

A woman with voluminous, dark, curly hair is smiling broadly, her eyes closed in a joyful expression. She is wearing a white, long-sleeved blouse with a subtle pleated or gathered texture. Her hands are raised behind her head, and she is looking slightly to the right. The background is a soft, solid pink color.

Record-breaking year and the start of a new strategic journey

Annual Report 2021/22

June 1, 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 the announcement. 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 announcement. 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 measures to contain the spread of COVID-19 that are not specifically mentioned above.

Agenda

- 01** CEO comments
Gregers Wedell-Wedellsborg
- 02** Strategy update
Gregers Wedell-Wedellsborg
- 03** Financial results for FY 2021/22
Mathias Juhl-Hansen
- 04** Guidance for FY 2022/23
Gregers Wedell-Wedellsborg
- 05** Q&A
Gregers Wedell-Wedellsborg & Mathias Juhl-Hansen



01

CEO Comments

Gregers Wedell-Wedellsborg
CEO

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In August 2021 we launched our new “**Growing Matas Group**” strategy and invested ~1% margin in executing and accelerating the first steps

Expanded assortment online



Added **Professional Hair Care** to matas.dk and strengthened our online advisory capabilities with hairdressers and tons of content

Strengthened Matas health position



In April 2021 we acquired **Web Sundhed**, the platform behind Webapoteket.dk, expanded assortment within **dermatological skincare**, and hired Health advisors

Created awareness about assortment and branding



Created awareness of new assortment through marketing campaigns and increased marketing efforts to strengthen our **brand position**

Created House of Brands



Accelerated our international strategy by building a **lean international organization** and landing the first **three listings in Germany**

Prepared for automation of logistics



Reassessed MLC (new logistics center) in light of raw materials inflation and construction bottlenecks

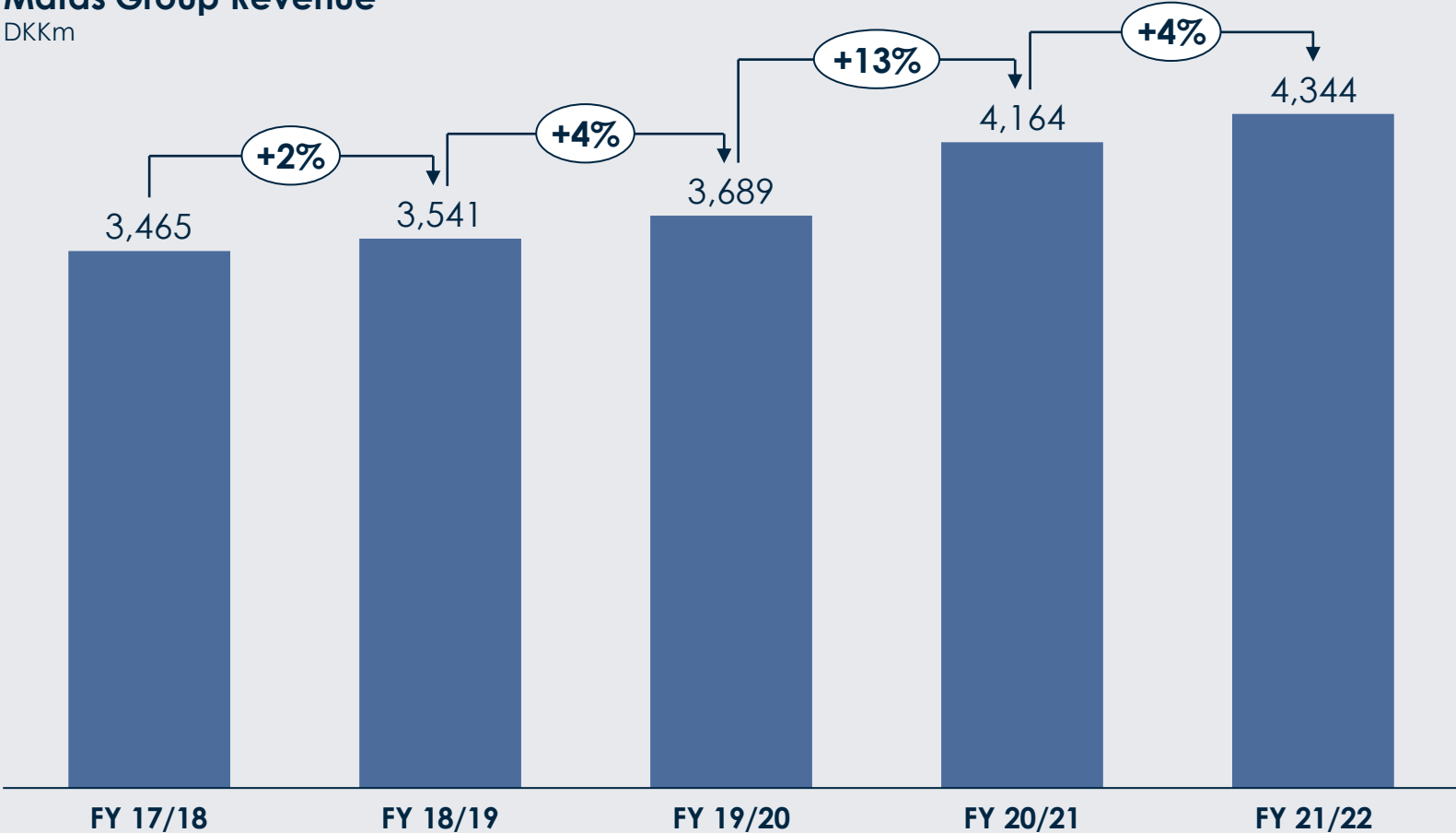
Made progress on ESG matas



Scaled up on **ESG capabilities** and released our first **ESG report** including full **disclosure of our climate footprint**

We maintained and grew on top of the 2020/21 COVID-19 growth boom...

Matas Group Revenue
DKKm

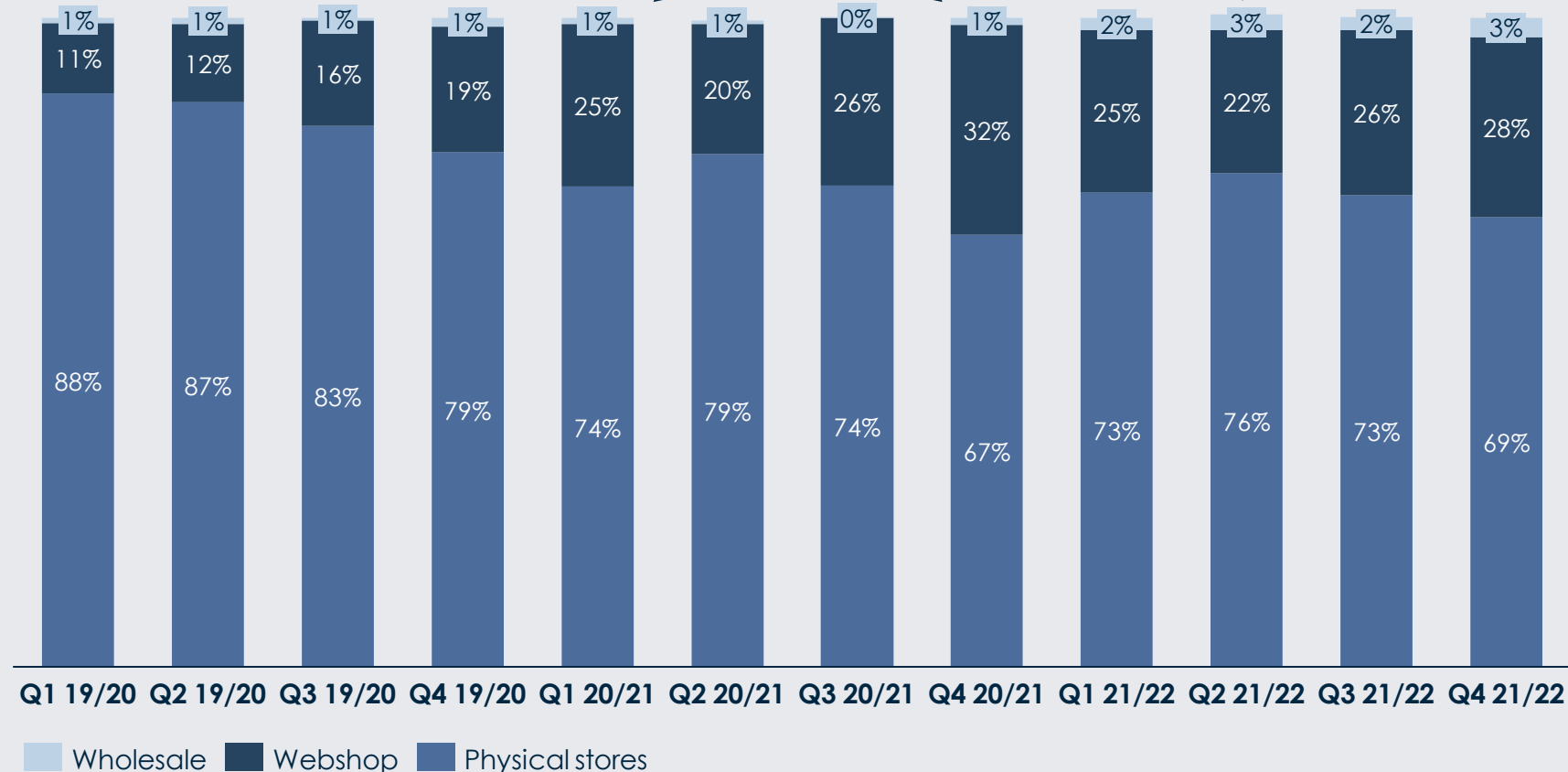


- **Growth** on top of COVID-tailwind in 2020/21
- A "**hedge**" between **beauty** and **health**
- **Comeback of the stores** post-COVID

...and our business model once again proved resilient

Revenue by channel

%-share of total



Lock-down made customers shift to our online business

A rebound for the stores

- Growth on top of COVID-tailwind in 2020/21
- A "hedge" between beauty and health
- Comeback of the stores post-COVID

And it has been yet another **record-breaking year**



DKK

4,344M

Revenue

Highest
revenue
ever



DKK

803M

EBITDA before special items

Highest
EBITDA in
5 years*



+4.3%

Revenue growth



18.5%

EBITDA margin before special items



DKK

77M

Proposed dividend (DKK 2 per share)

02

Strategy Update

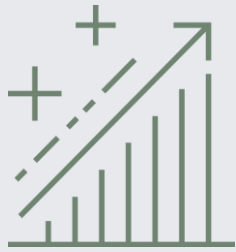
Gregers Wedell-Wedellsborg
CEO

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Our long-term financial ambition is **profitable growth to reach DKK 5B revenue**

Three main targets for the financial guidance by 2025/26



Revenue

+5.0B

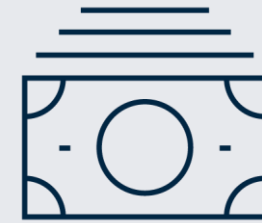
In 2025/26, driven by +1B increase in online sales and consolidation of stores, excluding significant M&A



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 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 2021/22

- Hired **Health advisors**, launched **dermatological skincare** and acquired **Web Sundhed**
- Launched **Professional Hair Care** and gained double-digit MDKK revenues



Ecommerce: #1 online

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



- Accelerated **same-day-delivery** (+10% of online orders in Q4 2021/22)
- Reached 50.000 subscriber milestone for **Club Matas Plus**



Connected retail: #1 in store

Consolidate and connect the stores



- **Comeback** of the stores post COVID-19
- Continued roll-out of "**connected store**" upgrades, eg. mobile POS, full-fill from store



Brands: #1 products

Widen "house brand" portfolio



- **Built a lean organization** to drive international sales of Matas' house brands
- **Signed our first** international sales contracts for 75 retail doors



Logistics: #1 operator

Build Matas Logistics Center



- Announced that we will **build a new logistics** center for DKK 500-600m
- MLC will be able to handle **150,000 SKUs and optimize our operations and delivery**



ESG: Health & beauty for life

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



- Published our first **ESG report** with overview of climate footprint and ESG ambitions
- Engaged in new financing package and bonus programme linked **to ESG targets**

Commercial | We have made successful first steps within Health and assortment expansion and came even closer to our customers

Health focus



Hired **pharmaconomists team**



Established **shop-in-shops**



Acquired **Web Sundhed**

Assortment expansion



Launched **dermatological skincare**



Launched **Professional Hair Care**



Ongoing expansion within sportscare, medicare, vitamins, supplements, skincare and OTC

Increased awareness of our strategic growth initiatives

Club
matas

1.7m club members

*Club***matas**
plus

50k paying club members



Awareness campaign for new assortment

Ecommerce | We sustained and strengthened our online position with new initiatives

- 1 Online video counseling** via matas.dk
- 2 Continued development of Matas Live (video-shopping)**
- 3 Added users and features to the Club Matas App**
 - +900k downloads
- 4 Improved our omni-experience**
 - 600k active omni-customers in FY 2021/22
- 5 Widened same-day delivery offering to more cities**
 - Reached 10% same-day-delivery in Q4



Connected Retail | The stores made a comeback after COVID-19 and the digital renovation continued



Digital initiatives

- **Endless aisles** | Roll out of endless aisles, increasing the number of SKUs in the stores by x5
- **Pick-up in store** | ~50% of all online orders are now picked up in the stores improving freight costs, environmental impact, and sales
- **Click and collect** | Tested in 20 stores, making it possible for customers to pick-up their order minutes after placement of order
- **Mobile payment solutions** | Tried in stores during 2021/22 and will be rolled out to +100 stores in H1 2022/23
- **Online booking system** | Successfully introduced in 110 stores, creating personalized experiences for the customers



Brands | We have signed our first three international sales contracts for 75 retail doors

Brands strategy

- 1 Strengthen and develop our portfolio** of own brands to increase profitability and differentiation
- 2 Expand our House of Brands portfolio** through **organic development and M&A**
- 3 International growth** through international sales- and distribution agreements

Status of international strategy

- Built a **lean international organization**
- **Signed three international sales agreements** to launch Matas brands with German beauty retailers in 75 stores – part of a +1,000 beauty store alliance
- Launch from **Summer 2022**

Signed regional German retailers:

baslerbeauty®



Logistics | We have postponed the MLC project for at least 12 months to reassess the new logistics center

Advantages of Matas Logistics Center



Handle + **150,000** SKUs



Make **faster and more efficient deliveries**



Lower costs through increased **automation**



Reduce the **CO₂ emissions**

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Status on Matas Logistics Center

Announced at the Capital Markets Day, **that we will invest DKK 500-600m in a new logistics center in Lyngø (Allerød)**

Local plan approved in **City Council**

Waiting for final municipal approval after **public hearing – to clear acquisition of the land**

Management decision to postpone construction min. 12 months due to material price inflation and construction bottlenecks



ESG | This year we are publishing our first ESG Report, which includes full disclosure of our climate footprint and ESG ambitions



Matas' climate footprint baseline



Materiality assessment & stakeholder mapping



Strategy and 2030 ambitions

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Financial results 2021 / 2022

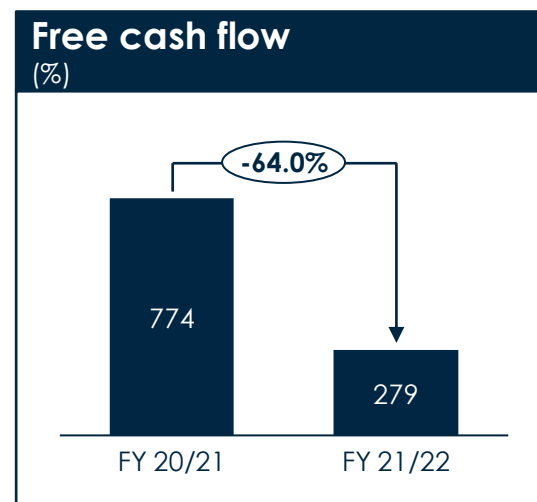
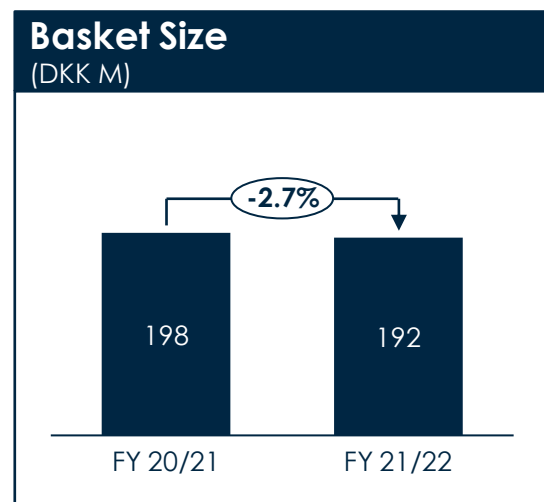
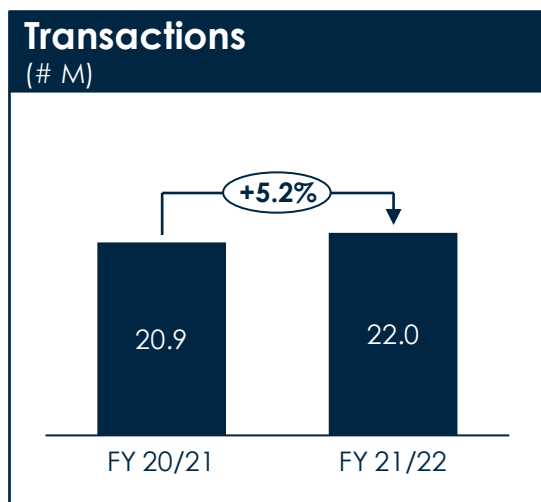
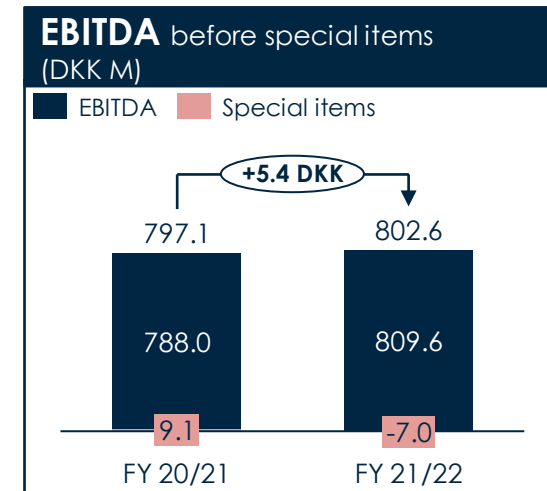
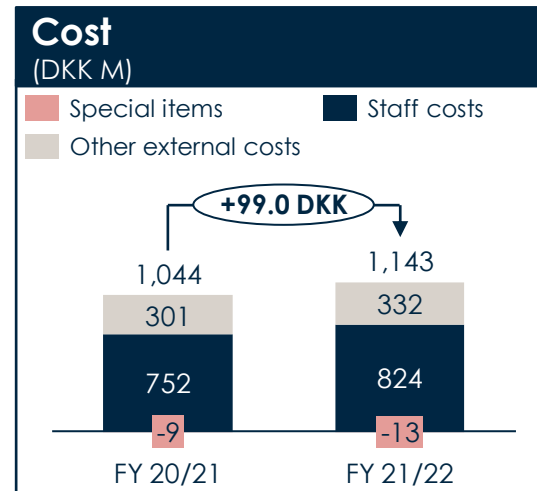
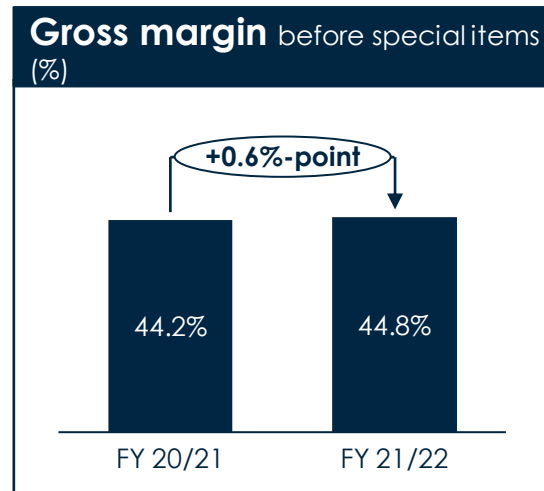
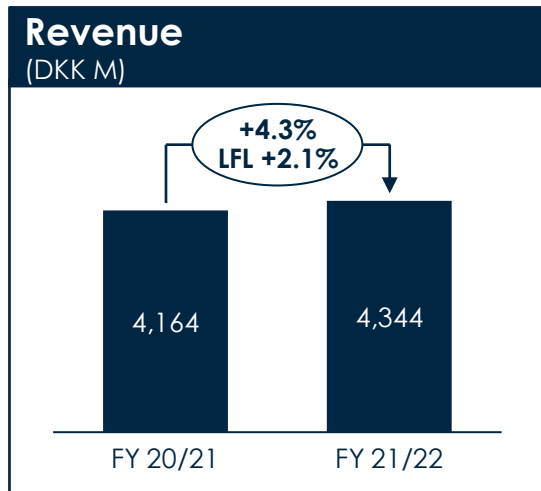
Mathias Juhl-Hansen
Interim CFO

matas



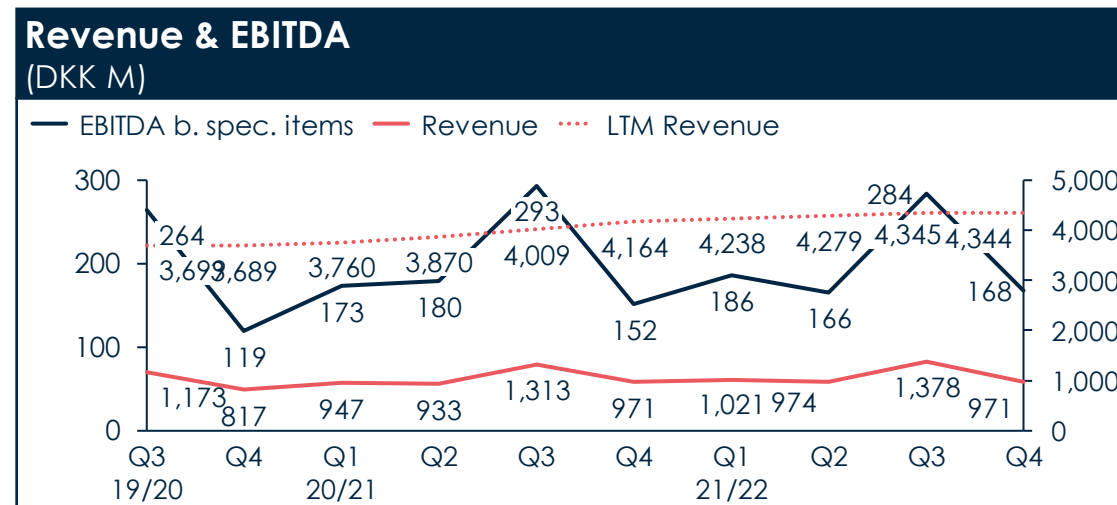
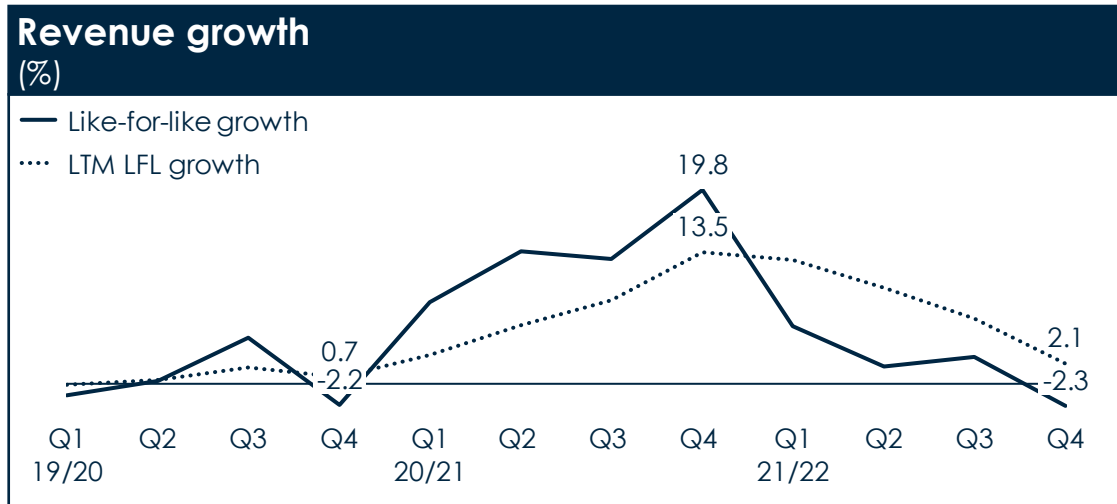
Key financials

Financial results: FY 2021/22 vs. FY 2020/21



Long term trends: Revenue, Gross Margin and EBITDA

Financial results: Q1 2019/20 to Q4 2021/22

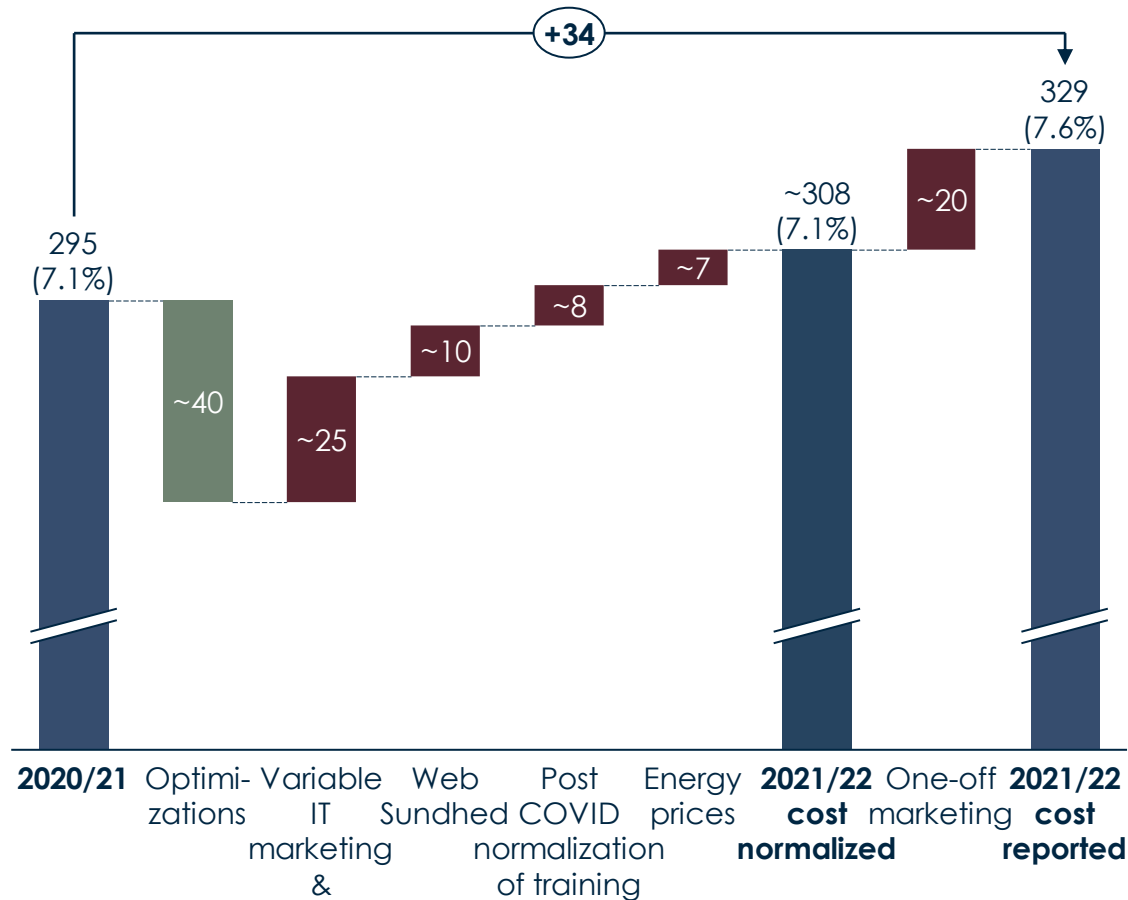


Cost development

Financial results: FY 2021/22 vs. FY 2020/21

We have reallocated cost-savings to invest in our strategy, but underlying cost remain around 7% of revenue

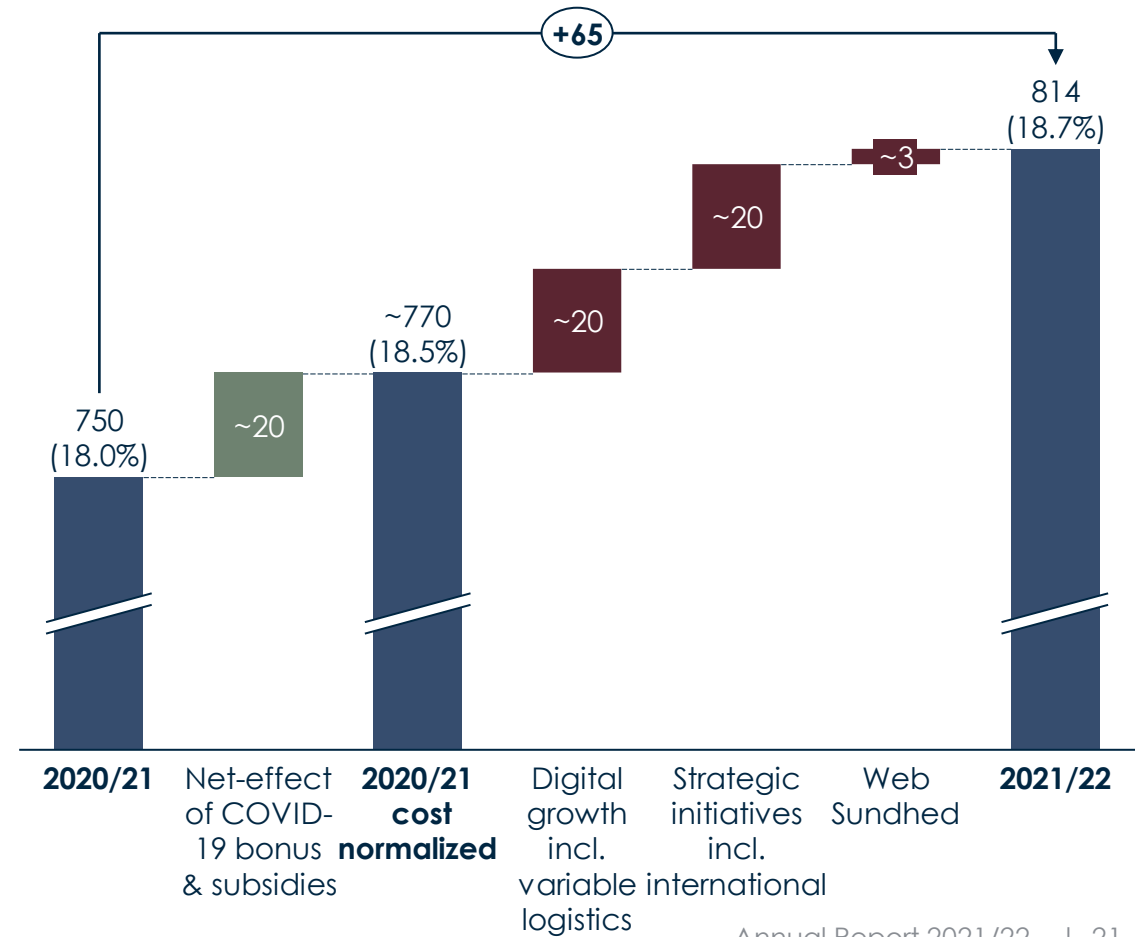
Other external costs excluding special items, DKK M (%-of revenue)



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We have added capabilities to deliver on our strategy, while retaining underlying staff cost around 18.5% of revenue

Staff costs excluding special items, DKK M (%-of revenue)

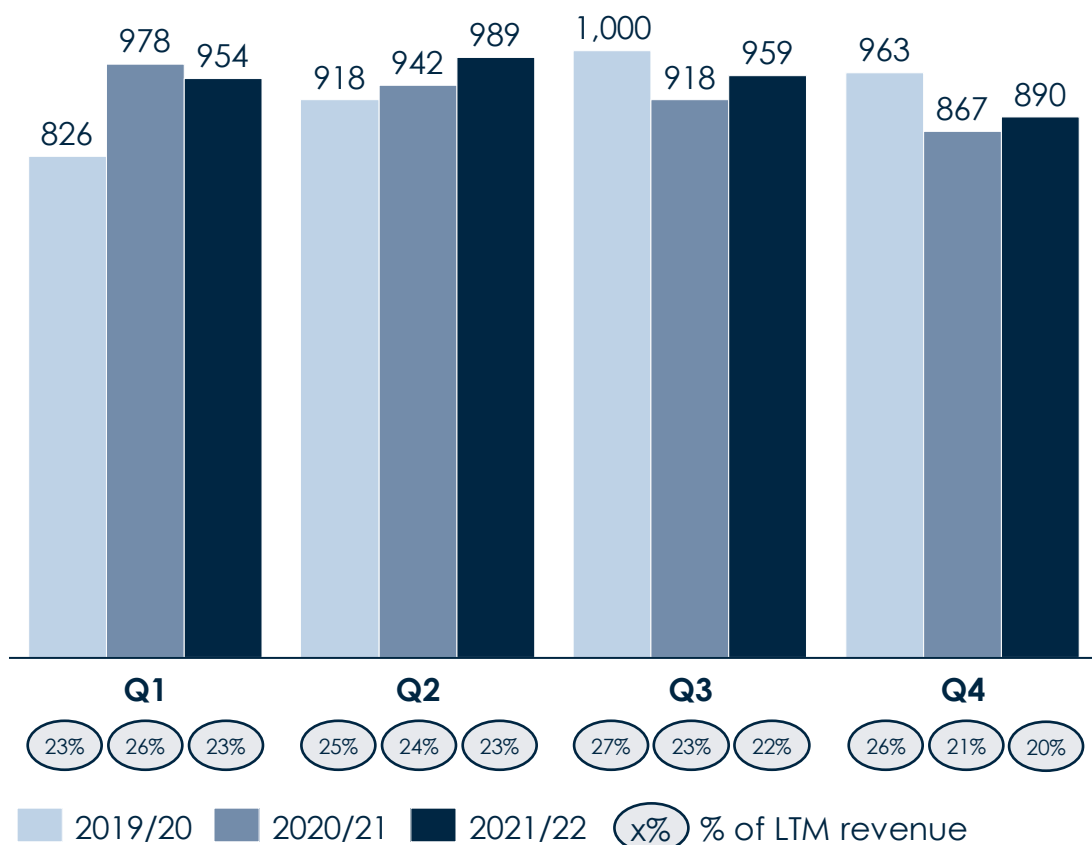


Inventories

Financial results: FY 2021/22 vs. FY 2020/21

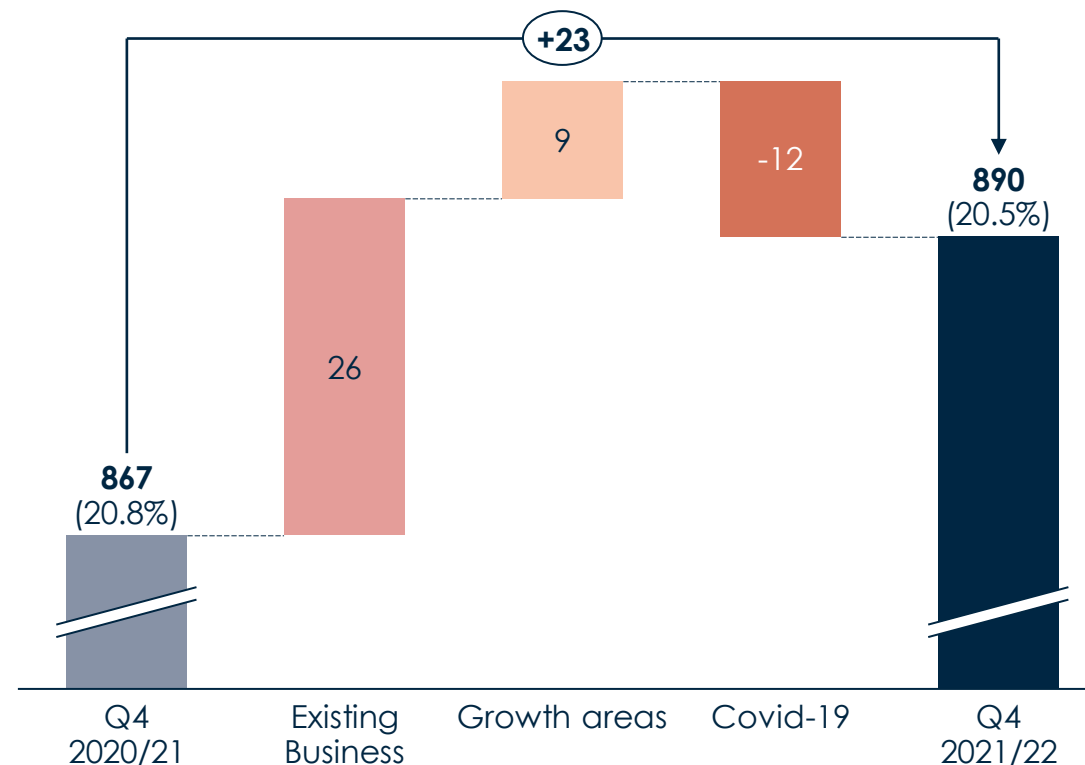
Inventories per quarter

DKK M



Changes in inventories

DKK M, (% of LTM revenue)



Cash flow, working capital and trade payables

Financial results: 2019/20 – 2021/22

DKK million	FY 2021/22	FY 2020/21	FY 2019/20
Cash from operations before changes to working capital	796.1	793.2	685.4
Changes to working capital	-181.6	225.4	-190.5
Cash from operations	614.5	1,018.6	494.9
Interest and taxes	-104.0	-66.6	-48.1
Cash flow from operating act.	510.5	952.0	446.8
CAPEX	-183.0	-148.4	-192.5
Acquisition and other investments	-48.6	-29.5	-143.1
Cash flow from investing act.	-231.6	-177.9	-335.6
Free cash flow	278.9	774.1	111.2



- **Cash generated from operations** was DKK 615m in 2021/22, a decline of DKK 404m, primarily driven by negative NWC development
- **Negative net working capital** was driven by:
 - Increased inventories to combat supply chain issues early in Q4 leading to relatively lower trade payables end of Q4
 - Post covid-19 lower payables from normalized level of payroll tax and VAT debt
 - Payment of frozen holiday pay leading to lower debt
- **CAPEX** increased by DKK 35m Y/Y mainly driven by:
 - Implementation of Growing Matas Group strategy
 - Continued digital transformation including ongoing ERP upgrade

05

Guidance for 2022/2023

Gregers Wedell-Wedellsborg
CEO

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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

4.0

Q&A

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