

# Matas accelerates 'Growing Matas Group' strategy in record-breaking quarter

Q3 report 2021/22  
Conference Call  
February 10, 2022



# Agenda

## 1.0 CEO comments

Gregers Wedell-Wedellsborg

## 2.0 Financial results for Q3 2021/22

Anders T. Skole-Sørensen

## 3.0 Guidance for 2021/22

Gregers Wedell-Wedellsborg

## 4.0 Q&A

Gregers Wedell-Wedellsborg & Anders T. Skole-Sørensen



**Gregers Wedell-Wedellsborg**  
CEO



**Anders T. Skole-Sørensen**  
CFO

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.



# 1.0

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## CEO Comments

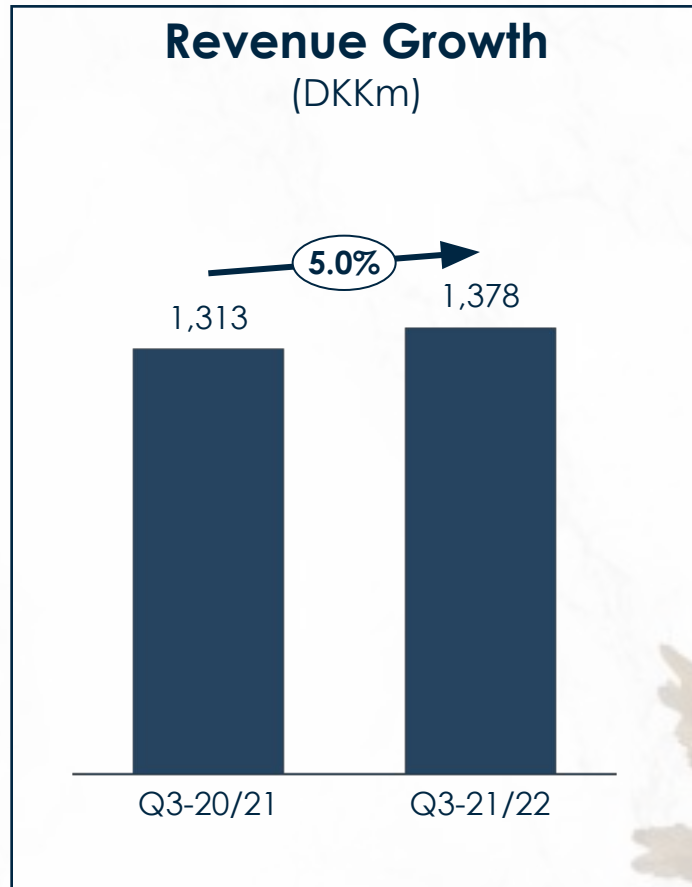
Gregers Wedell-Wedellsborg  
CEO

matas





We have had the best Christmas quarter in the history of Matas, which enabled us to accelerate the “Growing Matas Group” strategy



## Acceleration of strategy



### Awareness of new assortment

Discretionary and non-recurring marketing spend to build awareness with new assortments within the Health segment and Professional Hair Care



### Branding campaign with youth appeal

Increased marketing efforts to strengthen our branding position through the campaign “Tættere på” and multiple initiatives across our SoMe channels

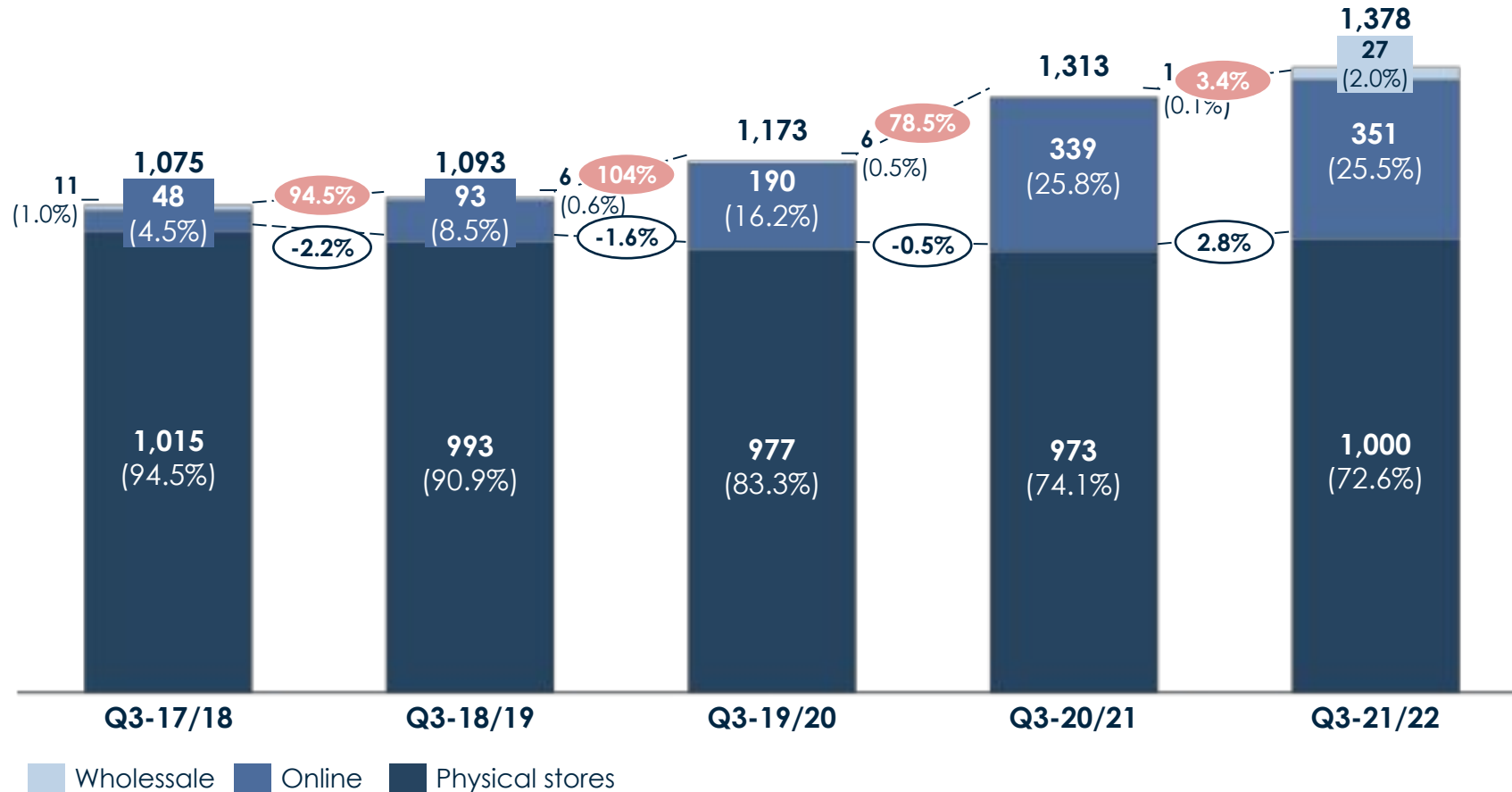


### Added competencies to organization

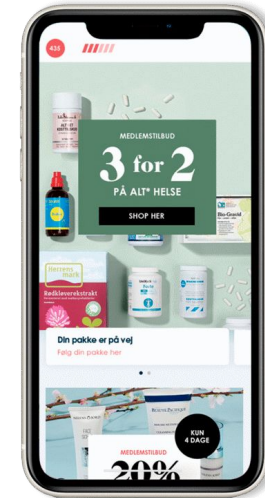
Added competencies to drive strategic initiatives: buyers and marketers for new assortment, Health advisors, online hairdressers, and International sales team

# The elevated online sales level has been maintained despite a comeback for the stores

Revenue by sales channels, DKKm (%-share of total)



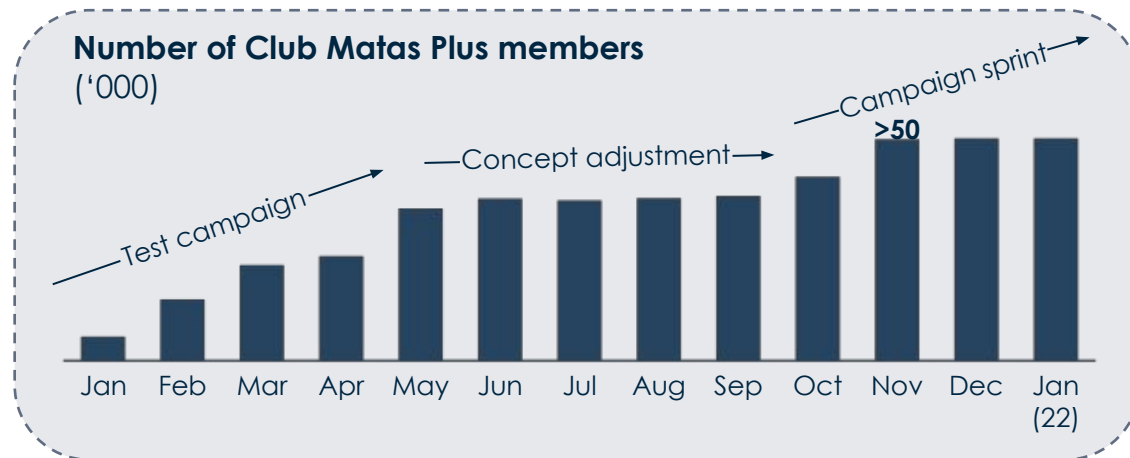
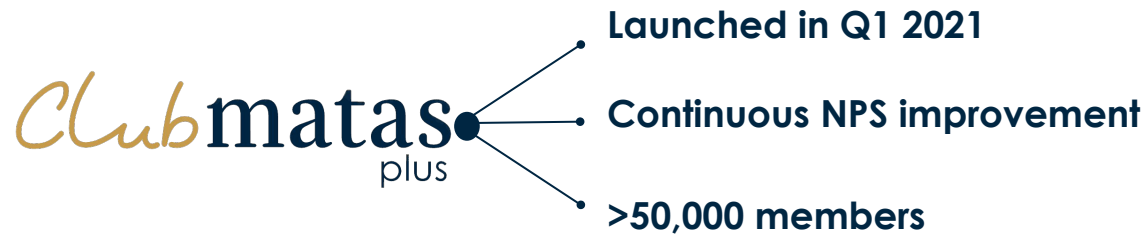
Our fastest growing store is the app...



...with +800.000 active users

# Paid Premium Membership: Club Matas Plus milestone of 50,000 members, with higher share of wallet and improved member satisfaction (NPS)

## Club Matas Plus



## A Premium Membership concept at DKK 29/month

**Benefits for Matas**

- Increases share of wallet** significantly, which by far outweighs the free shipping and extra points
- Defends loyalty** - an affordable alternative to Prime concepts often priced >DKK 100/month
- Recurring revenue:** Membership subscription fees at DKK ~14M<sup>1</sup> annual run rate

**Benefits**

**Free shipping**

**Special promotions**

**3 x Matas points**

# 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 Q3 2021/22

- Continued assortment expansion in **Pro Hair Care** and **Dermatological Skincare**
- Launched new **Kylie Skin** and **Ecooking Makeup** series with exclusivity in DK



#### Ecommerce: #1 online

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



- **Continued online growth** with 3.4% growth in Q3
- Launched a number of **initiatives aimed at strengthening online position**



#### Connected retail: #1 in store

*Consolidate and connect the stores*



- Continued efforts to digitalize physical stores incl. a new online booking system for customers to book personal 1:1 consultation
- **Merged two stores** in Horsens and Aabenraa under Matas Life Concept



#### Brands: #1 products

*Widen "house brand" portfolio*



- **Build-up of organization** to test international sales of Matas' house brands
- **Strong performance** by the relaunched Striberne and My Moments, and by Nilens Jord



#### Logistics: #1 operator

*Build Matas Logistics Center*



- **On track and on budget**
- Local plan has been approved in the **City Counsel** and now Waiting for a decision from the **public hearing**



#### CSR: Health & beauty for life

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



- Engaged in new financing package linked to **ESG targets**
- Continued work with **climate reporting**, which will be included in the 2021/22 Annual Report



# 2.0

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## Financial results Q3 2021/2022

Anders T. Skole-Sørensen  
CEO

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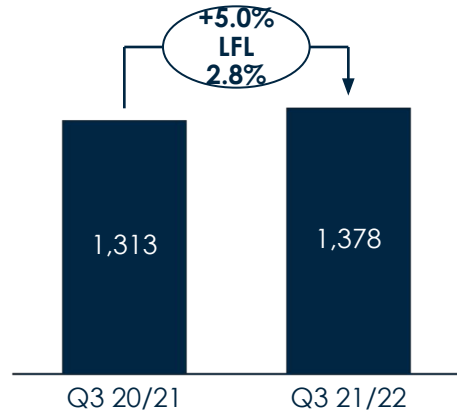


# Key financials

Financial results: Q3 2021/22 vs. Q3 2020/21

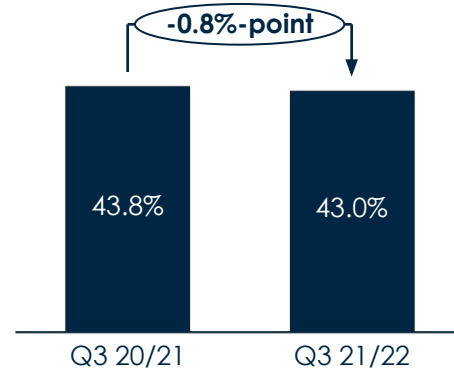
## Revenue

(DKK m)



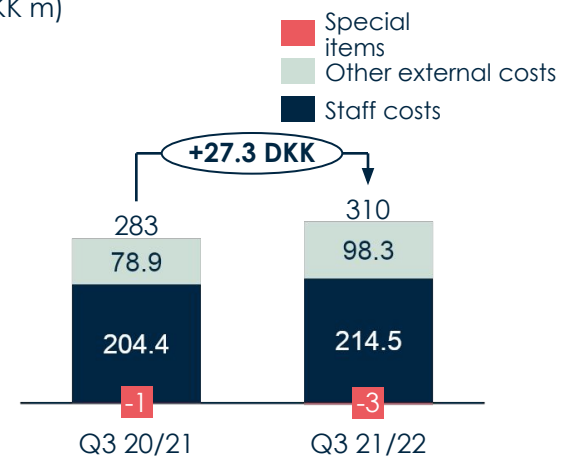
## Gross margin before special items

(%)



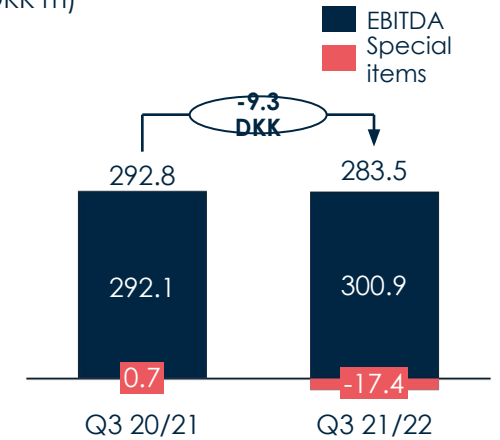
## Cost

(DKK m)



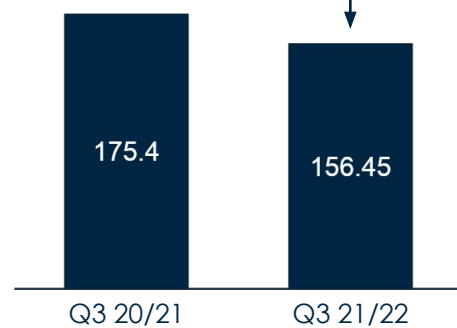
## EBITDA before special items

(DKK m)



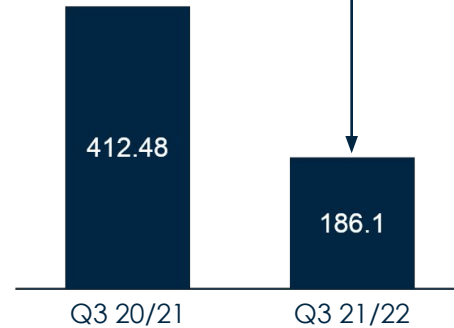
## Adj. net profit

(DKK m)



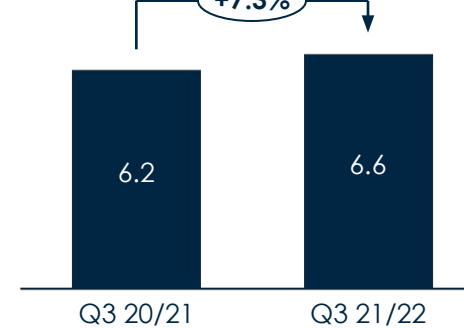
## Free cash flow

(DKK m)



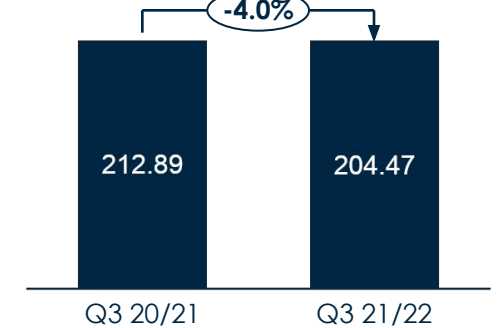
## Transaction

(# m)



## Basket size

(DKK m)

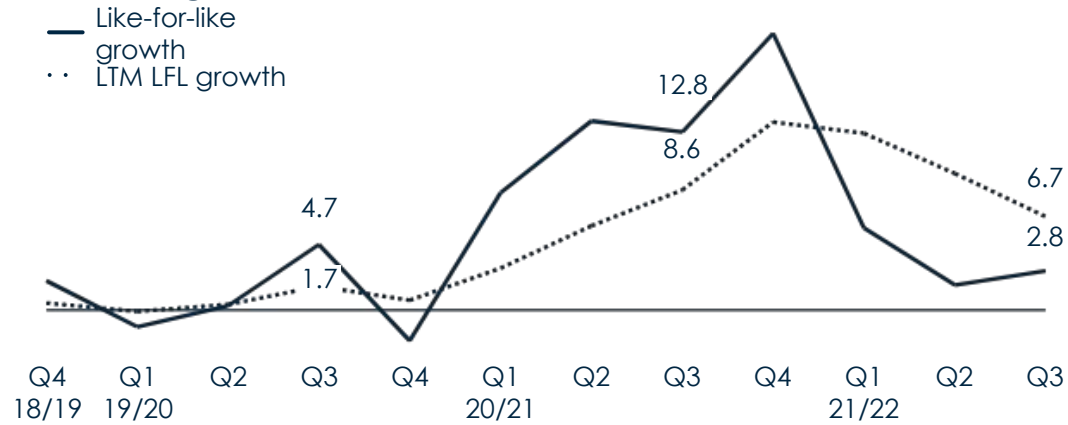


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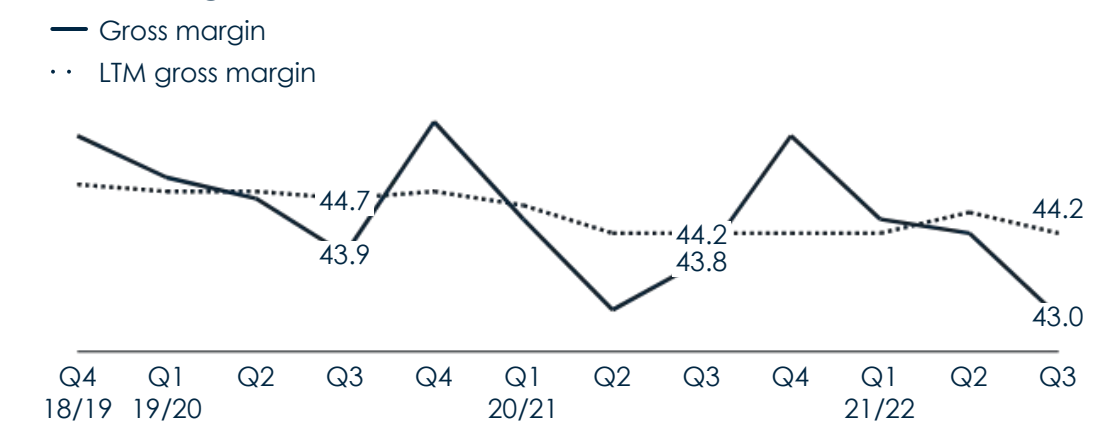
# Long term trends: Revenue, Gross Margin and EBITDA

Financial results: Q4 2018/19 to Q3 2021/22

## Revenue growth (%)



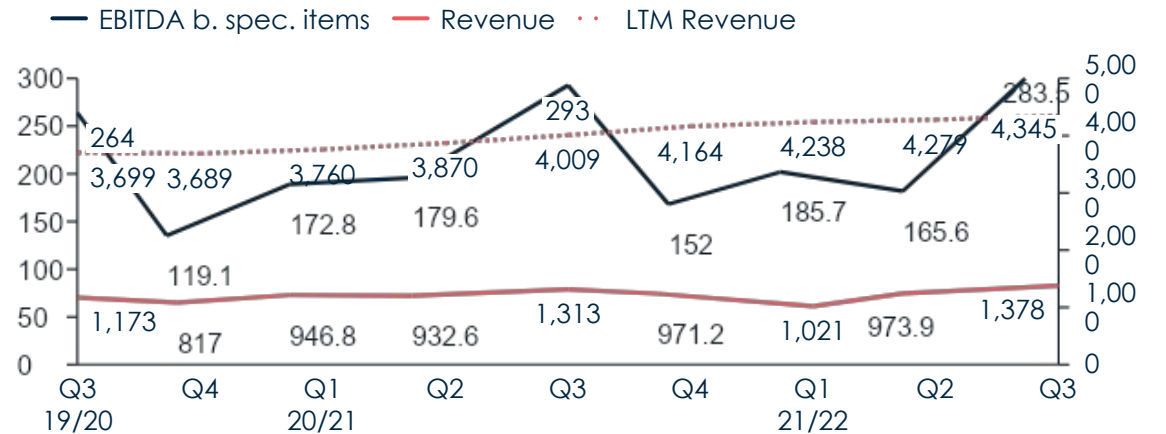
## Gross Margin (%) before special items\*



## EBITDA margin (%)



## Revenue & EBITDA (DKK m)





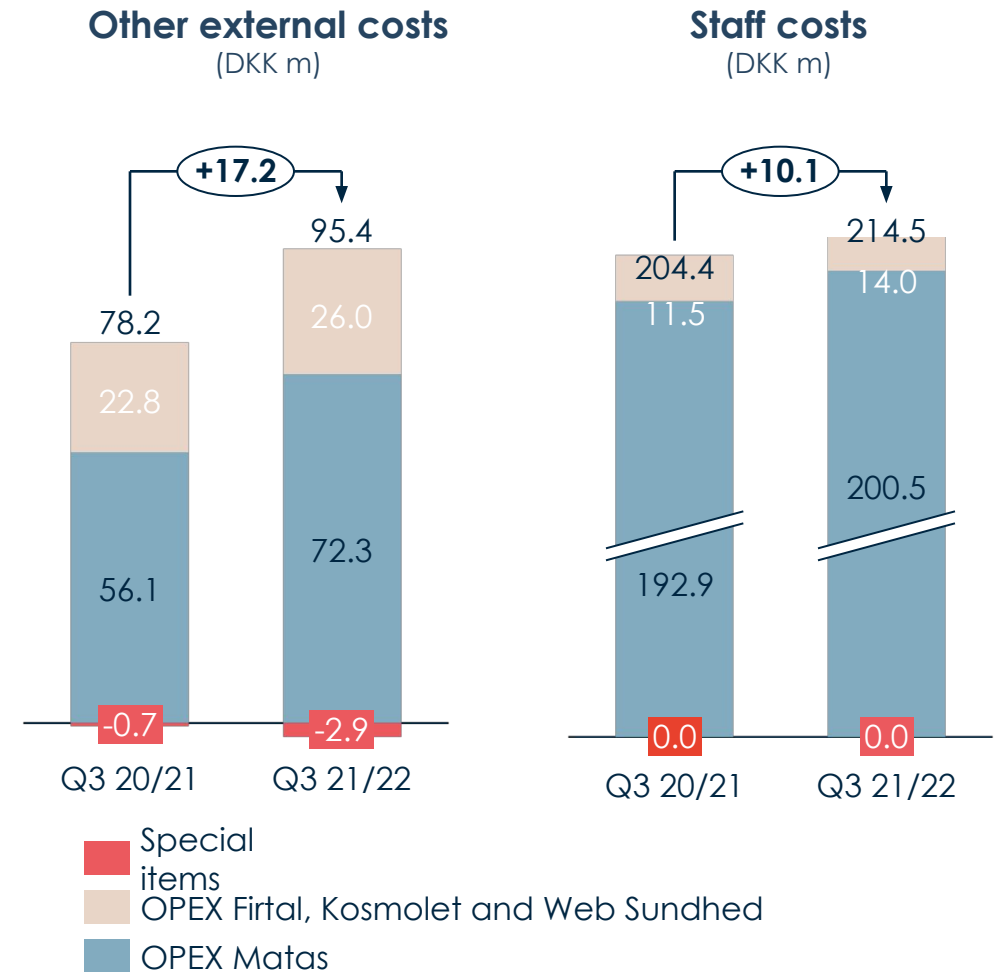
# Cost development: Increase in cost ratios due to OPEX 'investment' in strategy, however inflationary pressures offset by efficiency gains

Financial results: Q3 2021/22 vs. Q3 2020/21

In Q3 2021/22, total operating costs (ex one-offs) were up DKK 27m from the quarter earlier. Total cost ratio (ex one-offs), was up at 22.5% from 21.5% in Q3 2020/21

## Cost drivers

- ↑ DKK 7m in added marketing related start-up costs at HQ connected to the product range expansion and Sofie Linde campaign
- ↑ DKK 15m in added marketing-, IT-, personnel-, and logistic costs to grow online sales and for general digital build-up
- ↓ Underlying other external costs were down by some DKK 6m, reflecting the Group's ongoing efforts to increase operational efficiency
- ↑ DKK 5m in added personnel costs at HQ related to launch of strategic projects, amongst other the WoW project and expansion of House Brands
- ↑ DKK 4m in added cost related to Web Sundhed incl. personnel costs
- ↑ DKK 3m in added costs due to price increases on energy

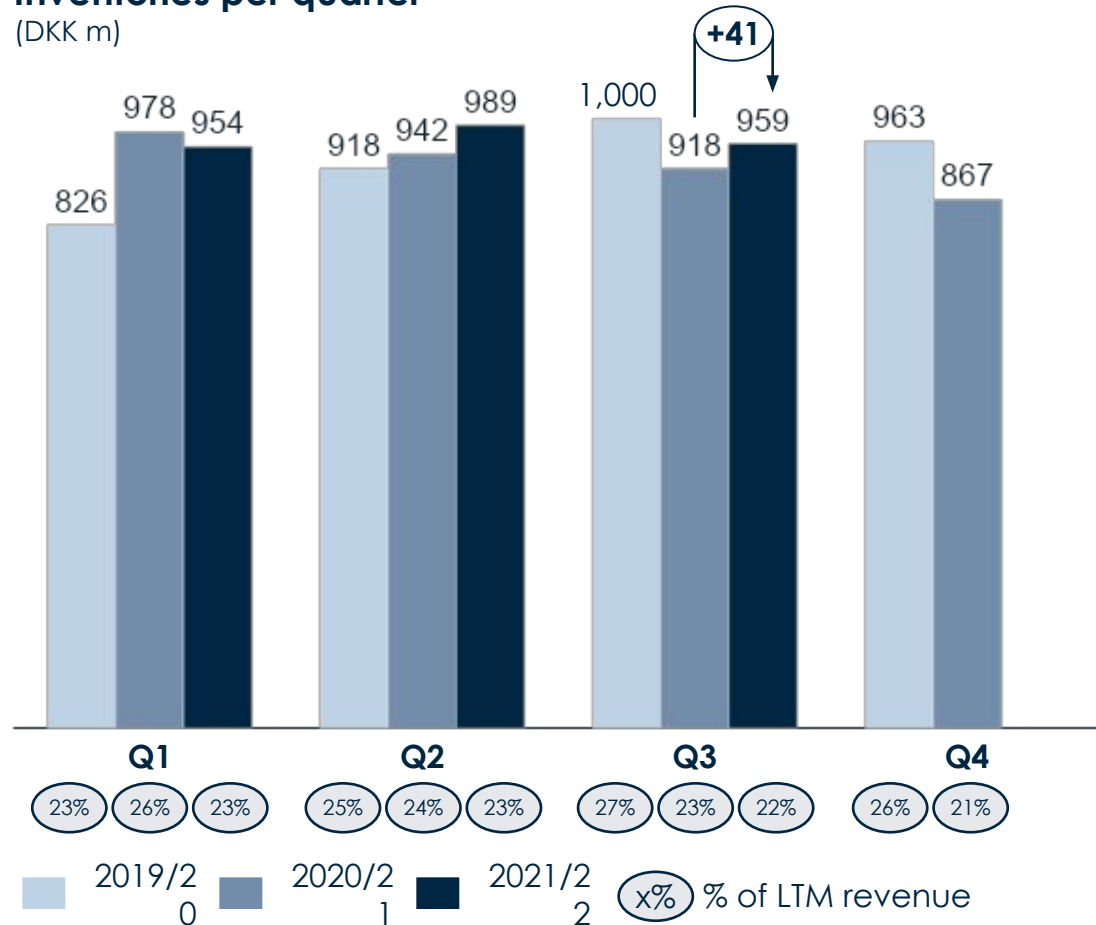


# Inventories as % of sales improved despite inventory build-up to mitigate potential supply chain bottlenecks

Financial results: Q3 2021/22 vs. Q3 2020/21

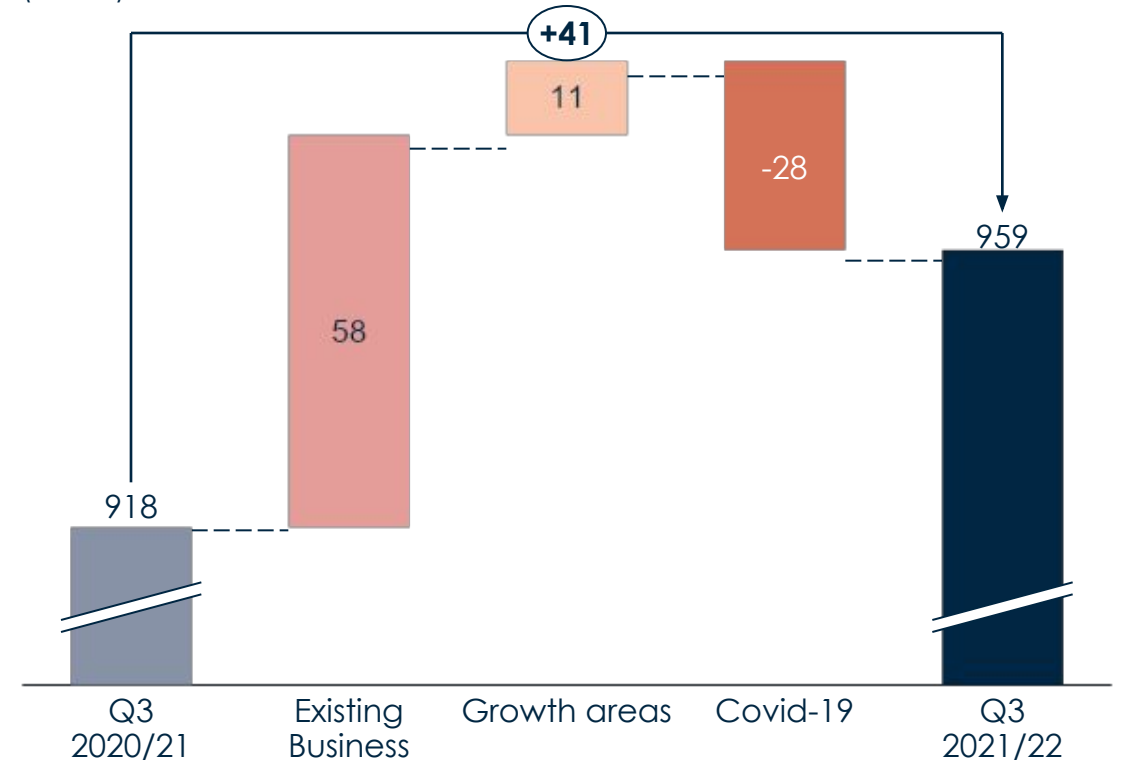
## Inventories per quarter

(DKK m)



## Inventories, change from Q3 2020/21 to Q3 2021/22

(DKK m)





# Cash flow, working capital and trade payables

Financial results: Q3 2021/22 vs. Q3 2020/21

## Cash flow and working capital developments

- Cash generated from operations was an inflow of DKK 320 million in Q3 2021/22 against an inflow of DKK 515 million in Q3 2020/21, a decline of DKK 195 million
  - The main reason for this decline was the lower changes to working capital (see below)
  - Cash from operations before working capital increased by DKK 9 million compared to 2020/21
- Working capital fell DKK 17 million Q/Q adding to the free cash flow. WC fell much less than in Q3 2020/21 due to a better development in inventories last year combined with earlier supplier payments this year.
- Capex rose by DKK 16 million Q/Q mainly due to higher investments related to IT.

<b>Cash from operations before changes to working capital</b>	<b>303.0</b>	<b>293.8</b>	<b>9.2</b>
Changes to working capital	16.6	220.8	-204.2
<b>Cash from operations</b>	<b>319.6</b>	<b>514.6</b>	<b>-195.0</b>
Interests and taxes	-78.4	-58.0	-20.4
<b>Cash flow from operating act.</b>	<b>241.2</b>	<b>456.6</b>	<b>-215.4</b>
CAPEX	-55.1	-39.1	-16.0
Acquisition and other investments	0.0	-5.0	5.0
<b>Cash flow from investing act.</b>	<b>-55.1</b>	<b>-44.1</b>	<b>-11.0</b>
<b>Free cash flow</b>	<b>186.1</b>	<b>412.5</b>	<b>-226.4</b>

# 3.0

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## Guidance for 2021/2022

Gregers Wedell-Wedellsborg  
CEO

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Matas maintains FY 2021/22 guidance but makes minor adjustment to expected CAPEX

## Guidance for 2021/22

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Revenue

**DKK 4,250-4,375m**  
(2-5% growth)

EBITDA-margin

**18.0-19.0%**

CAPEX  
(excl. M&A)

**DKK 215-235m**  
(Previous guidance: DKK 195 -215m)



4.0



Q&A



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# Matas Group