

Rising customer traffic drives revenue and earnings growth

Interim report Q1 2022/23

17 August 2022



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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 as well as any effects of healthcare measures that are not specifically mentioned above.

Agenda

- 01** CEO comments and strategy update
Gregers Wedell-Wedellsborg
- 02** Financial results for Q1 2022/23
Per Johannesen Madsen
- 03** Q&A
Gregers Wedell-Wedellsborg & Per Johannesen Madsen
- 04** Appendix



01

CEO comments and strategy update

Gregers Wedell-Wedellsborg
CEO

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Rising customer traffic drives revenue and earnings growth



DKK

1,054 M

Revenue

Q1 2021/22: DKK 1,021 M



DKK

192 M

EBITDA before special items

Q1 2021/22: DKK 186 M



+3.2%

Revenue growth



18.2%

EBITDA margin before special items

Q1 2021/22: 18.2%



5.5 M

Transactions

Q1 2021/22: 5.1 M

The Growing Matas Group **strategy is progressing according to plan**

Growing Matas Group: #1 for Health and Beauty

STRATEGIC TRACKS



Commercial: # 1 offer

Triple assortment and market broadened offer



STATUS Q1 2022/23

Introduced **21 new brands** primarily in the beauty categories. In total, Matas has launched **80 new brands** since the introduction of Growing Matas Group in August 2021 .



Ecommerce: #1 online

Double revenues by acquiring omni-customers and growing sales/customer



Sustained the **high level of online sales**. Launched the new health-focused web shop *well.dk*.



Connected retail: #1 in store

Consolidate and connect the stores



Rolled out more than **180 mobile POS units** and expanded the pick-in-store concept so it now includes more than 100 Matas stores.



Brands: #1 products

Widen "house brand" portfolio



Launched Matas Striber, Matas Natur and My Moments **in 80 stores in Germany in June**.



Logistics: #1 operator

Build Matas Logistics Center



Continued **optimization of manual processes** at the Humlebæk warehouse without major disruptions despite the tight labour market.



ESG: Health & beauty for life

Minimize climate footprint, contribute to public health, and secure inclusion



Tested solutions to **reduce energy consumption** in stores and listed more products and brands with **health benefits and a sustainable profile**.

Commercial | Introduced 21 new brands

New brands, lines and line extensions

SoKind

NAILSTER

DR. BARBARA

STURM

PROFESSIONAL
SEBASTIAN

FOOT LAB CO®

L'OCCITANE
EN PROVENCE

estelle & thild

matas

Mermade
HAIR

glow
hub

Id
HAIR

Status and pipeline

80 new brands launched since August 2021

Professional Hair Care and Dermatological skincare well received by our costumers

New Lifestyle & Wellbeing brands to be launched during Q2

+4,000 new SKUs to be launched in August within Medicare and OTC



Ecommerce | Sustained the high level of online sales

- 1 Online assortment expansion starts to kick-in
- 2 Same-day delivery highly appreciated by our customers, which is reflected in our ascending NPS
- 3 Keep improving our ways of advertising by utilizing the first party data we get from our loyalty programs
- 4 Adding new digital services and unique product descriptions to matas.dk
 - *250 new product videos launched in Q1*
- 5 Launch of a new health-focused web shop, *well.dk* operated by Firtal Group

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Klik for at se tidligere LIVE programmer [her](#):

Connected Retail | New initiatives appreciated by our customers



Mobile POS units | On floor service to our customers with easy access to Club Matas and Club Matas Plus data.

Pick-in-store | Expanded to more than 100 stores after a positive response to the tests we did in Q4. Positive impact on the NPS.

Booking module | Introduced and well received by customers with more than 4,000 bookings in Q1.

02

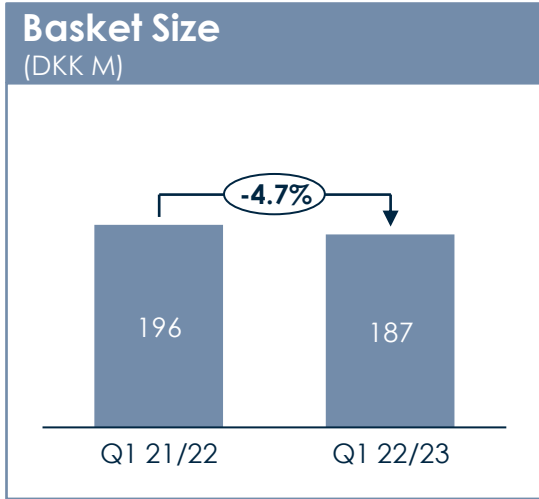
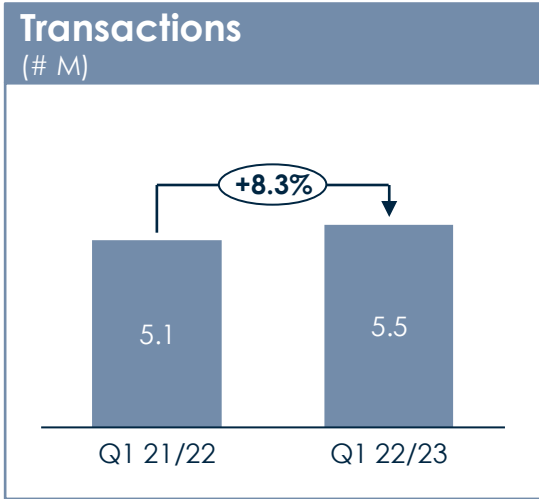
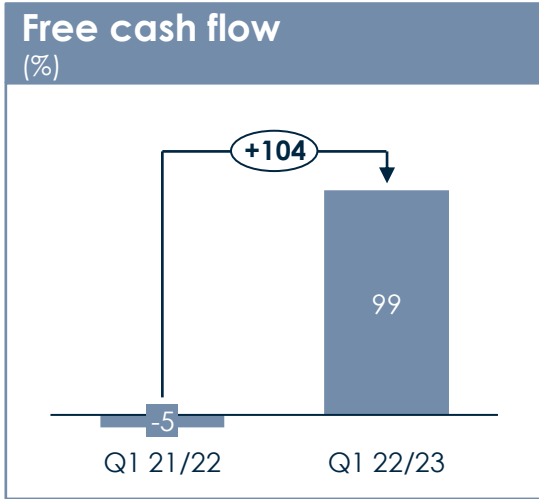
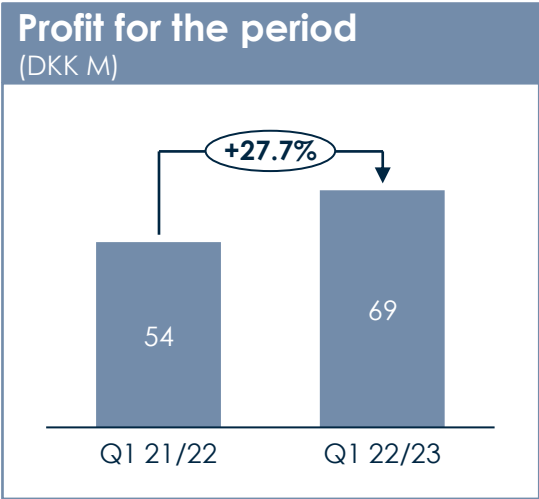
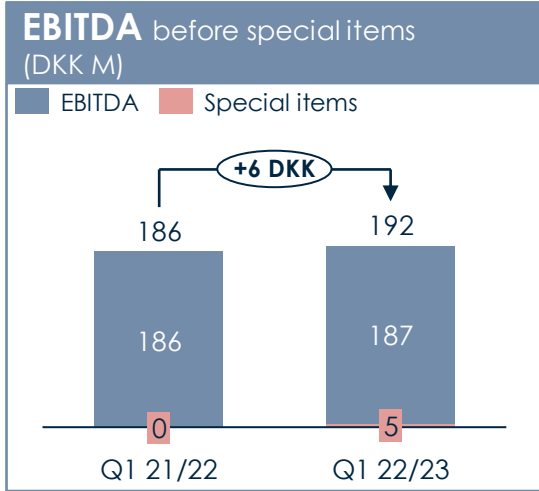
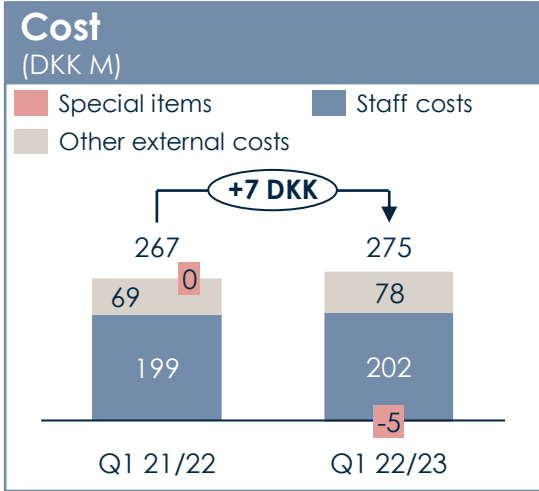
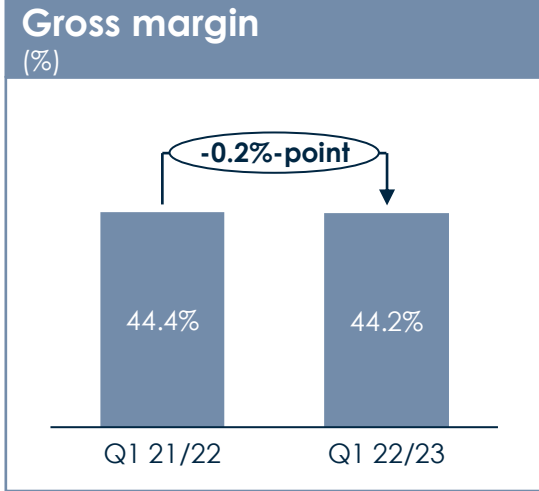
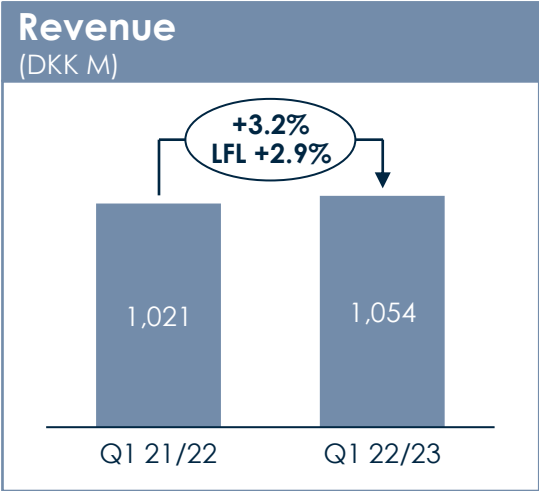
Financial results Q1 2022/23

Per Johannesen Madsen
CFO

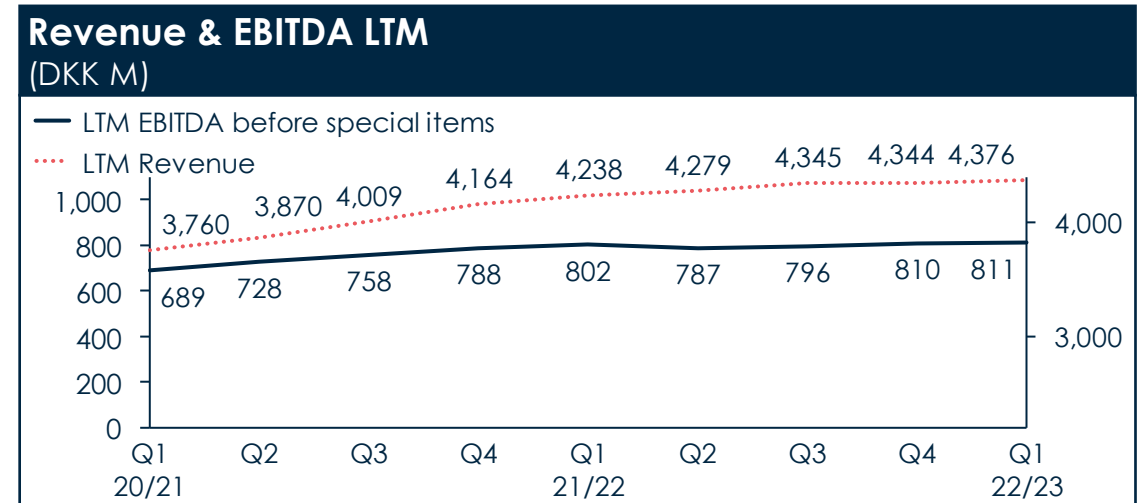
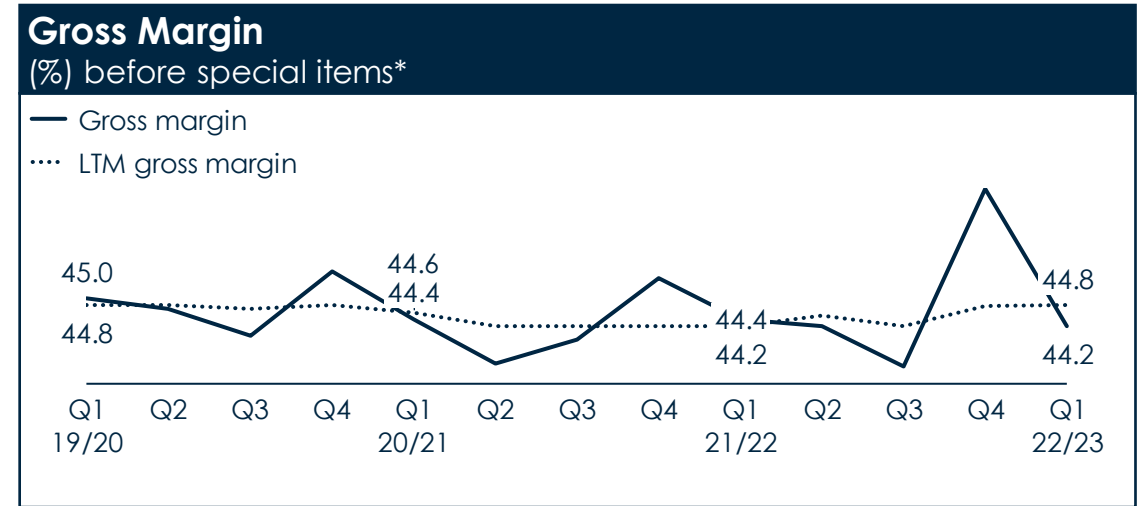
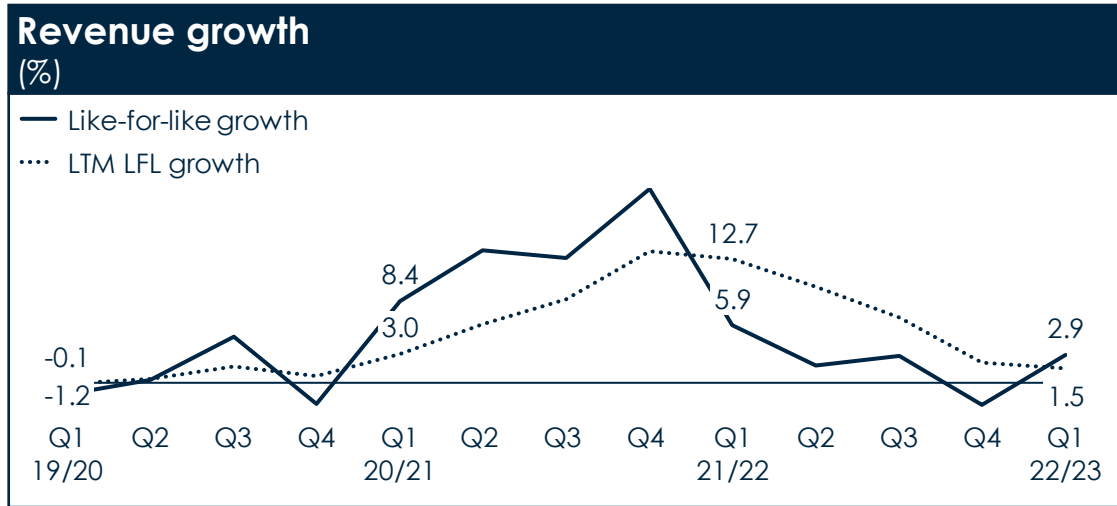
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Stable quarter in line with expectations

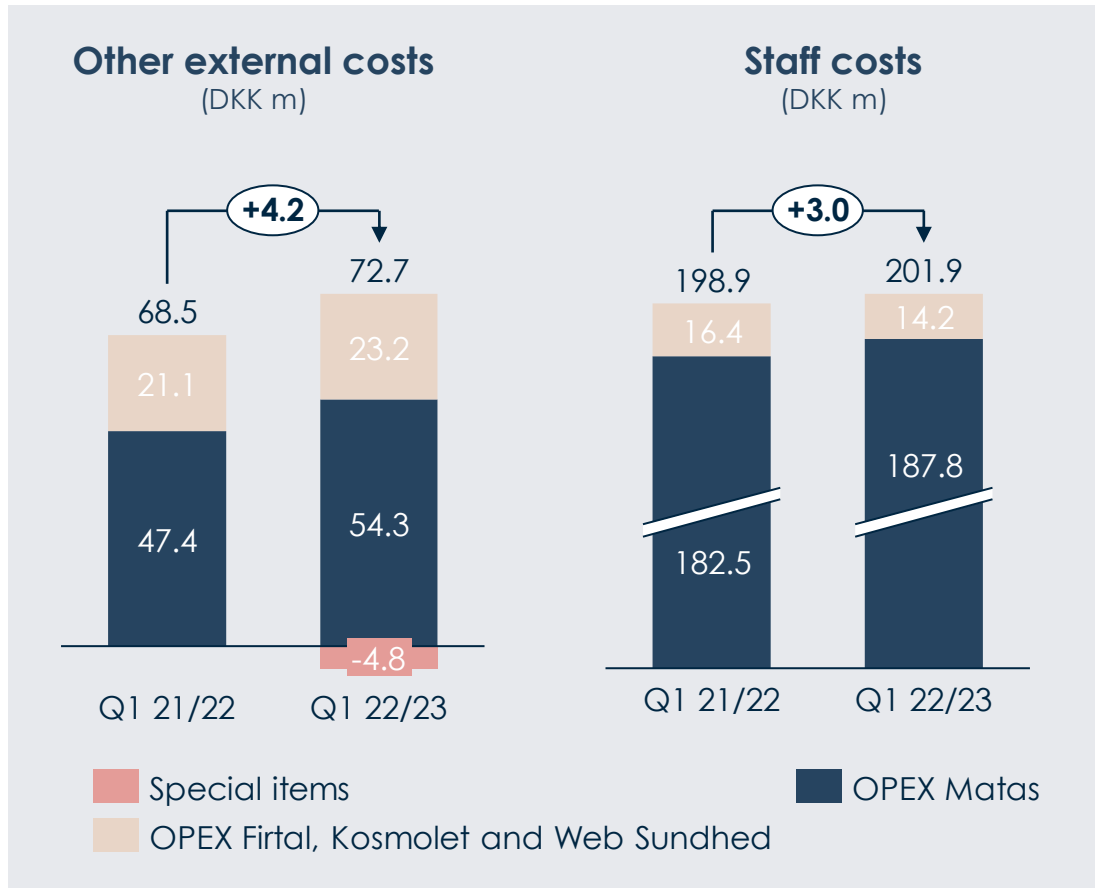


Margins stabilising after quarters effected by COVID-19



matas Note: *) Reported GM 44,5% Q3 2021/22, GM 45,3% FY 2021/22

Staff costs increase 1.5% while investing in strategic initiatives



Other external costs:

- ↑ Adjusted for special items underlying **other external costs** were up by DKK ~4m
- ↑ DKK ~3m related to increasing energy prices

Special items:

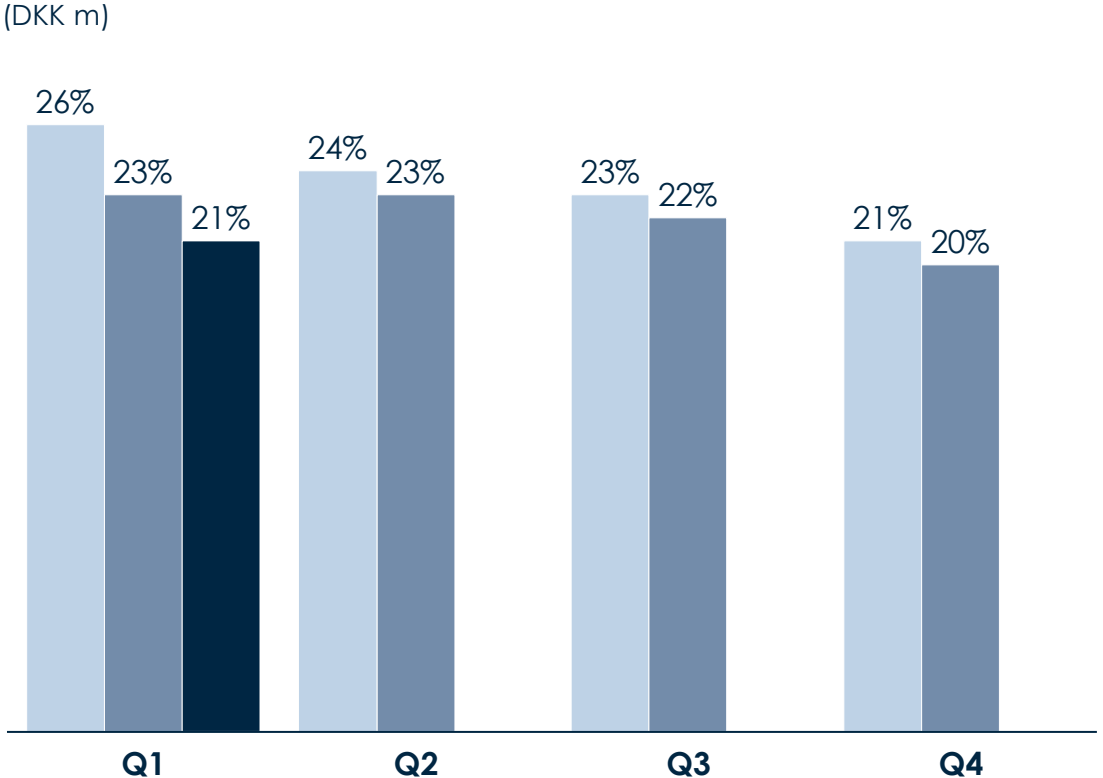
- ↑ DKK ~5m in **special items** related to Matas employee party

Staff costs:

- ↑ Staff costs were up by **DKK ~3m corresponding to 1.5%**
- ↑ The increase reflects the recruitment of new competencies to **execute the Growing Matas Group strategy** and Web Sundhed not being fully adapted in the Q1 2021/22 numbers

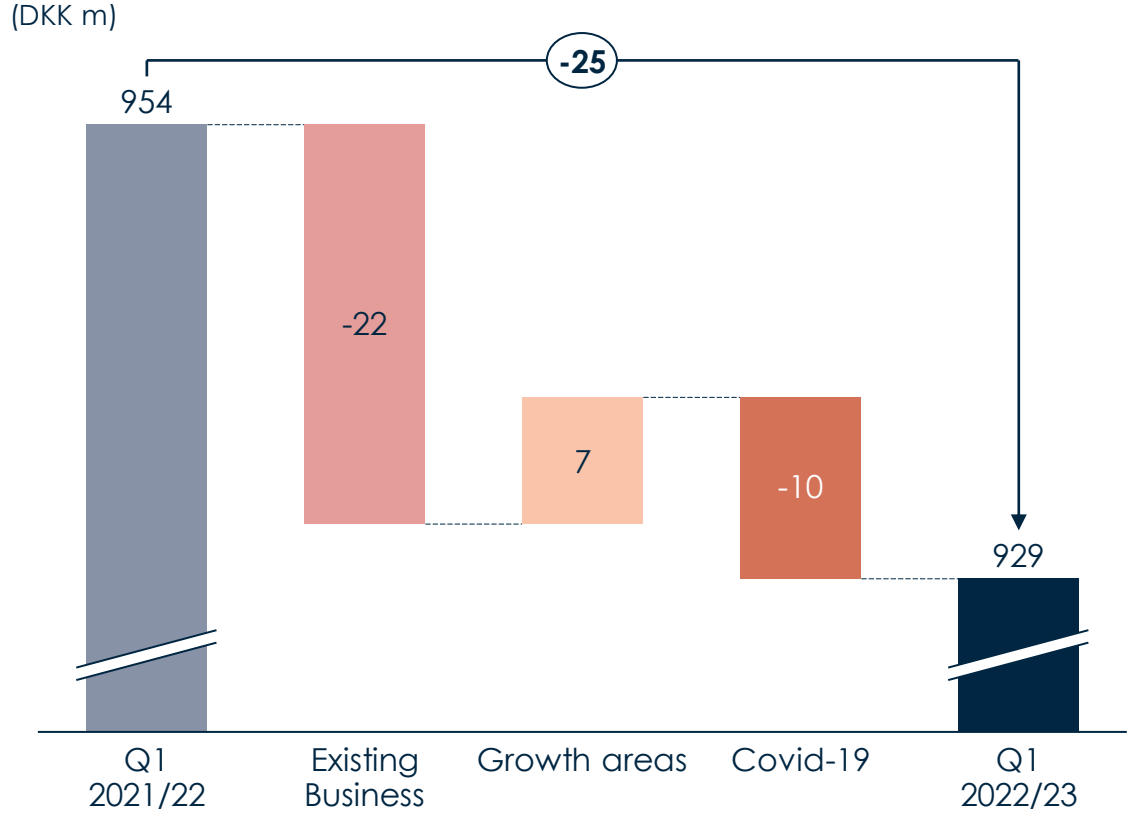
Continued focusing on optimising inventories

Inventories per quarter in % of LTM revenue



■ 2020/21 ■ 2021/22 ■ 2022/23

Changes in inventories



Cash flow driven by improvement in working capital

DKK million	Q1 2022/23	Q1 2021/22	Change QoQ
Cash from operations before changes to working capital	188.2	162.2	26.0
Changes to working capital	(43.7)	(74.0)	30.3
Cash from operations	144.5	88.2	56.3
Interests and taxes	-	-	-
Cash flow from operating act.	144.5	88.2	56.3
CAPEX	(45.9)	(45.0)	(0.9)
Acquisition and other investments	-	(48.6)	48.6
Cash flow from investing act.	(45.9)	(93.6)	47.7
Free cash flow	98.6	(5.4)	104.0



- **Cash generated from operations** was an inflow of DKK 145m in Q1 2022/23, an increase of DKK 56m, primarily driven by less increase in NWC
- **Changes in working capital** was driven by the increase in inventory
- **CAPEX** was unchanged from Q1 2021/22.
- **Free cash flow** in Q1 2021/22 was impacted by the acquisition of Web Sundhed



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Guidance for 2022/23



Revenue

4,390-4,520M

equivalent to 1-4% growth



EBITDA margin

17-18%



CAPEX

225-250M

incl. DKK 100m to non-recurring projects

03

Q & A

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04

Appendix

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Our guidance rests on certain assumptions to **account for the greater macroeconomic uncertainty**

Macroeconomic uncertainty and the subsequent consequences makes the **2022/23 guidance more uncertain than normal**. The guidance rests on the **following assumptions**



Revenue

- Moderate growth in retail driven by price increases
- Limited impact by a potential recession on Health and Beauty
- Minimal supply chain disruptions
- Normalization of shopping- and travel behavior in H2 2022
- Continued channel shift from physical to online retail
- Increased online competition
- No remarkable restrictions or lock-downs

EBITDA margin

- Stable earnings online and in the stores
- Indirect production cost increases will not impact the EBITDA margin negatively by more than 0.2-0.3%
- International long-term growth initiatives will not impact the EBITDA margin negatively by more than 0.5% short-term
- Potential price increases will not have a negative impact on the gross margin
- Limited impact on salaries, as majority is covered by collective agreements

CAPEX

- Underlying CAPEX level at 3.0-3.5% of revenue driven by the digital transformation
- DKK100M in CAPEX one-off to cover for MLC, HQ expansion, internationalization, and ERP upgrade