

Online growth drives stable Q2 in a changing market

Interim report H1 2022/23

10 November 2022



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 Q2 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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All-time high customers satisfaction, new assortment and online growth drives stable Q2 in a changing market

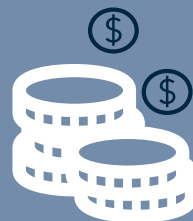


DKK

989 M

Revenue

Q2 2021/22: DKK 974 M



DKK

160 M

EBITDA before special items

Q2 2021/22: DKK 165 M



+1.6%

Revenue growth



16.2%

EBITDA margin before special items

Q2 2021/22: 17.0%



5.4 M

Transactions

Q2 2021/22: 5.2 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 Q2 2022/23

Introduced **more than 65 new brands** online year to date.
Reached 60,000 paying members of the Club Matas Plus loyalty programme.



Ecommerce: #1 online

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



Realised revenue growth of 9.9% in the quarter.
Matas.dk grew double-digit and reached an **all-time high net promoter score of 75**.



Connected retail: #1 in store

Consolidate and connect the stores



Continued the implementation of our more than **180 mobile POS units** which are now available in 113 Matas stores.



Brands: #1 products

Widen "house brand" portfolio



Selected products from Matas are now available **in 176 stores in Germany**.
100% acquisition of **Mild** (High-End Makeup with Eco certifications).



Logistics: #1 operator

Build Matas Logistics Center



Increased capacity at our existing warehouse in Humlebæk and started the recruiting and training of new staff to prepare for the upcoming Black Friday and Christmas sales.



ESG: Health & beauty for life

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



Continued identifying energy-saving measures to **reduce energy consumption** in stores, warehouses and headquarter.

Limited impact of macro volatility...

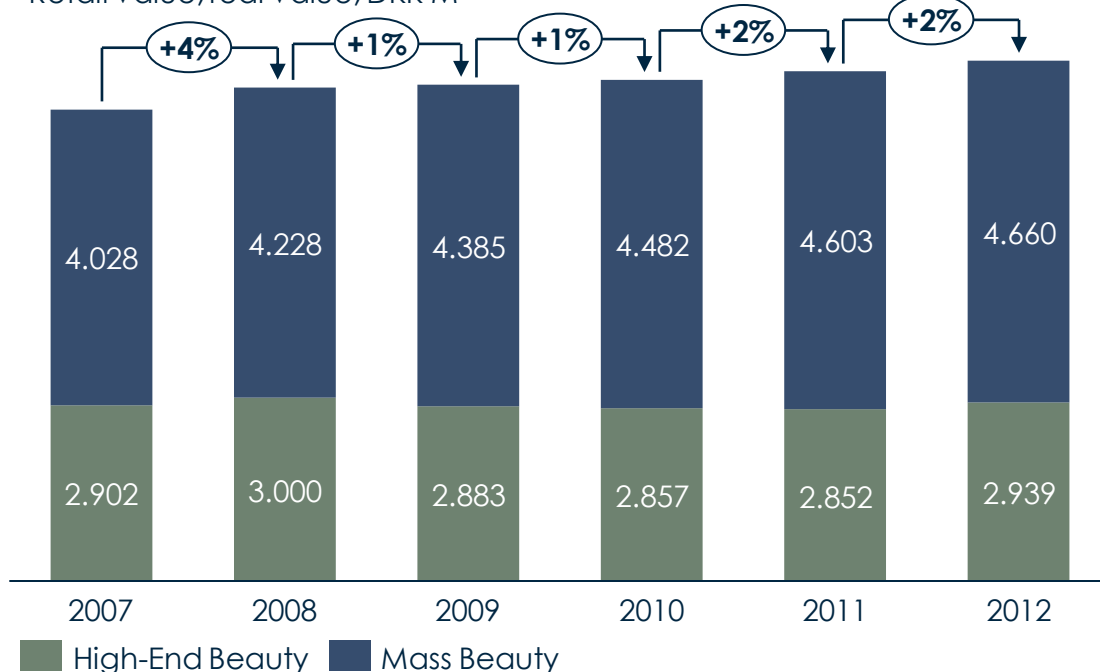
A new market situation

Rising interest rates and inflation – **limited sector impact so far**

Constraints in supply chains – **limited effect so far**

Danish Beauty market during the financial crisis

Retail value, real value, DKK M



... we adapt and prepare

How it affects Matas and how we respond

Signs of change in customer behaviour

- Customers starting to trade down to Mass Beauty
- Increased “bargain hunting”
- Cutting back on spending towards the end of each month
- Sales declining in stores in low income areas without central heating vs. sales increasing in areas of city centres and shopping malls

Our response – more choice, better member benefits

- A wider assortment – more choice
- Grow private label sales – offer value-for-money
- Timed club campaigns with supplier support– offer personal deals
- Club Matas Plus – additional savings and benefits
- Cost reduction programme executed in H1
- Prioritize technology investments that drive cost efficiency

Commercial | **more than 65** new brands introduced year to date

Assortment expansion on track, despite minor delays due to product availability issues

L:A BRUKET

florence
by mills

bondi
sands

DECLÉOR
PARIS

Nasaleze®

XLASH®
COSMETICS

AVEDA

Pomp & Co.
GROOMING GOODS

ZARKO BEAUTY
BY OLI

Femarelle®

MARVIS

ELEVEN™
AUSTRALIA

DECOY

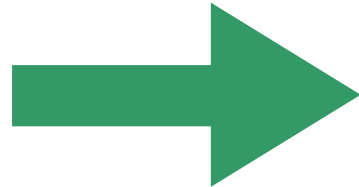
eilish
Billie Eilish

COSRX

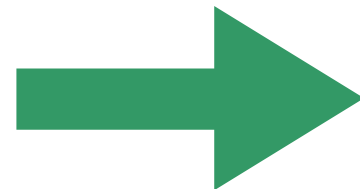
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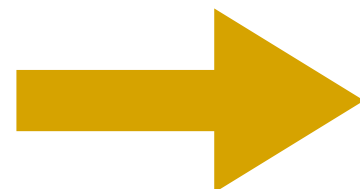
Follow up on M&A activities | Kosmolet and Firtal have outperformed investment cases, while WebSundhed maintains market share in a low-growth post-Covid market



- ❑ Consistently overperforming category performance
- ❑ Ongoing line and range extension
- ❑ Platform for House of Brands: Miild bolt-on acquisition



- ❑ More than doubled organic revenue since acquisition
- ❑ Cost synergies realised and partially reinvested in growth
- ❑ Platform for bolt-on acquisitions and dropship for matas.dk
- ❑ Founders retained and still going strong
- ❑ Slower online market growth post-Covid



- ❑ Lower online market growth post-Covid
- ❑ Improvement of IT and logistics capacity
- ❑ Good collaboration with pharmacy partner

02

Financial results Q2 2022/23

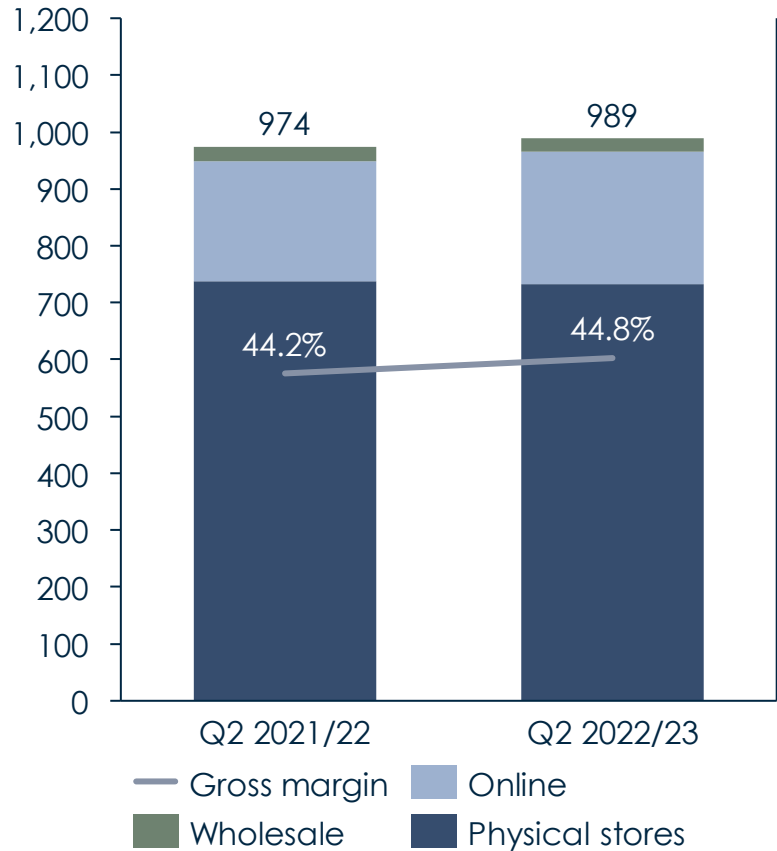
Per Johannesen Madsen
CFO

matas

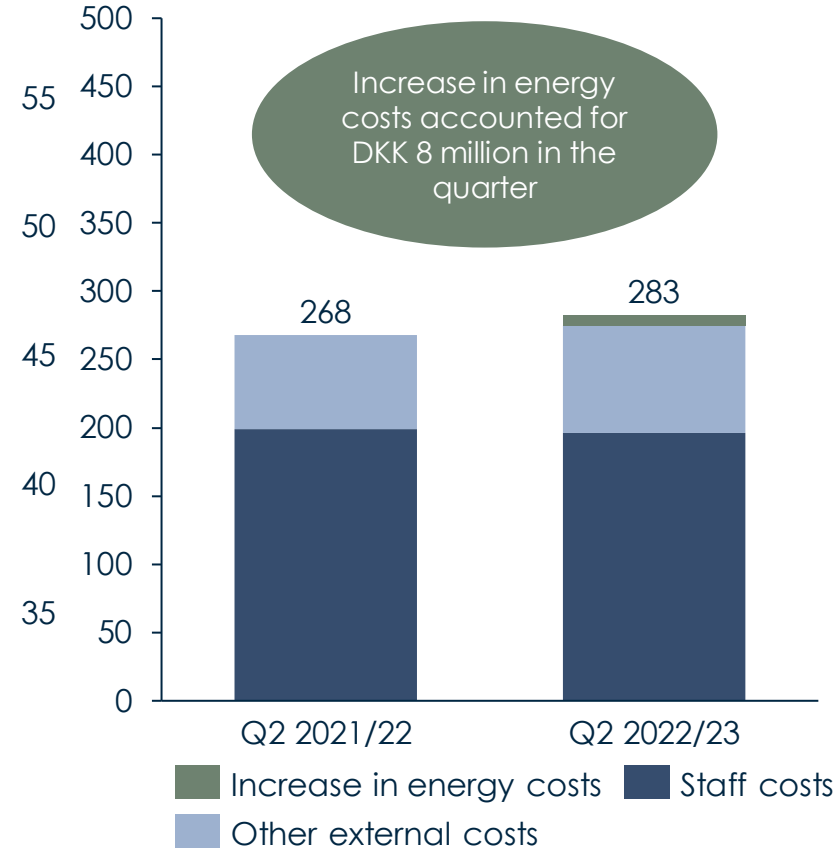


Q2 results impacted by DKK 8 million increase in energy costs

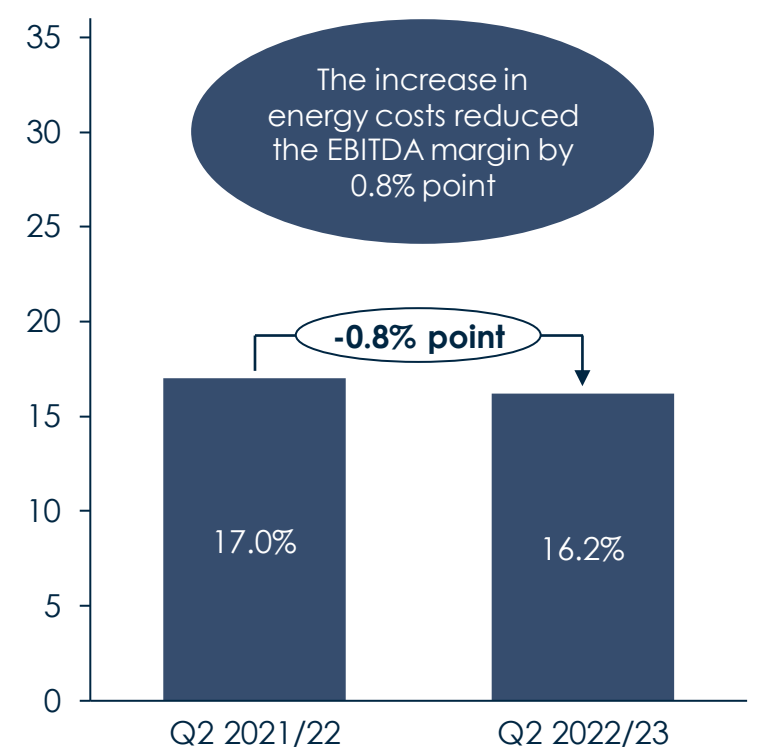
Revenue and gross margin



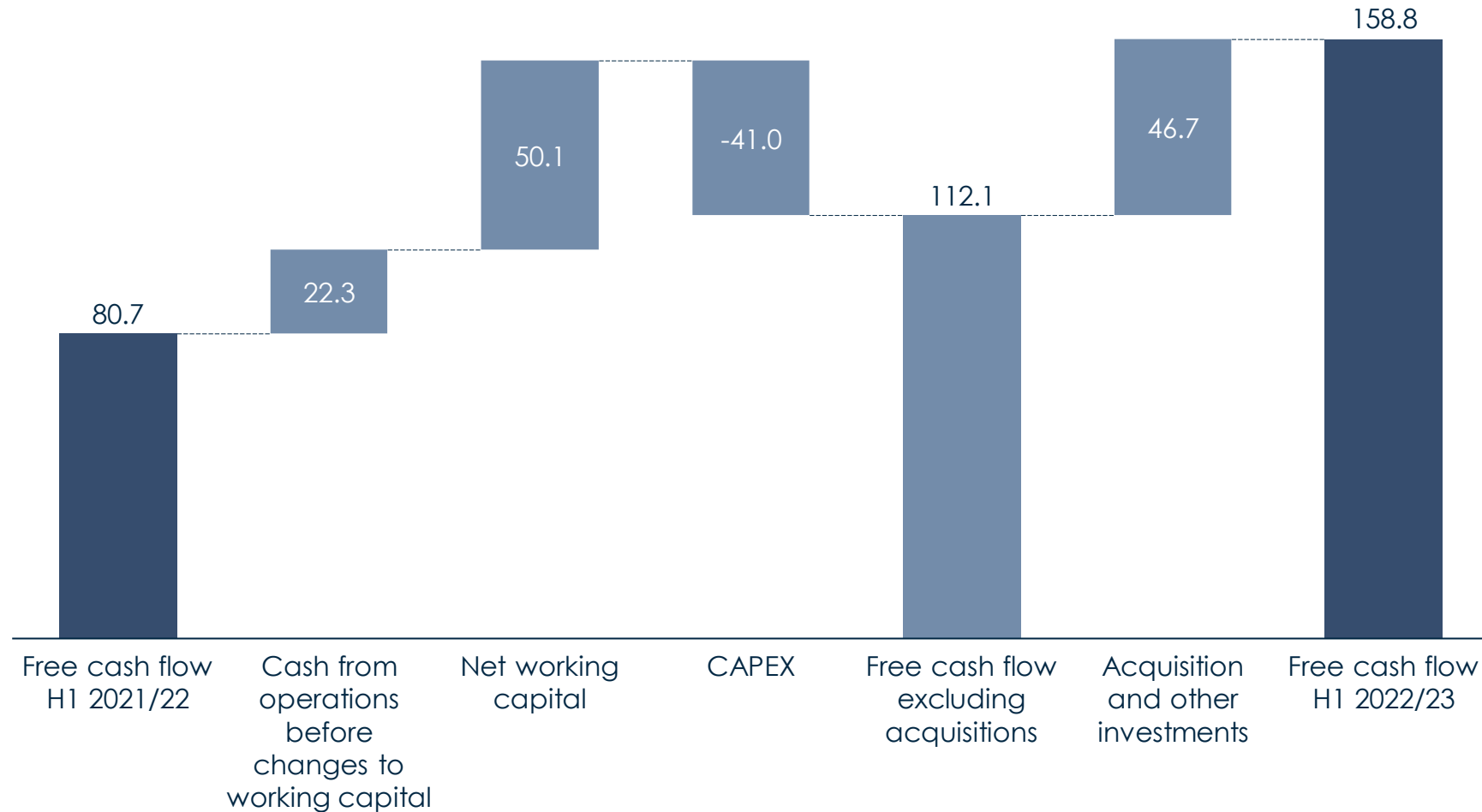
Costs



EBITDA margin before special items



Changes in free cash flow

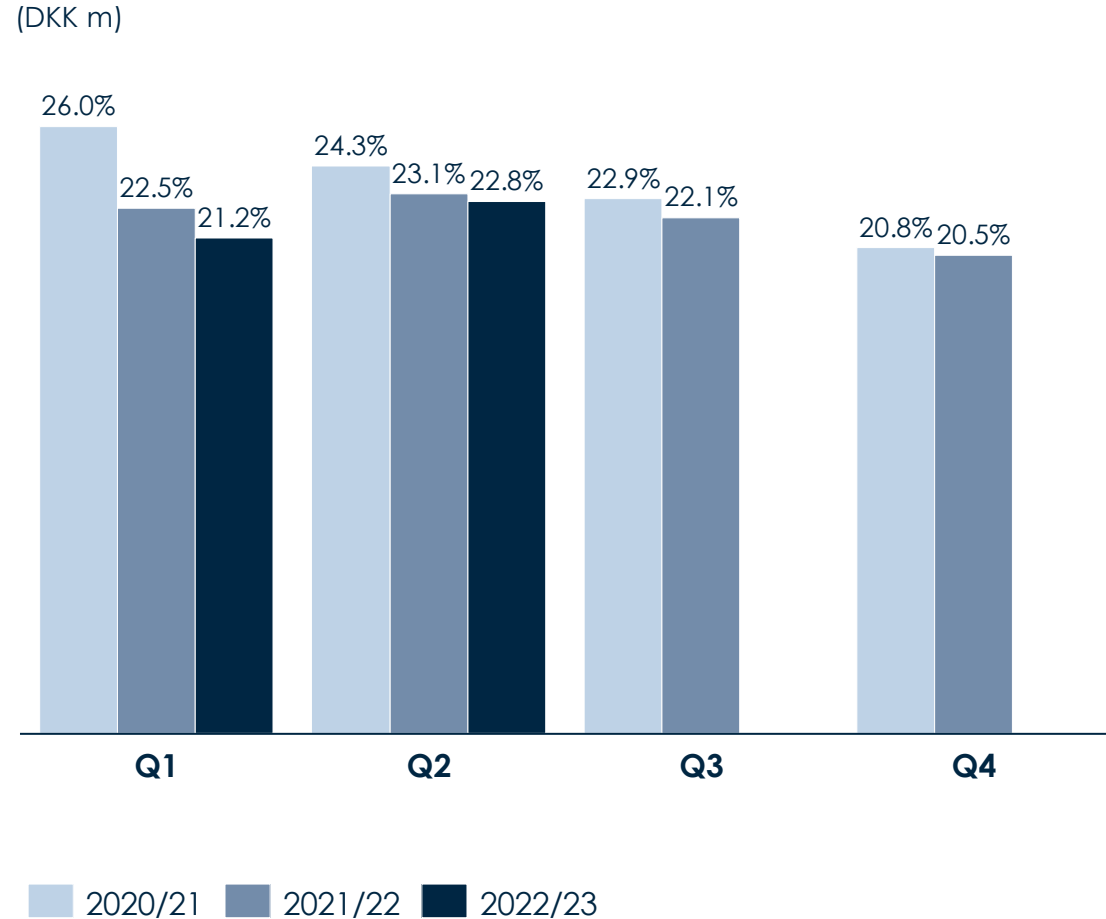


Comments

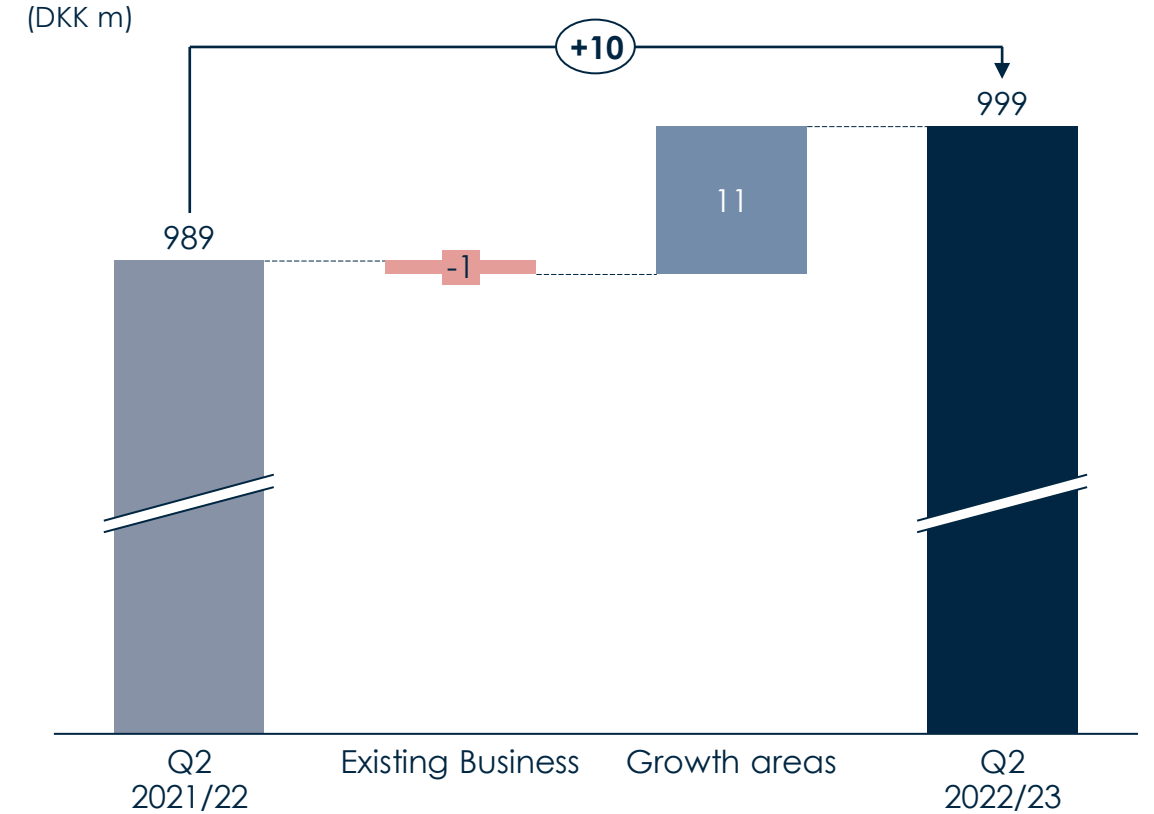
- Cash from operations increased due to operational excellence.
- Net working capital was positively affected by deferred holiday pay and tax payments in Q2 2021/22.
- CAPEX increased due to the purchase of land in Lynge for MLC in Q2 2022/23.
- Acquisition and other investments in H1 2021/22 included the acquisition of Websundhed.

Continued focus on optimising inventories

Inventories per quarter in % of LTM revenue



Changes in inventories





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Guidance for 2022/23



Revenue

4,390-4,520M

equivalent to 1-4% growth



EBITDA margin before special items

17-18%



CAPEX

225-250M

incl. DKK 100m to non-recurring projects

03

Q&A



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

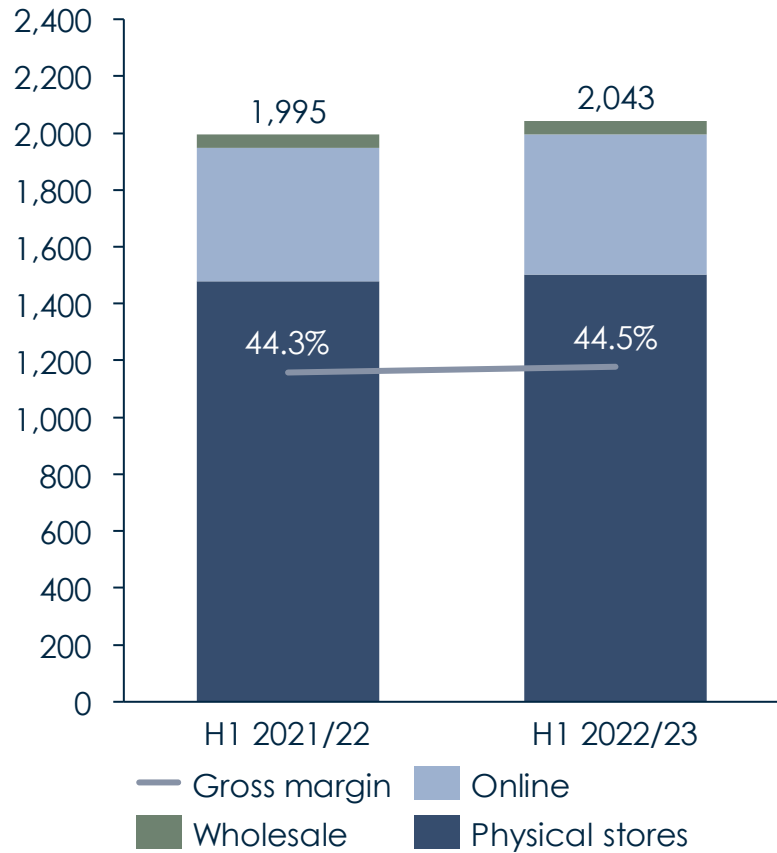
- Stable earnings online and in the stores
- Indirect production cost increases will not impact the EBITDA margin negatively by more than 0.2-0.3%
- International long-term growth initiatives will not impact the EBITDA margin negatively by more than 0.5% short-term
- Potential price increases will not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

CAPEX

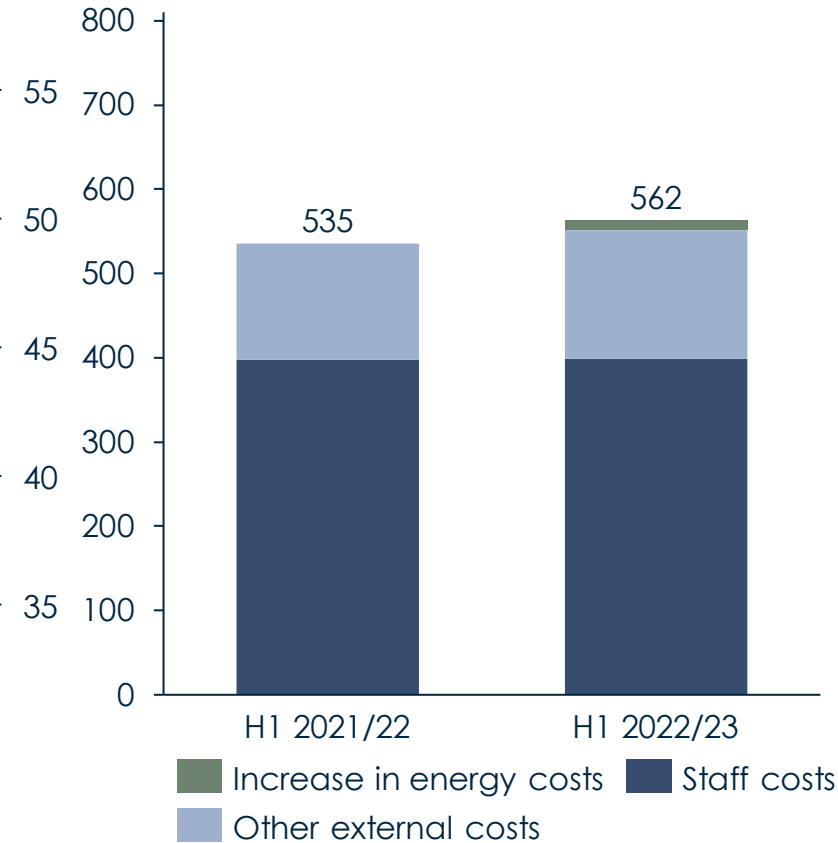
- Underlying CAPEX level at 3.0-3.5% of revenue driven by the digital transformation
- DKK100M in CAPEX one-off to cover for MLC, HQ expansion, internationalization, and ERP upgrade

H1 results

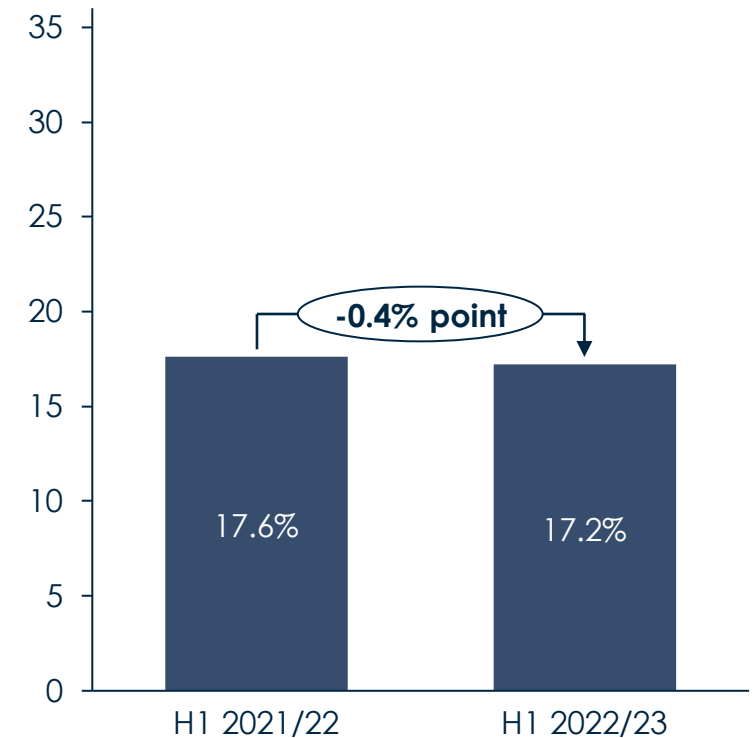
Revenue and gross margin



Costs



EBITDA margin before special items



Quarterly revenue and gross margin development

