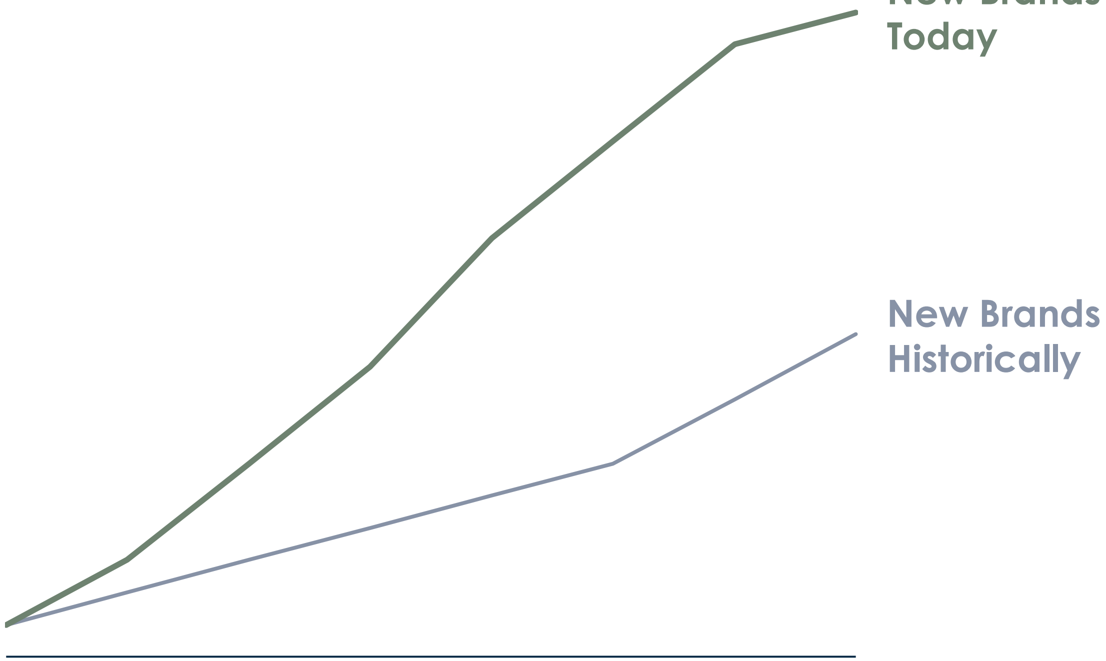
Historically: 10-15 years to launch brands

- Brands **launched through store-by-store retail distribution**
- Brand value built through **mass printed advertising and nationwide TV** once scale was reached
- Brand awareness built through advocacy, loyalty and word of mouth
- Expansion on a slow **country by country** basis

Today: 3-5 years to launch brands

- Brands launched with **simultaneous DTC and online distribution**, while image, brand value and awareness built digitally and through **social media**
- **Faster time to market and less risky advertising** with low budgets, targeted at right audience across borders
- Wider reach across geographies to **launch internationally from the start**

Illustrative sales development for new brands
Historical vs. Today, Illustrative



Matas is a strong brand launcher and will strengthen competencies to **build own brands end-to-end with a small team**

#1
Upgrade brand-building competencies

Historically:
Great success as Brand Launcher

Identify consumer needs → Develop product → Build brand → Distribute products → Advertise products → Optimise SKUs

- External brands have utilized Matas' **deep consumer insights to identify needs** and winning propositions
- Strong competencies in accelerating external brands through a **plethora of retail-competencies**:
  - Nationwide physical and digital distribution
  - Pricing and Promotions
  - Media and Engagement
  - Instore advice
  - Sampling
- Leveraging **consumer and retail insights** to optimize SKUs

Strategy:
Upgrade competencies as End-to-End Brand Builder

Identify consumer needs → Develop product → Build brand → Distribute products → Advertise products → Optimise SKUs

- Building on top of historical Brand Accelerator, by upgrading **competencies end-to-end to build own brands**
- **Leverage consumer insights** to develop new in-house products and brands to match consumer needs
- Build brands with **international mindset** and ability to attack **all distribution channels**, not just mass with low price points
- Leverage **strong internal media** offering to advertise
- Ensure **selective distribution** and build brand perception through Direct-to-Consumer

Legend: = Under-developed capabilities = Strong capabilities

Matas Brands cover an existing portfolio of internally developed and acquired 3rd party brands, plus a newly launched brand incubator

#2
Expand portfolio of house brands & partnerships

Matas brands

House brands:
Matas
Striberne
Plaisir
My Moments
Matas Natur
Skønt

Denmark: Matas only
International: Beauty Stores

Acquired brands:
Njord
Nilens Jord
MIILD

Denmark: Matas & External
International: Beauty Stores

New brands:
GRÆNN Brand Incubator
- development and acquisition of new brands

Denmark: Matas & External
International: Beauty Stores

GRÆNN – The Brand Incubator

#2
Expand portfolio of house brands & partnerships

Initiate international distribution of existing brands that all hold strong international appeal due to Nordic heritage and branding

#3
Initiate international sales brands

Strong portfolio of brands with international appeal for Nordic values

Striber
Everyday products used by most Danish women since the 1950-ies

My Moments
Home Spa range with essential oils to find peace and new energy for body and mind

Plaisir
Luxurious and innovative skin care products based on active ingredients with proven effects

Matas Natur
Natural, ecological, vegan and perfume-free product range that are environmentally friendly

Nilens jord
Denmark's #1 make-up brand. Skin friendly, clean formulas without parabens and perfume

Miild
Allergy-friendly, sustainable and organic certified beauty products

New brands
New brands are all rooted in Nordic values and lifestyle

2.5

Logistics: Automating & Scaling Logistics

Brian Gøbel Poulsen
Logistics Director

SPORTSMASTER
COOP

Strategic mission:

Build Matas Logistics Center to enable growth and improve margins

matas

Matas Group currently manages **7 warehouses** across Denmark

1. **Allerød CL1 – Ground level**
2. **Allerød CL1 – 1st floor**
3. **Allerød CL2**
4. **Kosmolet Farum**
5. **Webshop Humlebæk**
6. **Brøndby CL3**
7. **Firtal Group Lystrup**

To expand capacity and advance logistics capabilities Matas has initiated **'Matas Logistics Center'**, a new state-of-the-art logistics center

Expected to be **located in Lynge** close to HQ

Consolidation of 4 warehouses fully operational by 2024/25

Building is **~25,000 M^2** (170M X 155M X 15M)

Channel independent whether online, connected retail or endless aisles

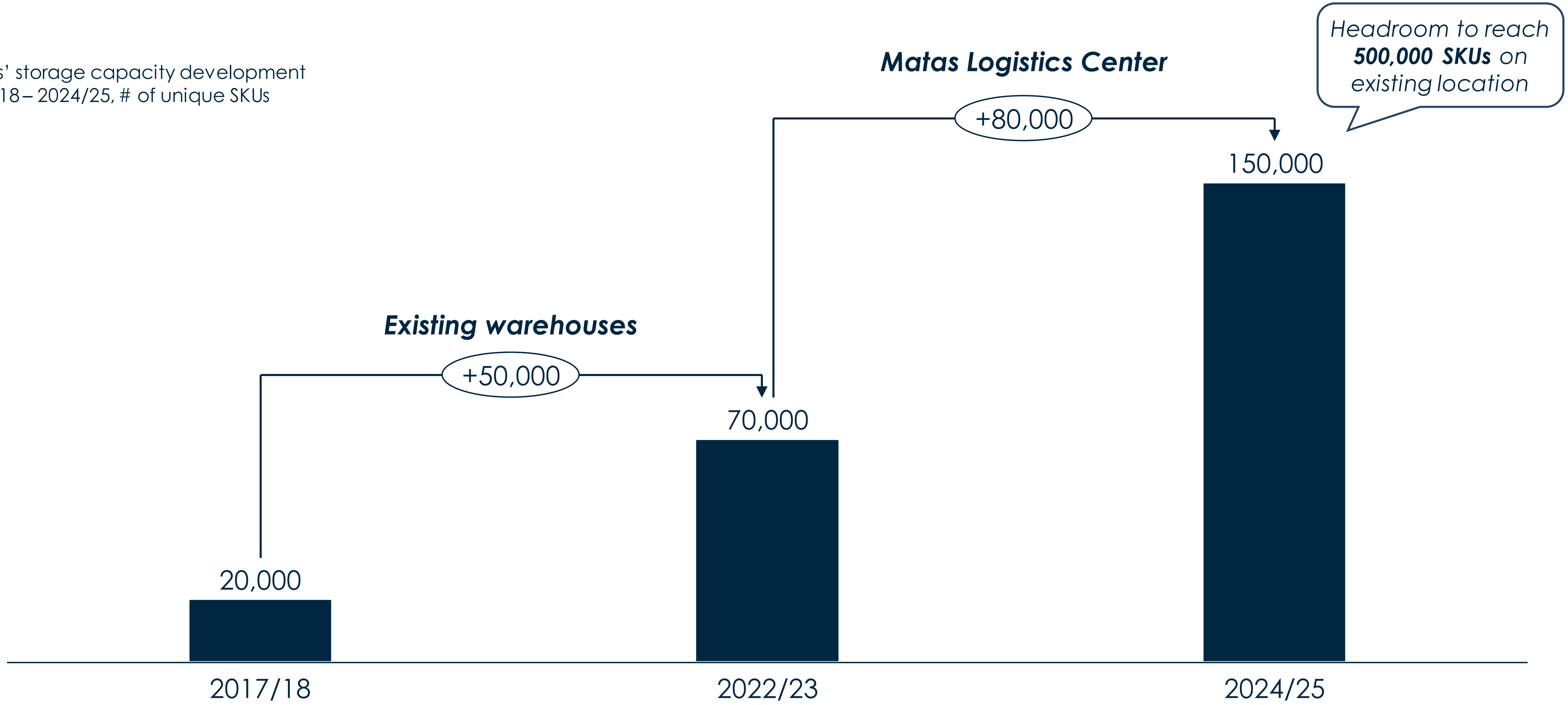
Sustainable building with potential installation of solar panels & heat pumps

Automated picking and packing machines combined with proven **high-tech shuttle solution**

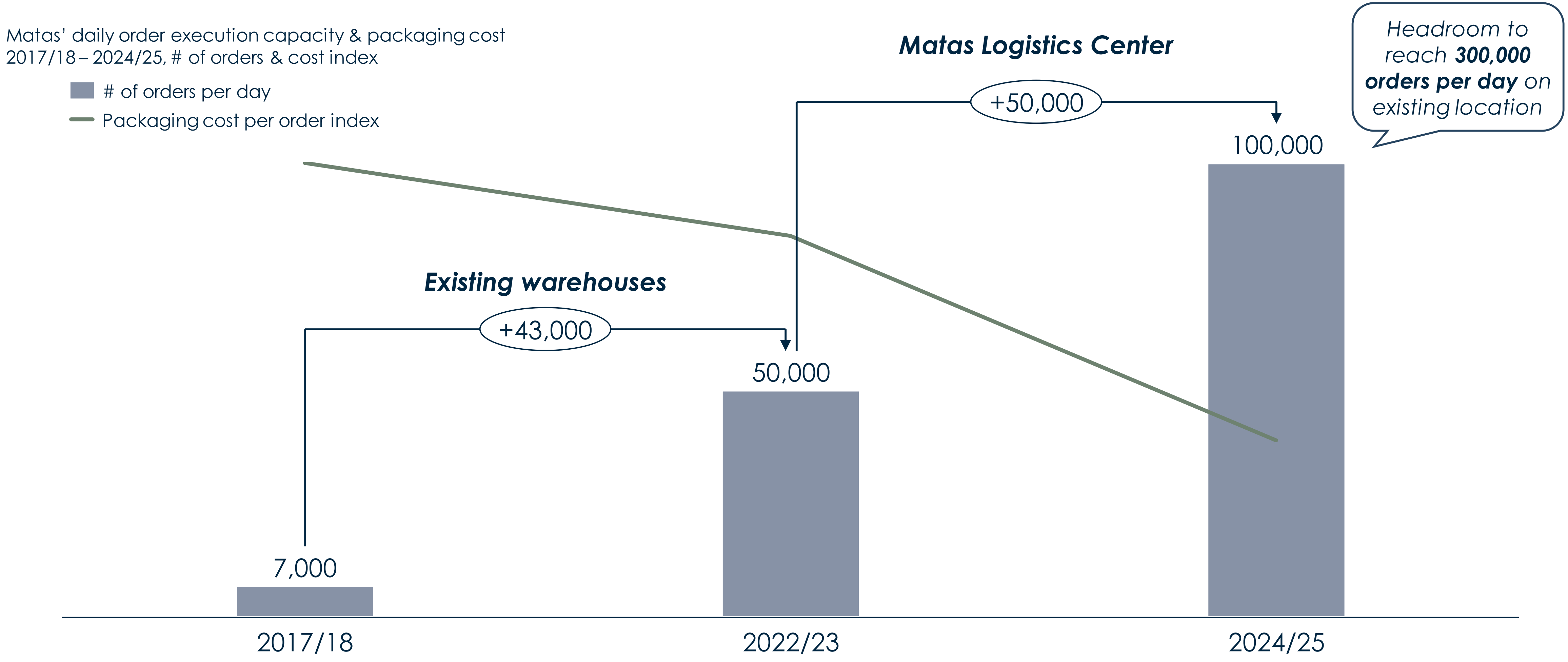
Advanced box storage system specifically effective for handling of small packages

The range expansion strategy requires **a step-change in capacity to accommodate** 150,000 SKUs by 2024/25

Matas' storage capacity development
2017/18 – 2024/25, # of unique SKUs



To continue **competitiveness on delivery times and cost**, the order execution capacity and cost per order also needs a step-change



 Note: At current average basket size, the 100,000 daily order execution capacity would allow for DKK +10B revenue

Matas Logistics Center requires **CAPEX of DKK ~500M**, but will improve margins and allow for strong future growth

Matas Logistics Center
Acquisition of property, buildings & machines for DKK ~500M CAPEX

1.0-1.5% EBITDA margin improvement effect

- Staff costs reduced from lower FTE requirement
- Rent costs reduced from consolidating 4 sites
- Warehouse cost for web orders reduced ~50%
- Machine maintenance costs will increase

+2x operational scalability of capacity

- Scalability – *capacity increase from 70,000 to 150,000*
- # of orders per day - *increase from 50,000 to 100,000*
- Speed – *max 30 minutes from order to ready for carrier*
- Sustainability – *CO2 emission free warehouse by 2030*

matas

3.0

Financial Ambitions

Anders T. Skole-Sørensen
CFO

VKR
MÆRSK
DT GROUP

matas

Strategic mission:

Secure long-term profitable growth through well-managed capital allocation and mitigation of risks

The Growing Matas Group strategy and the omnichannel business model **positions Matas for long-term profitable growth**

Three main targets for the financial guidance by 2025/26

Revenue

+5.0B

In 2025/26, driven by +1B increase in online sales and consolidation of stores, excluding significant M&A

EBITDA-margin

17-18%

In 2025/26, affected by (i) margin expansion from scale advantages, MLC & vertical integration, and (ii) margin dilution from competitive response and growth "investments"

CAPEX

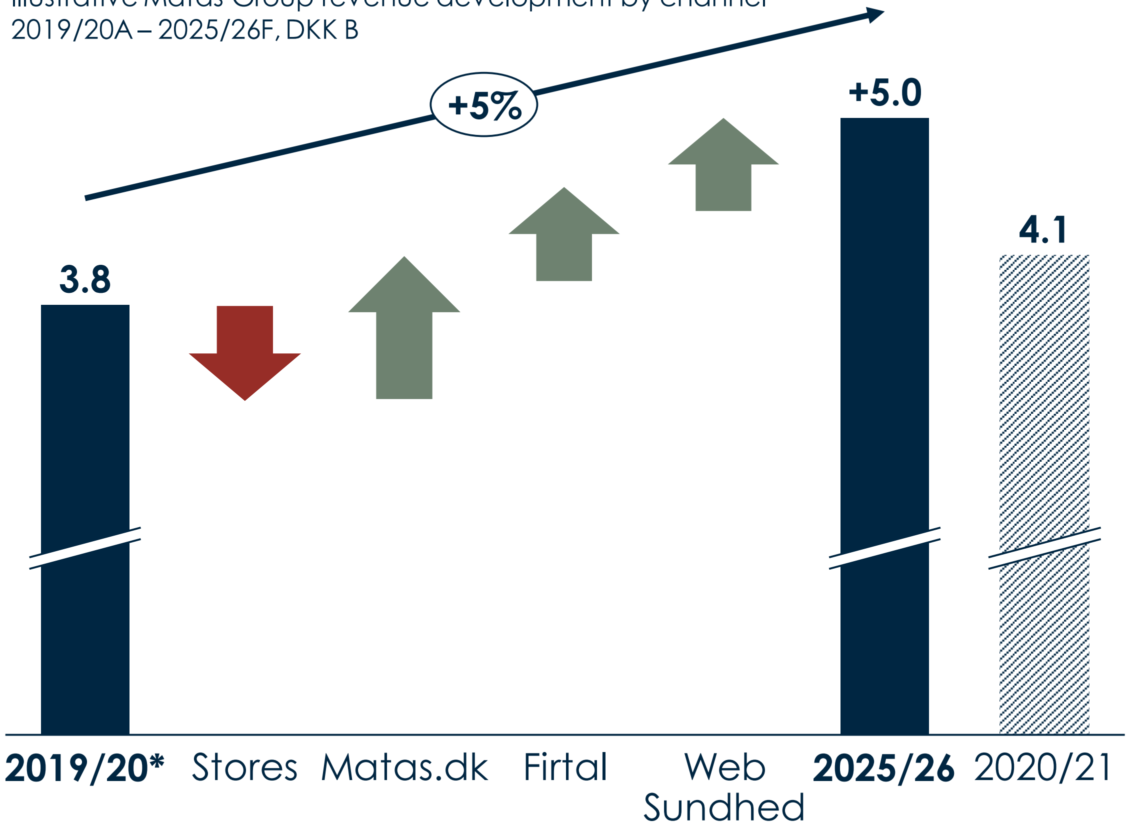
1.0-1.3B

Accumulated from 2021/22 to 2025/26, through MLC and continued digitalization, (excluding M&A)

Growth ambition to reach at least **DKK 5.0B by 2025/26** is driven by market growth and range expansion through online channels

Revenue growth from DKK 3.7B in 2019/20 before Covid-19 to +5.0B in 2025/26 driven by online channels

Illustrative Matas Group revenue development by channel
2019/20A – 2025/26F, DKK B



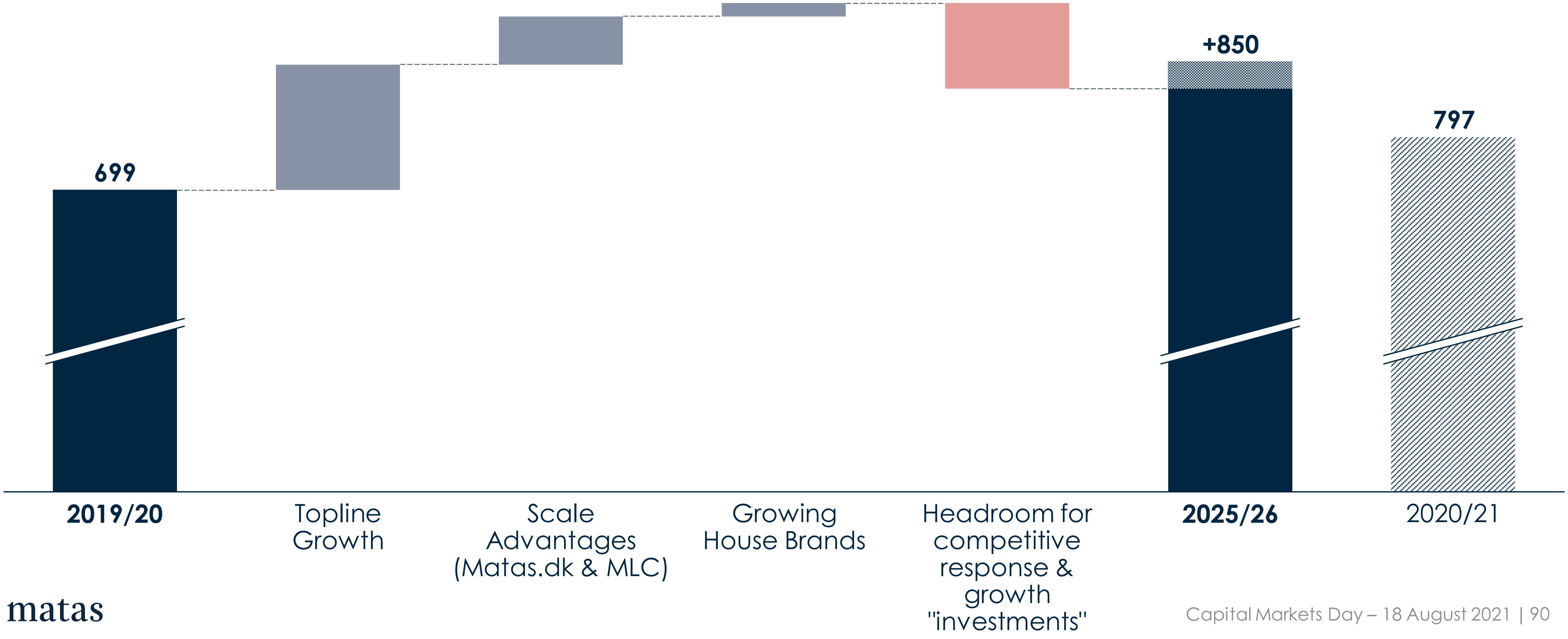
Growth ambition driven by market growth and online range expansion

- The underlying **Health & Beauty market is expected to continue showing modest growth** driven by strong fundamentals:
  - Beauty, health & wellbeing has **historically grown faster than GDP** and consumption in general
  - Consumer trends such as ***"Younger for longer"*** and increased spending on health will support market growth
- Matas aims to **increase market share in selected categories** within Health & Beauty through range extensions, which will help Matas in achieving the goal of doubling online sales
- Note, growth from potential international expansion is not included in the long-term ambition

matas Note: *) 2019/20 proforma adjusted to include Web Sundhed's revenue as of acquisition

Earnings driven by **topline growth**, **scale advantages** and **vertical integration**, allowing for competitive response and growth “investments”

Illustrative Matas Group EBITDA before special items
2019/20A – 2025/26F, DKK M



Three potential major risks in the strategy period, but limited impact is expected due to decisive mitigation actions

Increased competition

- Competition could arise from multiple angles, but **most prevalent will be online competition** from pure-players and market places
- Competition could further come from **fashion players entering the beauty** market
- And lastly from **specialty retailers** pursuing an aggressive offline roll-out plan

Competition could pressure price perception and margins, but strong omni and brand owner business model should protect to a certain extent

Macro economy setbacks

- H&B market is expected to grow at historical rates, just above GDP
- Some market observers **anticipate roaring 20-ies** economic development
- But market might as well **bounce back in the 5-year strategy period,** from multiple angles as geopolitical risk, financial instability, pandemics, etc.

Macro setbacks will impact the entire industry, but is estimated with limited risk as H&B has shown strong resilience to economic cycles

Operational risks

- Operational risks will increase due to **implementation of MLC** that will not only drive important efficiency gains, but also allow for future growth
- Risks imply potential **delays** and potential **budget overruns**

MLC business and implementation plan is well worked through and has taken certain risks into account

Cash generation to accelerate towards end of strategy period driven by **reduced CAPEX and continued strong NWC development**

Cash flow	CAPEX	Working capital
Matas' underlying business will continue to produce strong operational cash flows throughout the strategy period	In the first years Matas Logistics Center and continued CAPEX to support the digital growth will limit the free cash flow Towards the end of the strategy period the CAPEX requirements are expected to become smaller and free cash flow will rise	Throughout the strategy period, working capital is expected to remain fairly stable as a percentage of sales, but fluctuations are to be expected The range extension strategy is expected to have marginal effect on inventories as a percentage of sales, as this will largely be driven through online channels

Capital allocation towards 2025/26 - CAPEX, Gearing and Distribution

DKK 1.0-1.3B CAPEX

- CAPEX is expected in a DKK 1.0-1.3B range accumulated over the five years driven by
  - Matas Logistics Center
  - Continued digitalisation of both on- and offline activities
  - New acquisitions are not included in the expected CAPEX

2-3x Gearing

- Maintain a gearing between 2 and 3 (Net Interest Bearing Debt to EBITDA)
- Ensure that gearing ratio does not materially exceed 3 for longer periods of time

>20% Distribution

- Distribution of at least 20% of adjusted net profit after tax annually - subject to gearing target and near term risks

4.0

Closing Remarks and Q&A

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A profitable **growth strategy**

Growing Matas Group: #1 for health and beauty
Leverage our platform for growth with a profitable business model

Commercial: #1 offer
Triple the assortment and market the broadened offer to consumers

Ecommerce: #1 online
Double revenues by acquiring omni-customers and growing sales per customer

Connected retail: #1 in-store
Consolidate and connect the stores to drive customer satisfaction and protect profitability

Brands: #1 products
Widen 'house brand' portfolio to improve margins and open for international growth options

Logistics: #1 operator
Build Matas Logistics Center to enable growth and improve margins

Building Matas Group: Major Change & Investment Programs

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Commercial	Launch Pro Hair Care & Dermatological Skincare	Launch new health categories	Enter new categories			
Ecommerce	Expand assortment and go to market					
Connected Retail	Connect & consolidate store network					
Brands	Build brand portfolio & competencies		Scale international sale of brands*			
Logistics	Optimize existing logistics setup		MLC: Automate and scale logistics			

*) Subject to satisfactory proof of concept

Matas Equity Story: Digitalization of Health & Beauty drives profitable growth
Matas' market leadership provides a platform for market share gains

The Foundation: Leverage our historical strength

- **DKK ~13B market** with above-GDP growth and attractive margins
  - Beauty demand is non-cyclical with margins upheld by consumer preference for brands, non-commodities, news, personalisation and luxury
  - Health demand driven by aging population, product innovation and online
- Matas is **the absolute market leader – online and offline**
  - #1 brand in beauty and personal care, #3 brand overall in DK
  - #1 store network with 264 profitable stores and +2,000 advisors
  - #1 club with 1.7 million members, # 2 loyalty program overall in DK
  - #1 media portfolio with 1.8 million unique monthly contacts
  - #1 portfolio of private label/exclusive house brands
- Matas is **positioned to benefit from online shift**
  - In three years, Matas has become **#1 for health and beauty online** in Denmark with ~35% market share and 600,000 happy customers
  - 2nd most used webshop in Denmark across all categories
- Matas has a strong **financial position**
  - Leap in online profitability driven by scale and omnichannel synergy
  - Strong cash generation supported by inventory optimization
  - Strong balance sheet with ample room for gearing
- Leadership team with a **proven strategy execution track record**

The Opportunity: Profitable digital growth

- **Growth journey towards DKK +5B revenues** driven by
  - Online range expansion
  - Market share gains in selected categories
  - Becoming the preferred non-prescription health destination
- **Profitability around 17-18% EBITDA-margin** can be sustained:
  - Online scale effects and omnichannel synergies
  - Gradual store consolidation & Connected Store concept
  - Vertical Integration: Increase of House Brands share
  - Automation of logistics for capacity, speed and efficiency
  - Disciplined and continuous cost-improvement
- **CAPEX investment** of DKK 1.0-1.3B in the coming 5 years composed of:
  - Run-rate investment kept around 3-4% of sales to support digitalisation of customer experience – both offline and online
  - Additional DKK ~500M will be spend to automate & scale logistics
- **Distribution to shareholders:** More than 20% of adjusted net profit after tax will be distributed
- **Additional growth options** (not in financial ambition)
  - Further category expansion, export of house brands, and bolt-on/adjacency M&A to be decided on case by case basis
  - Health positioning will open access to male target groups

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