

A strong finish to a year of progress and growth

Annual Report 2022/23

31 May 2023



matas


Forward-looking statements

The annual 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

- 01** CEO comments and strategy update
Gregers Wedell-Wedellsborg
- 02** Financial results for 2022/23
Per Johannesen Madsen
- 03** Guidance for 2023/24
Gregers Wedell-Wedellsborg
- 04** Q&A
Gregers Wedell-Wedellsborg & Per Johannesen Madsen





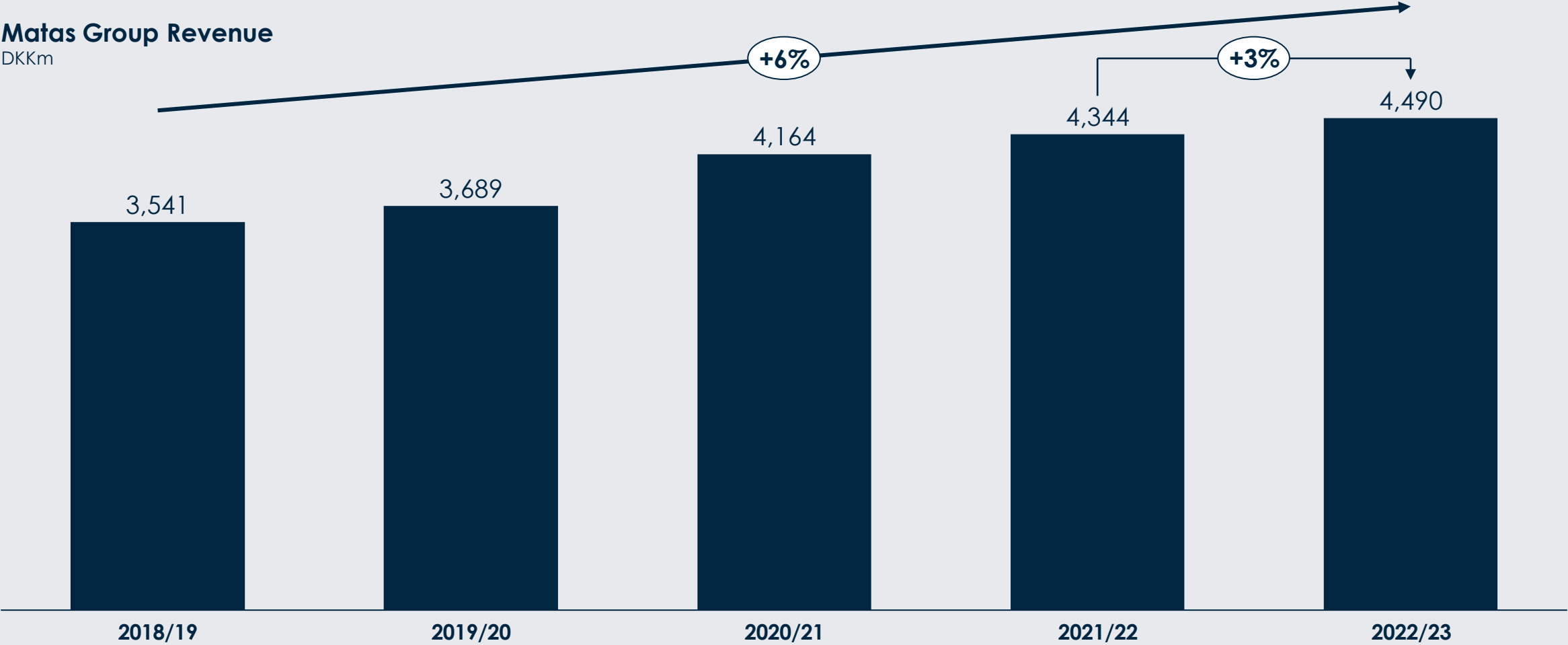
01

CEO comments and strategy update

Gregers Wedell-Wedellsborg
CEO

Revenue growth of 3% driven by assortment expansion, and sustained demand for health and beauty despite low consumer confidence

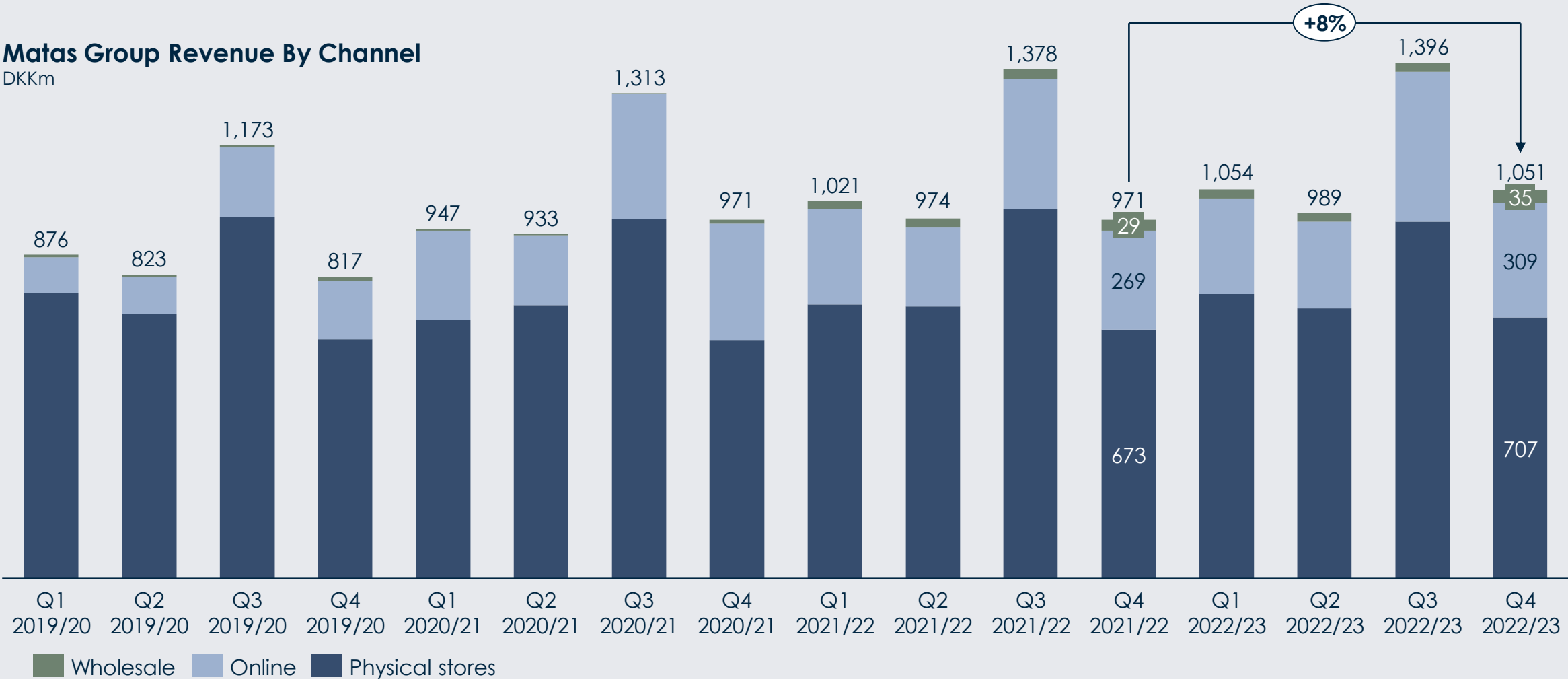
Matas Group Revenue
DKKm



The growth comes after a year of continuous quarter-over-quarter growth versus 2021/22 with +8% growth in Q4 from both online and physical stores

Matas Group Revenue By Channel

DKKm



Strong profit and free cash flow allow for DKK 77M dividend payment despite MLC, growth investments and macro prudence



DKK

4,490M

Revenue

2021/22: DKK 4,344M / +3.3%



DKK

809M

EBITDA before special items

2021/22: DKK 803M



DKK

423M

Free cash flow

2021/22: DKK 279M



18.0%

EBITDA margin before special items

2021/22: 18.5%



23.2M

Transactions

2021/22: 22.0 M

The growing Matas Group strategy is working

Growing Matas Group: #1 for Health and Beauty

STRATEGIC TRACKS



Commercial: # 1 offer

Triple assortment and market broadened offer



STATUS AS OF Q4 2022/23

Assortment expansion strategy is working, delivering **DKK +100M growth in new categories**
Introduced **more than 185 new brands during 2022/23**



E-commerce: #1 online

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



Online growth of 15% in Q4, for market share gains in flattish market
Matas.dk was once again awarded the **second most frequently visited web shop in Denmark** and maintained its all-time high **net promoter score of 75**



Connected retail: #1 in store

Consolidate and connect the stores



Comeback of physical stores

Pick-in-store concept expanded to the entire store network and thereby executed around 7% of all online orders during Q4



Brands: #1 products

Widen "house brand" portfolio



Selected products from Matas Striberne, Matas Natur and My Moments are now available **in more than 225 stores in Germany**



Logistics: #1 operator

Build Matas Logistics Center



Matas has **signed a contract on the construction of a new 32,500 sqm logistics center** in Lyngø, the Matas Logistics Center, to **more than double the overall capacity of web orders**, opening in spring 2025



ESG: Health & Beauty for Life

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



Sourced **renewable energy certificates (REC) to cover 1,600 MWh** of energy use which equates to approximately 10% of the total expected consumption for FY 2022/23.

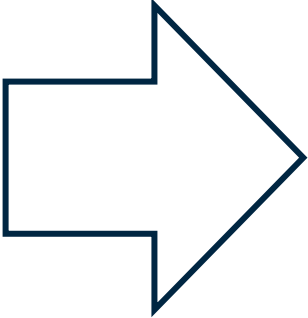
Commercial | Assortment grew by +8,000 SKUs and +180 brands in 2022/23 with significant increases in both new and existing categories

+185

New brands were listed in Matas during 2022/23

+8,250

SKUs were added to Matas' customer offering during 2022/23



DKK +100M

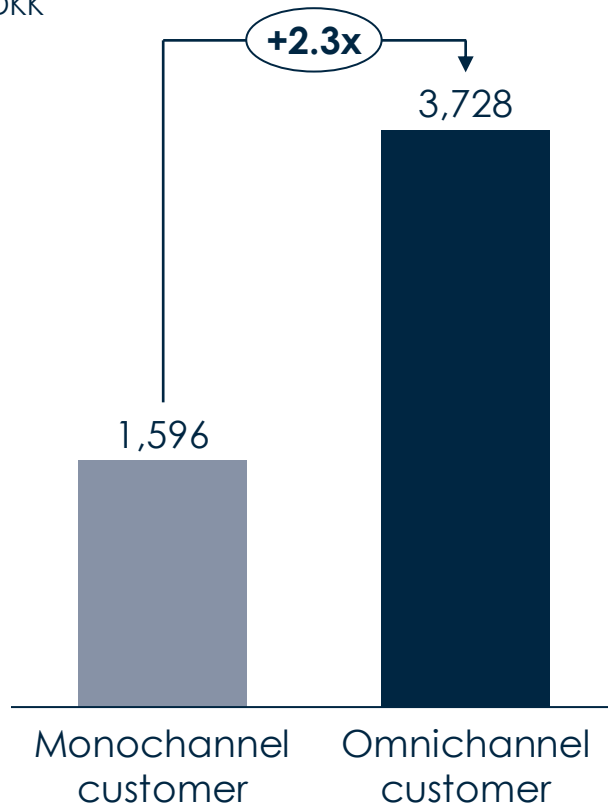
Was generated in revenues from new products in 2022/23, equivalent to +2% revenue growth



Commercial | Growing sales per member and expansion of omnichannel customers due to strong business model benefits

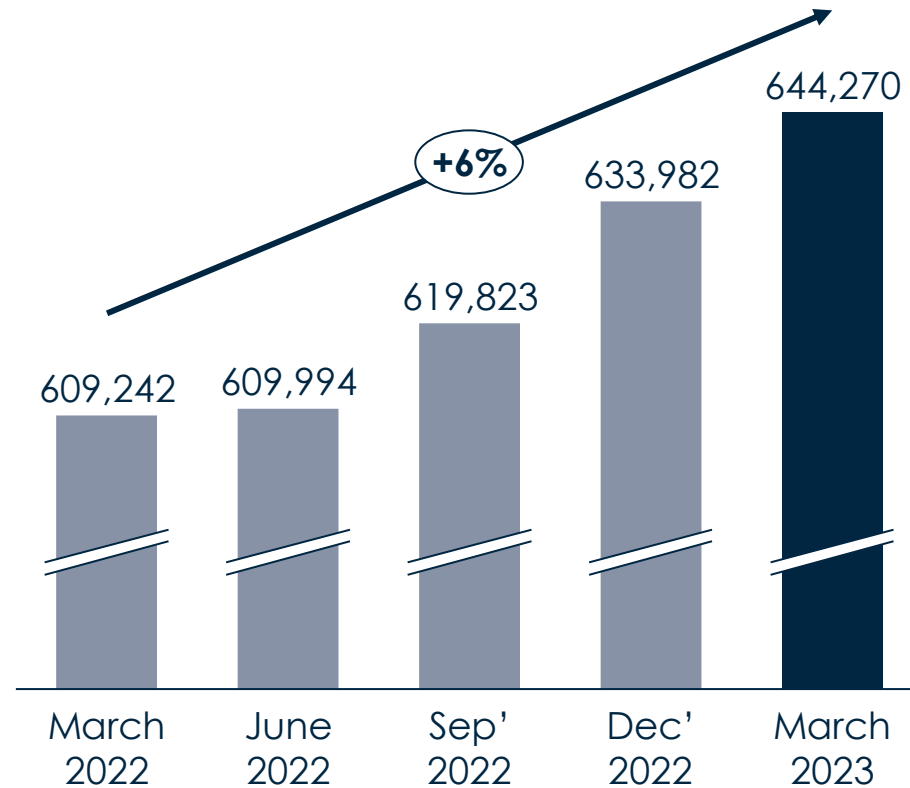
Omnichannel customers spend 2.3x more than a monochannel customer in Matas

Average annual spend per member
2022/23, DKK



During 2022/23, the omnichannel customer base has expanded by 6%

Number of Matas omnichannel customers
2022/23, # of customers

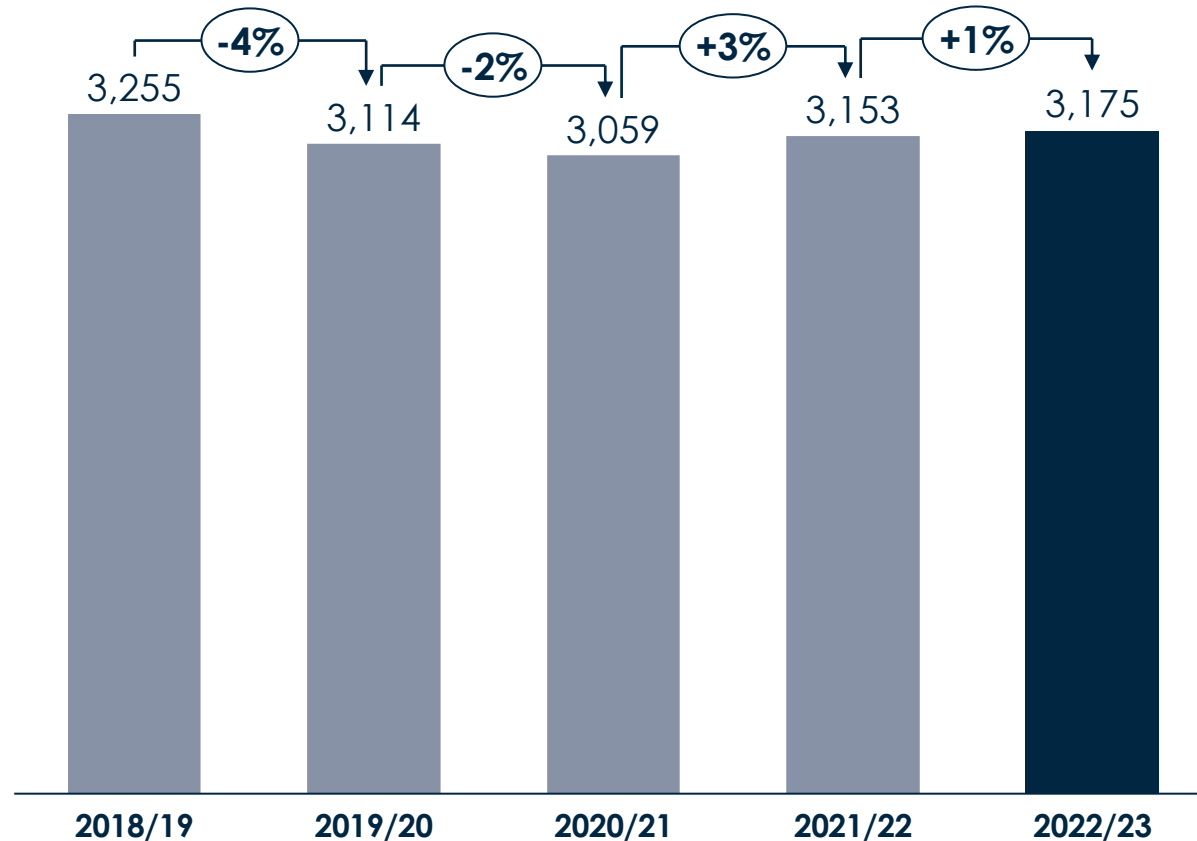


All due to omni business model

- Multiple points of interaction
- In-store advise and customer loyalty
- Broad assortment online
- Targeted email marketing execution

Connected retail | Stores continue to grow towards pre-covid levels and deliver strong omnichannel benefits to the customers

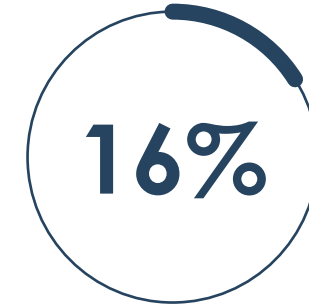
Revenue from Matas Stores
2018/19- 2022/23, DKK M



226,000

Orders from matas.dk were picked in-store for instant customer pickup and no freight cost

On average, mobile POS accounts for 16% of the store's sales in 2022/23, with 4% larger baskets



+100M

In revenue from connected retail*, which is an increase of +12%

Logistics | Contract signed for a 32,500 sqm Matas Logistics Center to open in spring 2025



32,500 sqm warehouse in Lyngø to more than double overall capacity of web orders



Expected CAPEX of **DKK 525-550M**



Further improve customer satisfaction through strengthening of the **fast and efficient delivery**



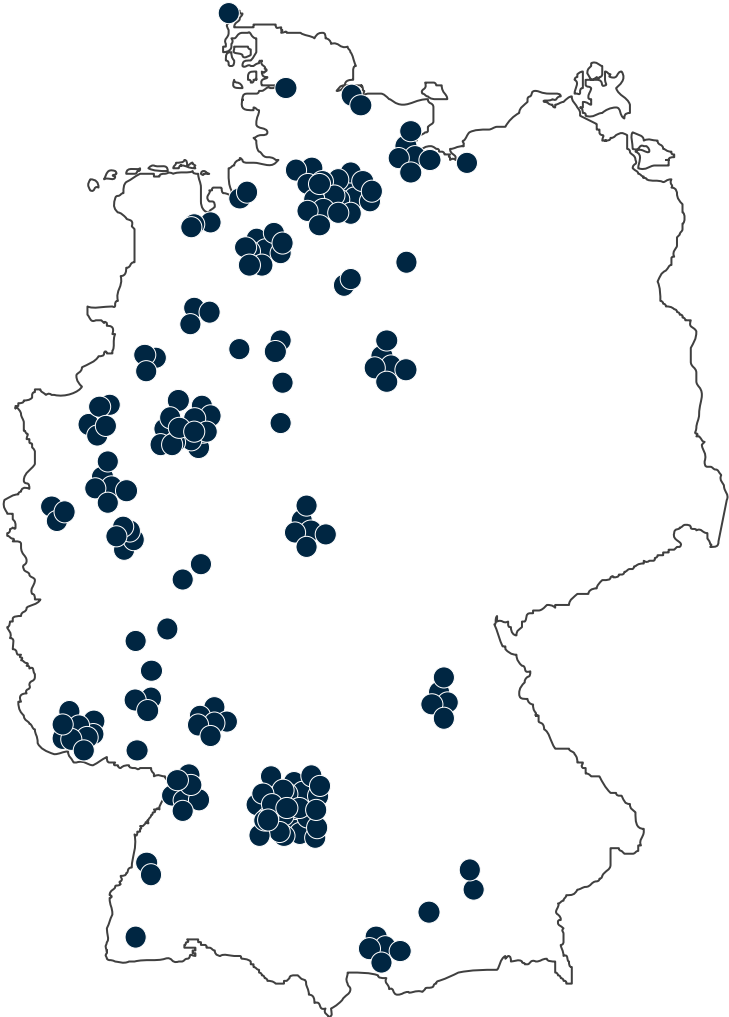
Lower costs through automation



Solar panels on the roof will cover app. one third of the facility's annual energy consumption



Brands | Continued strong progress of selling in-house brands in Germany with almost same number of doors as Matas in Denmark



225

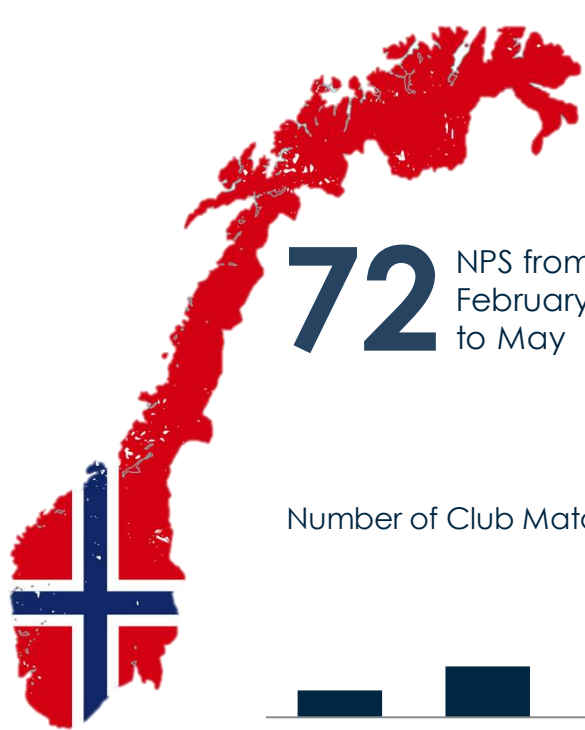
German beauty stores now carry Matas Beauty products



International | Strong start in Norway & Sweden with high customer satisfaction of 72-76 NPS and strong demand for Matas' house brands

Matas.no: Strong demand for house brands

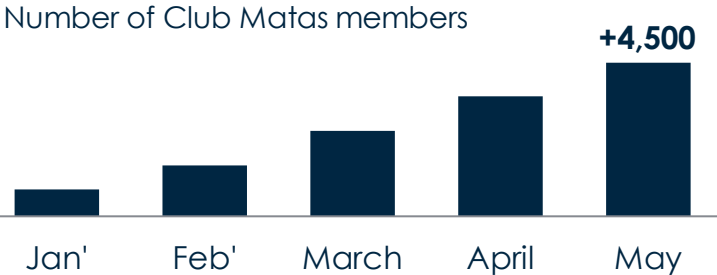
Matas.se: Very high NPS of 76



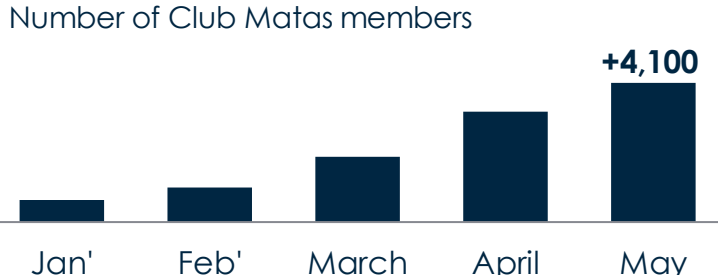
72 NPS from February to May

TOP-SELLING BRANDS:

matas
SKØNNERE SAMMEN
NILENS JORD MIILD



76 NPS from February to May



Both websites now have an assortment of +20,000 SKUs

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Financial results 2022/23

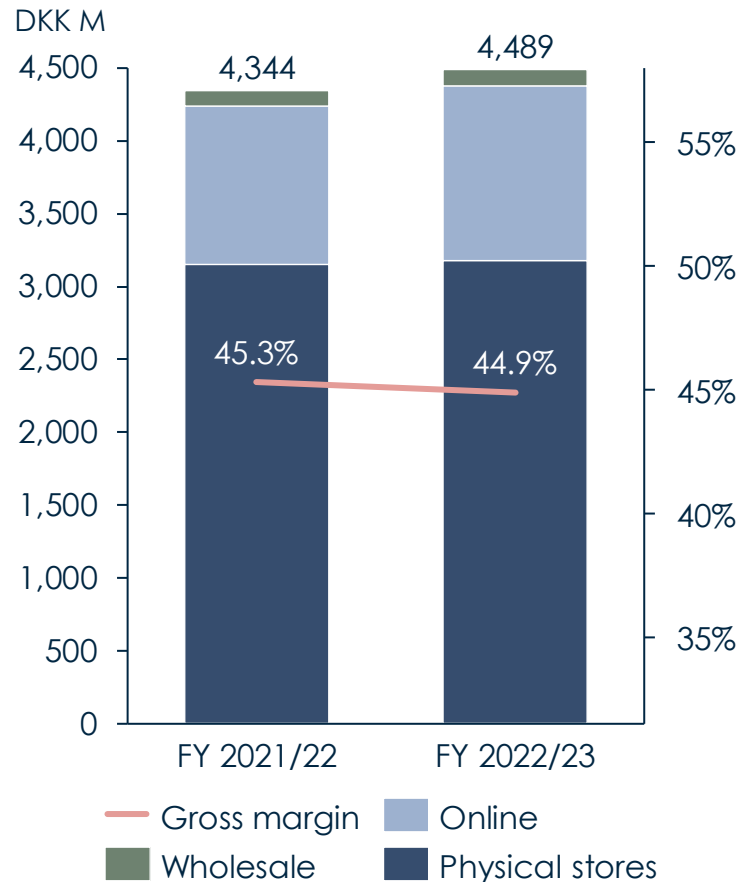
Per Johannesen Madsen
CFO

matas

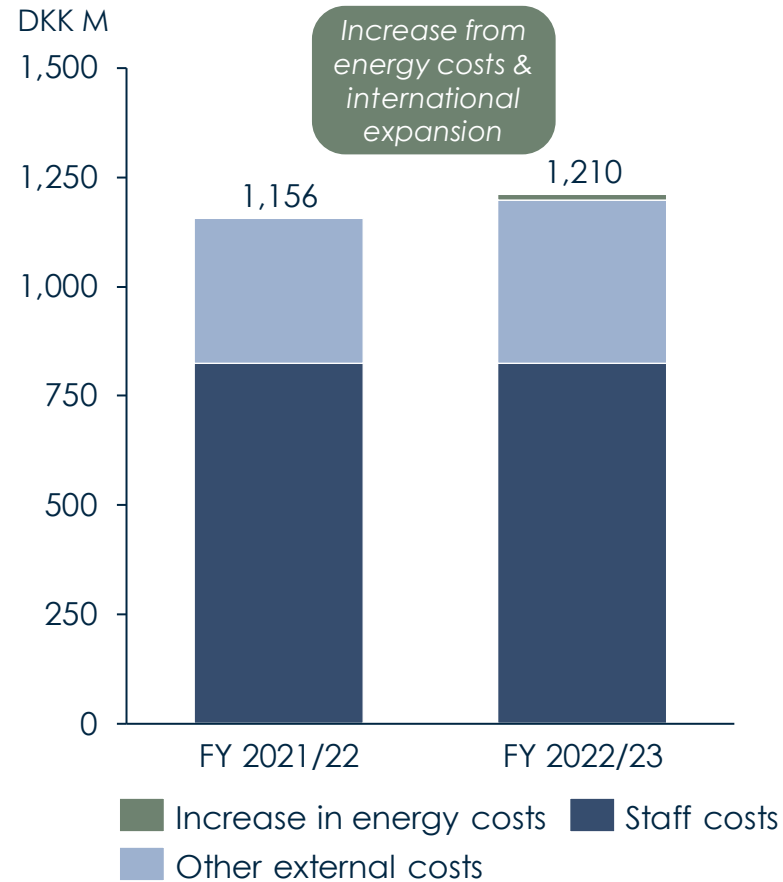


EBITDA growth despite cost inflation and investment in assortment expansion as well as international ramp-up

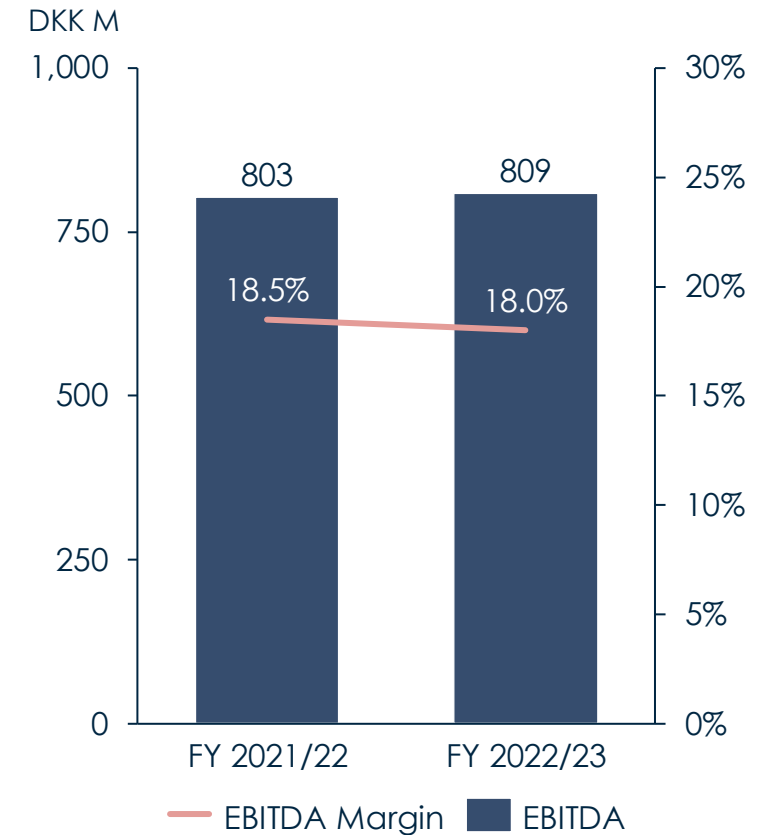
REVENUE & GROSS MARGIN



COSTS

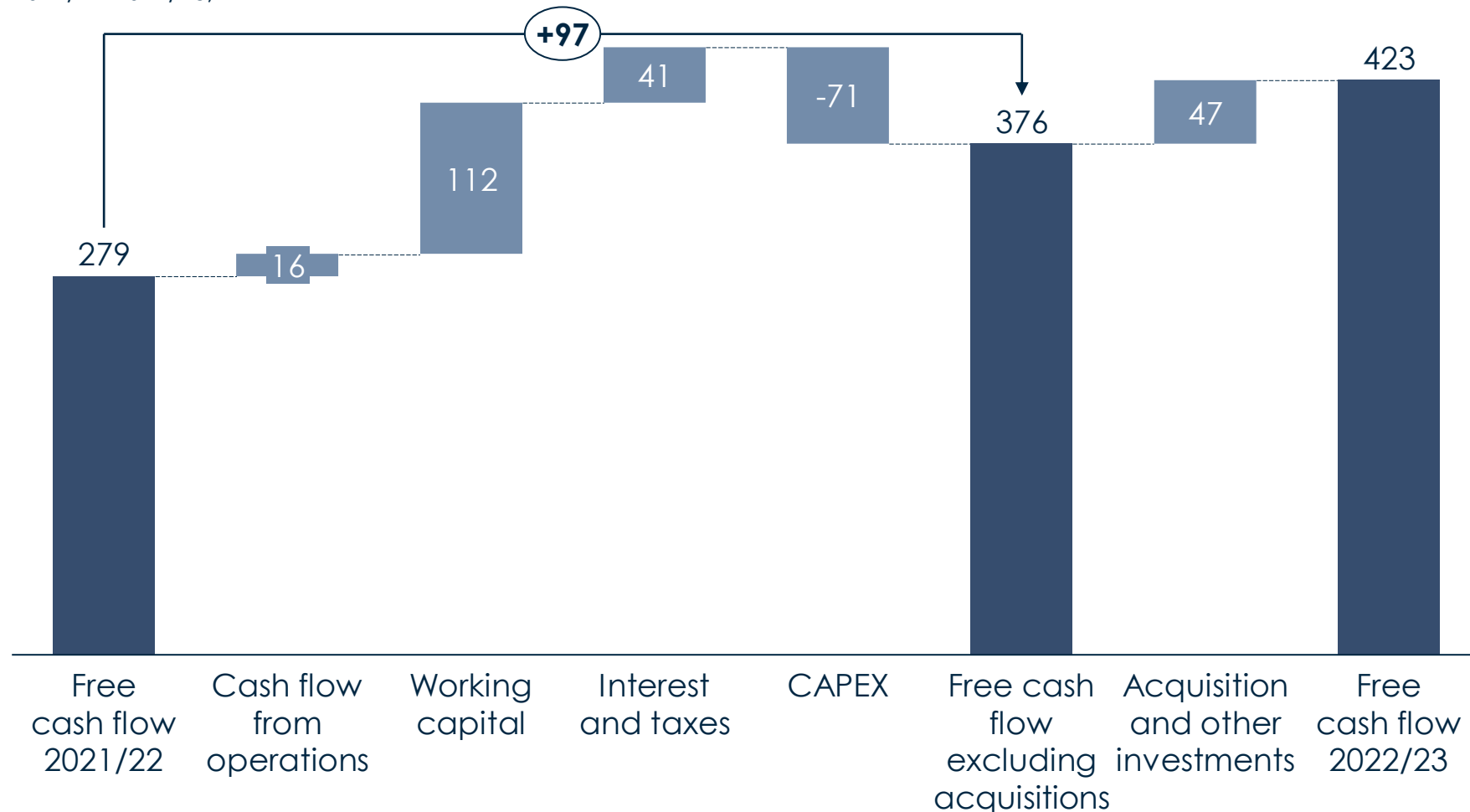


EBITDA & EBITDA MARGIN BEFORE SPECIAL ITEMS



Free cash flow improved by DKK 97M, excl. M&A, despite high capex for MLC building plot, driven mainly by net working capital improvements

Matas Group free cash flow development
2021/22-2022/23, DKK M

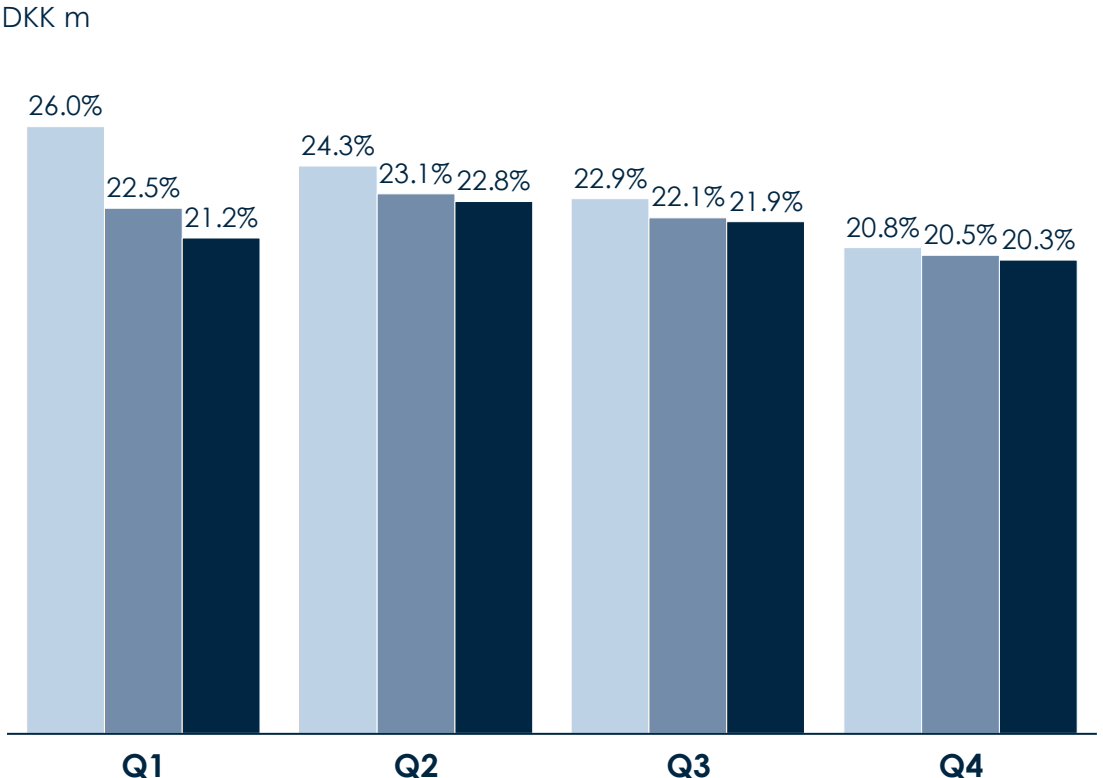


Comments

- Net working capital was positively affected by the change in other debt and deferred tax payments due to COVID-19
- CAPEX increased due to the purchase of land in Lynge for Matas Logistics Center
- Acquisition and other investments in 2021/22 included the acquisition of Web Sundhed

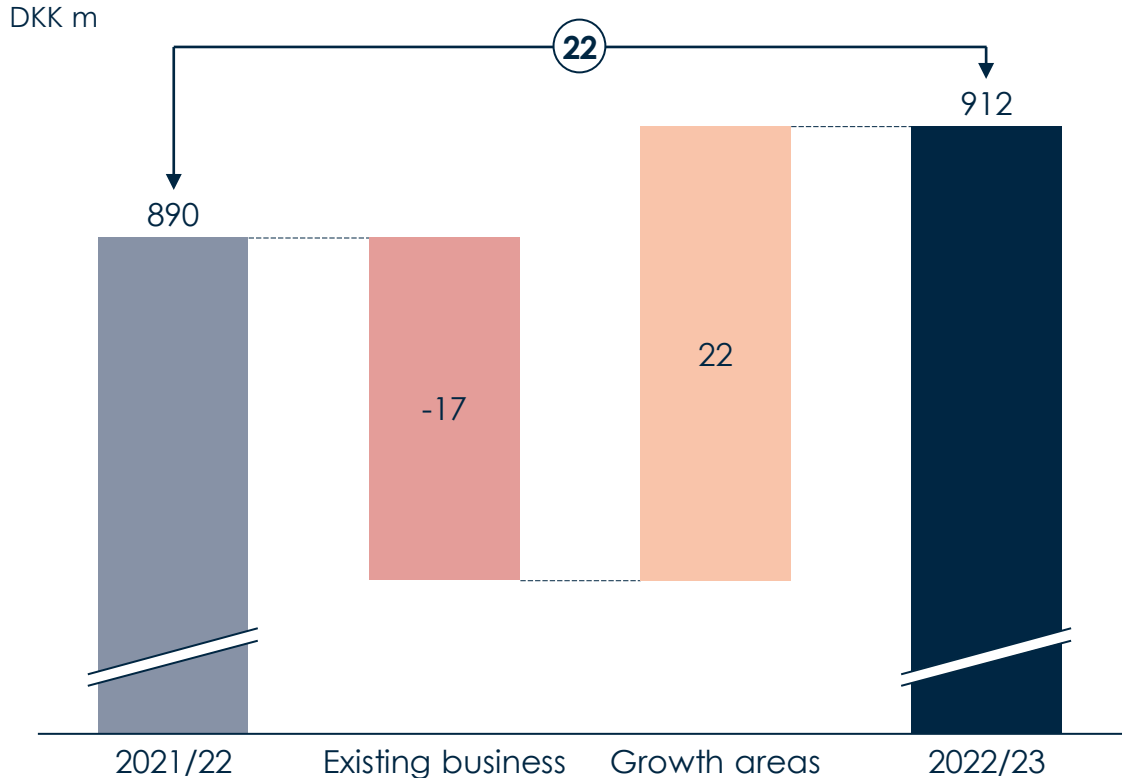
Continued focus on optimising inventories to sustain ~20.5% of revenue despite a fast assortment expansion into new categories

Inventories per quarter in % of LTM revenue



2020/21 2021/22 2022/23

Changes in inventories





03

Guidance for 2023/24

Gregers Wedell-Wedellsborg
CEO



Guidance for 2023/24



Revenue growth between

3-6%



EBITDA margin before special items around

17%



CAPEX, excl. M&A, of DKK

425-450M

incl. DKK 250m to Matas Logistics Center

Our guidance rests on certain assumptions to account for the macroeconomic uncertainty and volatility

Matas' commercial performance and strategic progress were strong in 2022/23. However, **the financial year 2023/24 is expected to be characterized by macroeconomic uncertainty and volatility.** The guidance rests on the following assumptions:



Revenue: 3-6% growth

- Moderate underlying market growth, driven by modest price increases below the levels of 2022/23
- Limited impact of a potential recession on the health and beauty market
- A continuing underlying channel shift from physical to online retail sales
- Increased competition in the online health and beauty market
- Continued progress of international sales will drive incremental growth

EBITDA margin around 17%

- The OPEX commitments for strategic initiatives, including assortment expansion and international growth, will affect the 2023/24 EBITDA margin adversely by approximately 1 percentage point
- The impact from up to 6% wage growth related to the collective bargaining agreements can only be partly mitigated by efficiency measures in 2023/24
- Energy prices will be lower than the levels reported during 2022/23

CAPEX: DKK 425-450M

- Underlying CAPEX around 4% of revenue, driven in particular by the ongoing digital transformation, store network investments as well as the continued upgrade of the ERP system
- Investments in Matas Logistics Center of around DKK 250 million to support Matas' long-term growth and profitability

04

Q&A



matas