

M A T A S

Nordic strategy drives high revenue and earnings growth – revenue guidance narrowed upwards

Interim report H1 2024/25

15 November 2024

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Disclaimer

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

Agenda

- | | | |
|-----------|--|--|
| 01 | Group CEO comments and strategy update | Gregers Wedell-Wedellsborg |
| 02 | Financial results for Q2 2024/25 | Per Johannesen Madsen |
| 03 | Q&A | Gregers Wedell-Wedellsborg & Per Johannesen Madsen |

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01 Group CEO comment and strategy update

Gregers Wedell-Wedellsborg

Group CEO

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Nordic strategy drives high revenue and earnings growth – revenue guidance changed to 5-7%

Accelerated profitable growth in Q2

6.8% growth YoY

Group proforma currency neutral
(Q1 was 6.1%)

12.6%

EBITDA margin before special items
(vs. 12.6% proforma currency neutral in
Q2 2023/24)

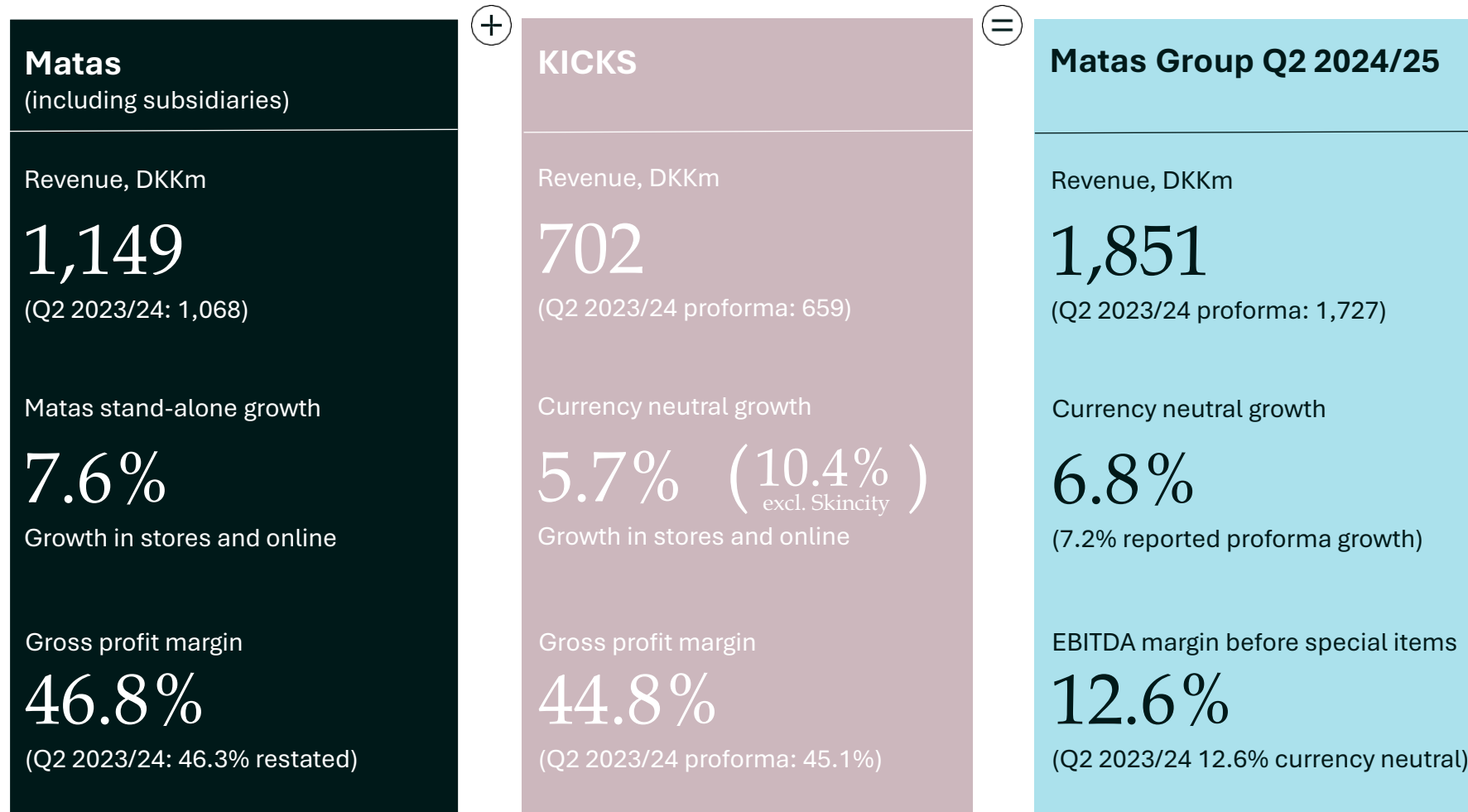
Q2: In line with expectations

- ✓ **Revenue synergies gaining traction:**
Growth in all channels and all markets. KICKS online grew 24% (excl. Skincity).
- ✓ **Stable margins** despite dilution from “strategy playbook” investments, e.g. marketing and pricing, Skincity integration, KICKS in-house brands reset, and capability building.
- ✓ **Ready for Black Friday and Christmas:**
Early Q3 inventory build-up to de-risk first Christmas at KICKS’ Logistics Center.

Raised low end of revenue guidance

- ✓ Revenue growth of **5% to 7%**
(from 4% to 7%), exchange rate adjusted
~ 4.6% to 6.6% (previously 3.2% to 6.2%)
- ✓ **14.5% to 15.5% EBITDA margin**
before special items (unchanged)
- ✓ **CAPEX of DKK ~650 million**
(unchanged)
- including DKK ~325 million for Matas’
Logistics Center

Financial highlights Q2 2024/25: Proforma growth of 6.8% currency neutral and stable EBITDA margin of 12.6% before special items



Six strategic priorities to Win the Nordics: Continued progress in Q2 - synergies on track

All for you					
More for you		Closer to you		Stronger for you	
<p>Roll out "one-stop" offering and concept</p>	<p>Expand and improve portfolio of in-house brands</p>	<p>Take e-commerce market shares and fuel omni-experience</p>	<p>Refresh, upgrade and open stores</p>	<p>Integrate and share to operate efficiently</p>	<p>Build long-term platform and culture</p>
<ul style="list-style-type: none"> ✓ Nordic launches of high-demand brands in both Matas & KICKS ✓ Investments in improved price perception 	<ul style="list-style-type: none"> ✓ Matas Striber launched in KICKS - off to a good start ✓ Discontinuation of subscale in-house brands in KICKS 	<ul style="list-style-type: none"> ✓ Membership growth: >2m in Club Matas and >1m in KICKS Norway ✓ Online growth >20% in KICKS and Matas ~19% 	<ul style="list-style-type: none"> ✓ 2 store openings in Q2 (DK and NO) ✓ Helsinki flagship store opened in prime location in October 	<ul style="list-style-type: none"> ✓ Synergy realisation on track for 2025/26 ✓ Skincity migrating to KICKS ✓ Rosersberg OPEX progress, not yet at target 	<ul style="list-style-type: none"> ✓ KICKS inventory build-up for Q3 ✓ Matas' Logistics Center on plan ✓ Matas ranked as a top 20 employer in Denmark

More for you: Our first pan-Nordic brand launches: e.l.f and MILK launched in Matas and KICKS

Gen Z brand e.l.f.

Launched September, Matas & KICKS



Hyped brand MILK

Launched in July, Matas & KICKS



Dyson Beauty (Hair tools)

Launched in July, Matas



Kevin Murphy (Pro Hair)

Launched in September, KICKS



Matas launched 50 new brands in Q2 and KICKS 18 new brands, including 11 new Pro Hair brands to strengthen our position within Hair

More for you: In-house brand reset and Matas Striber September launch in KICKS - off to a good start

Discontinued sub-scale in-house brands...

BUDGIE
continu
MON | SUN
PLANTHEQUE

... to focus on own and third party power brands



Feedback on Matas Striber

Customer:

"For years, I have stocked up on Matas Striber when I'm in Denmark. Finally, it's here! Fantastic products at a great price."

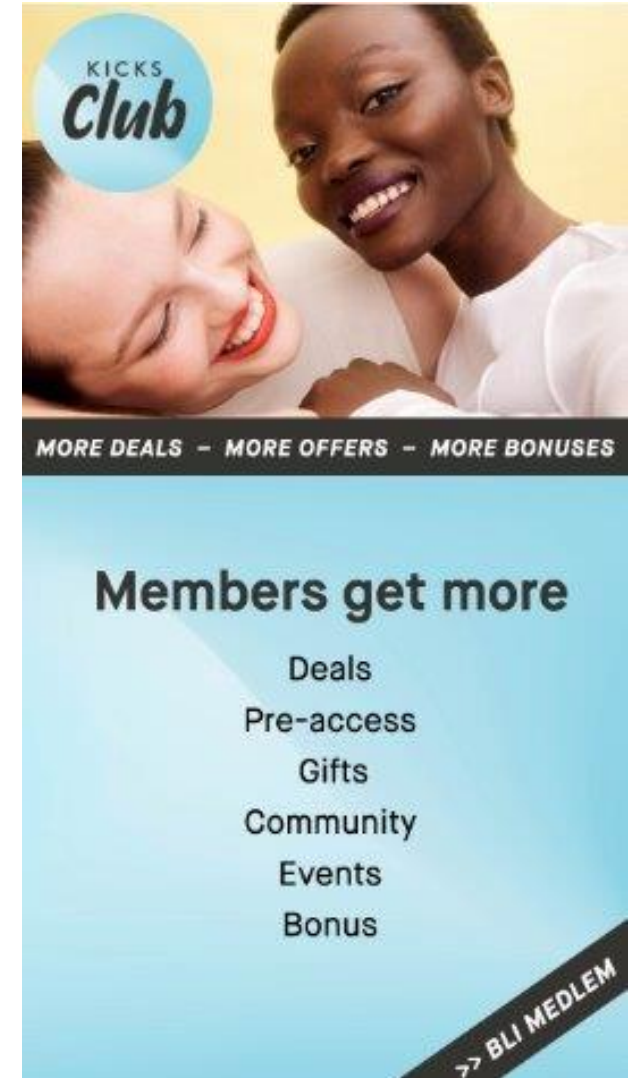
Store manager:

*"Customers have embraced Matas Striber. Easy to explain and perfect for impulse buys."
"Customers love the quality and price – great for add-on sales."*

Closer to you: More than 2 million members in Club Matas and over 1 million in KICKS Norway



- ✓ Member satisfaction (NPS) continues to improve
- ✓ Mainly younger demographics
- ✓ Shopping across more categories and channels



Closer to you: New flagship store opened in prime location in Helsinki in October



- ✓ Over one thousand customers in line
- ✓ Viral social media event - and national media coverage



- ✓ 500 square meter flagship store on Alexandersgatan in Helsinki
- ✓ Sales lift in the other 32 KICKS stores and online

Stronger for You: Automated Logistics – our platform for long-term profitable growth



- ✓ Fully operational and stable with higher stock availability and faster delivery than previous years
- ✓ Early inventory build-up to avoid Q3 bottlenecks
- ✓ Progress towards targeted OPEX efficiency gains, but not there yet



- ✓ Building completed
- ✓ Automation installed - internal testing to begin shortly
- ✓ On budget, on scope, on time to open in 1H 2025

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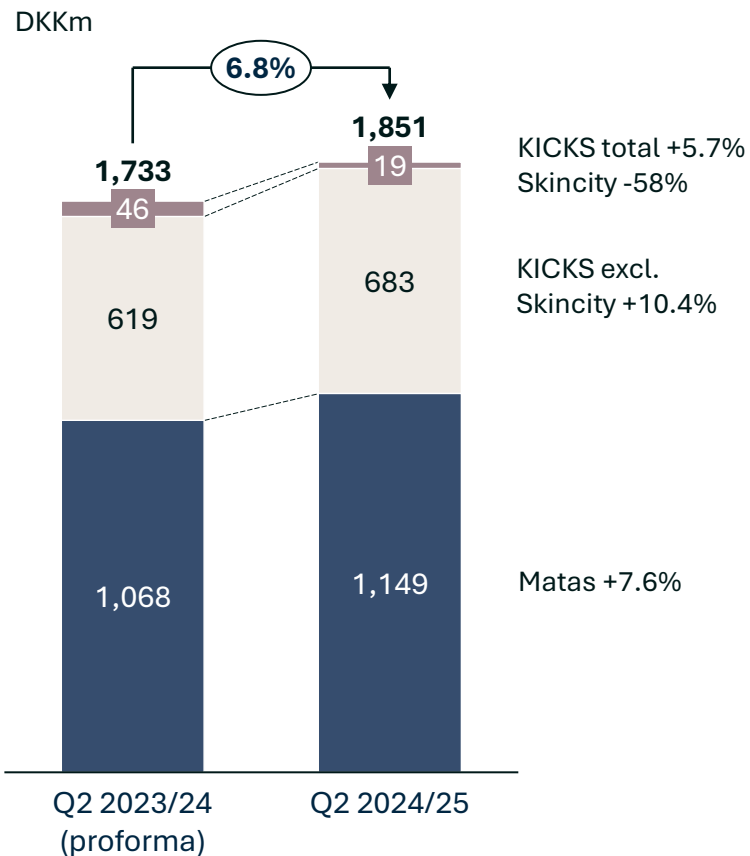
02 Financial results Q2 2024/25

Per Johannesen Madsen
Group CFO

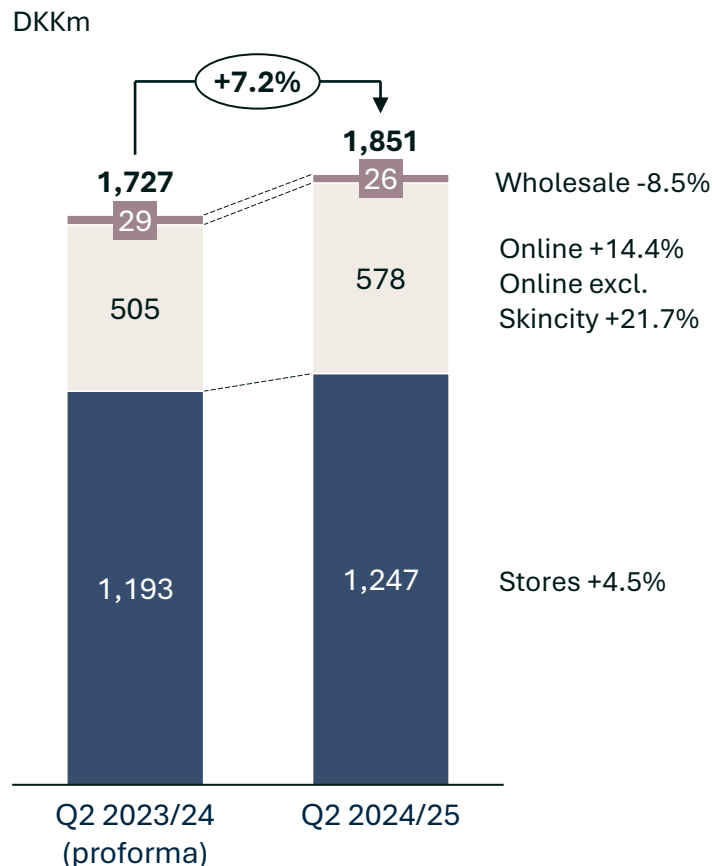
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Revenue performance in Q2 in line with expectations, with revenue synergies delivering slightly higher growth. Group revenue growth of 7.2% (6.8% currency neutral)

Revenue by banner (currency neutral)



Revenue by channel



High growth in both banners

Core E-commerce growth of above 20%

- E-commerce playbook in KICKS
- Assortment driven growth in Matas

Store growth across all markets

- Like-for-like growth in stores 2.4%, basket size increasing
- Net 8 more stores in Q2 vs. last year

Offset by Skincity migration

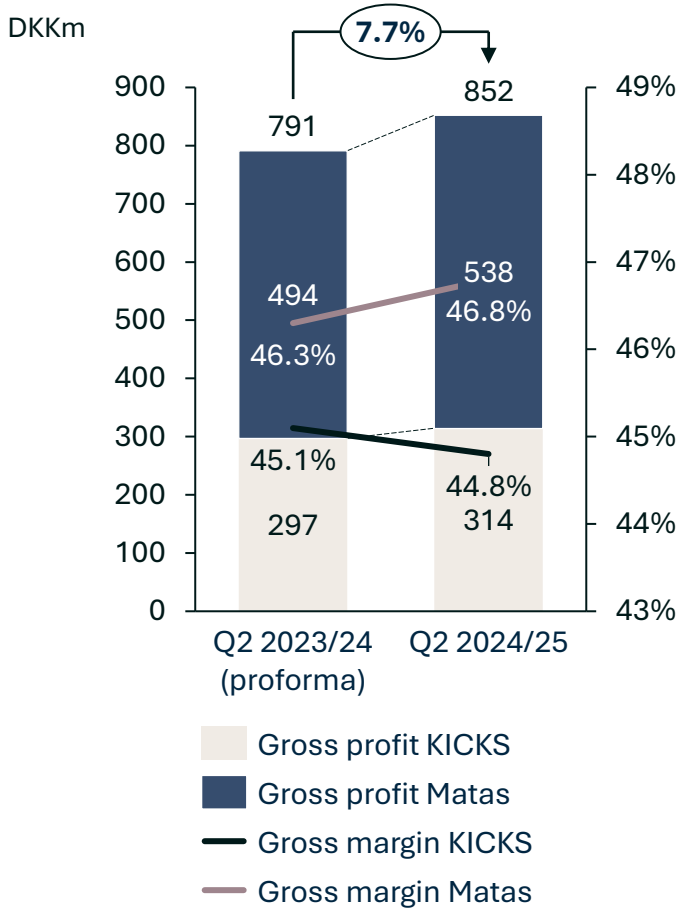
- Moving Pro Skin offering into KICKS
- Limited campaigns in Skincity

■ Matas ■ KICKS excl. Skincity ■ Skincity

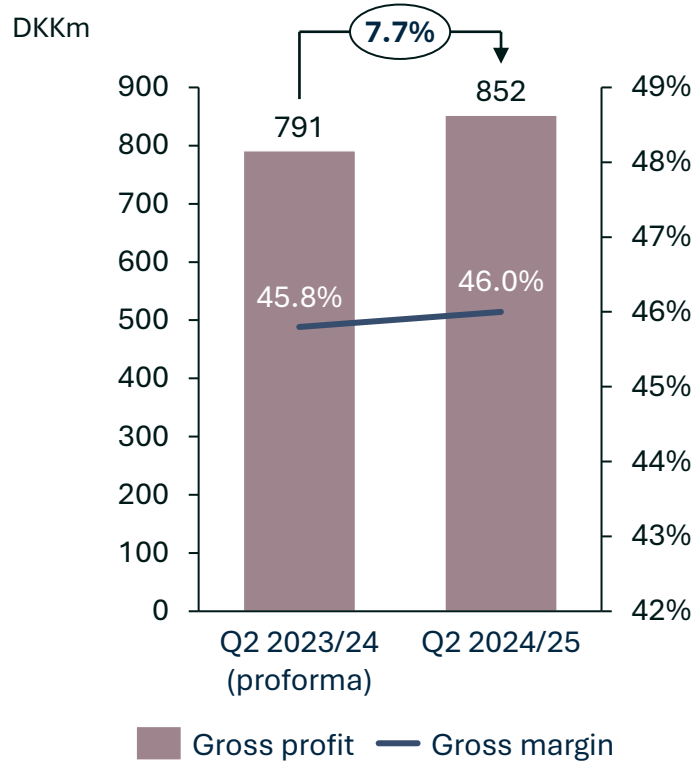
■ Stores ■ Online ■ Wholesale

Gross margin slightly above last year at 46.0% in Q2, against 45.8% last year proforma

Gross margin by banner



Group gross margin (proforma)



Growth with stable gross margin

Gross margin improvement in Matas

- New assortment driving improved margin
- Sourcing synergies

Gross margin investment in KICKS

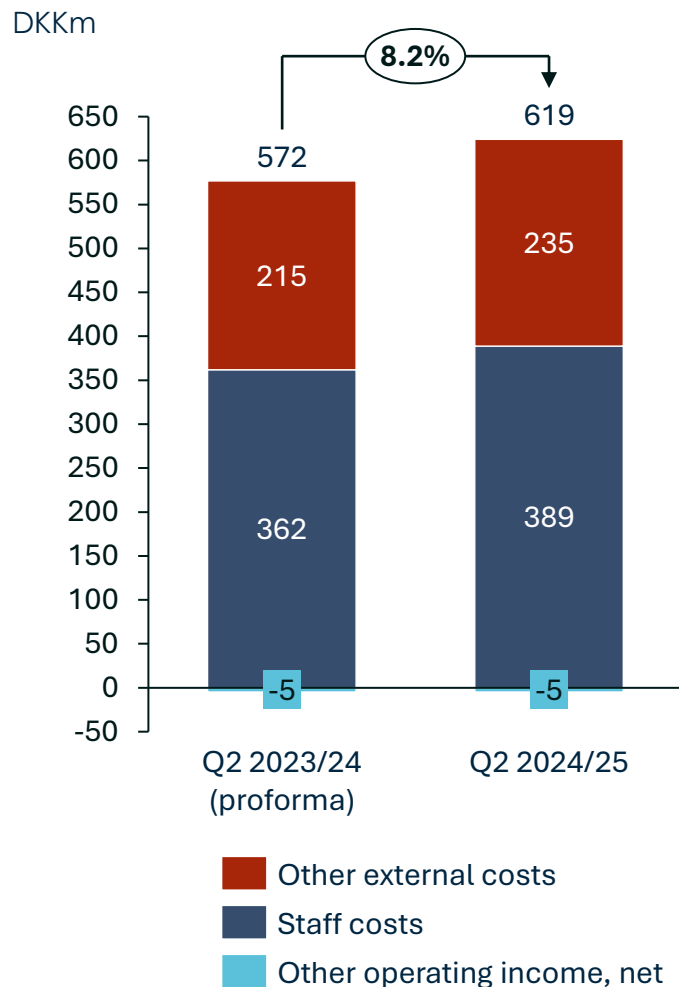
- Price competitiveness
- In-house brands reset; fewer and stronger

Dilution due to Skincity migration

- Gross margin dilutive – short term
- EBITDA margin accretive

Costs are growing as expected and slightly ahead of revenues in Q2. Marketing investments significantly above last year, supporting growth in the quarter and our strategy to Win the Nordics

Group costs



Staff costs

Mitigating salary inflation

- Workforce planning – stores and online
- Streamlined approach

Building capabilities to drive growth

- Pricing excellence
- Assortment specialists
- E-commerce competencies

KICKS Logistics Center efficiencies

- Progressing towards targets, more efficiencies to come (learning curve)
- Timing effect – September inventory build-up for Q3 drives OPEX
- Negative impact from above factors of approximately DKK 10 million in Q2

Other external costs

Online growth driving variable costs

- Shipping costs driven by order volumes
- Faster deliveries

Marketing investments up by 25% in Q2

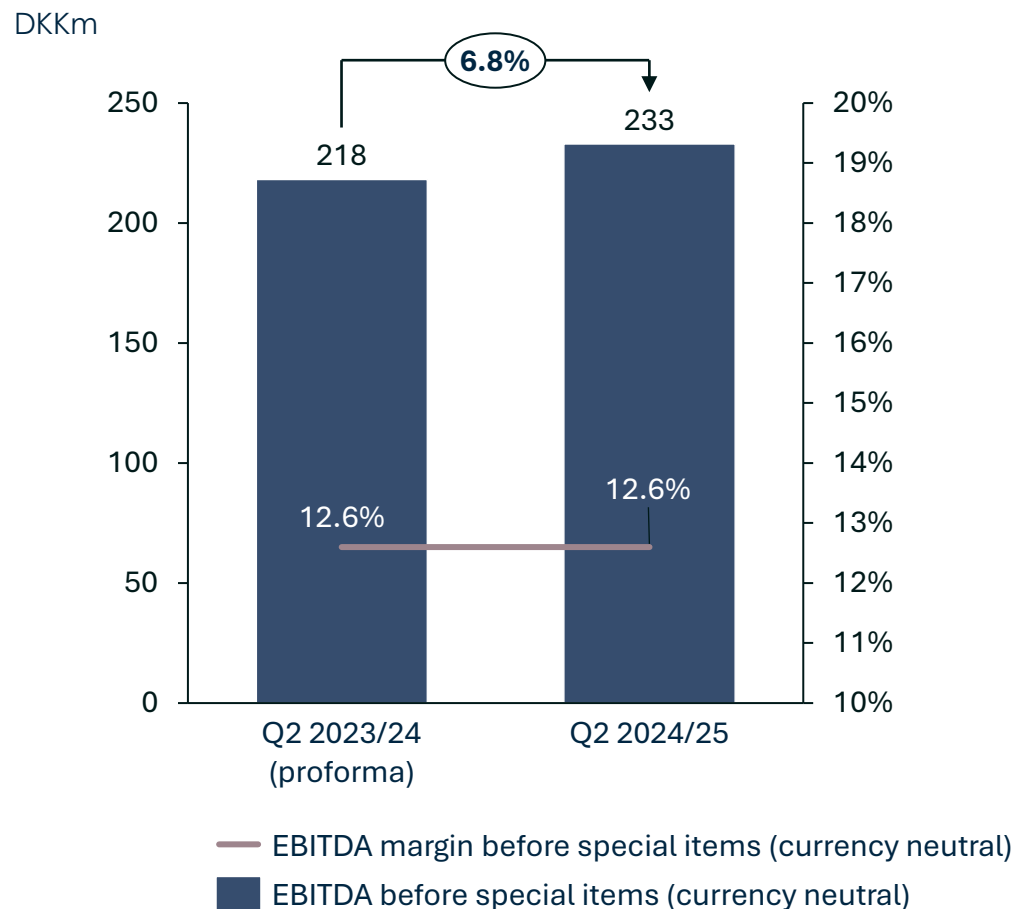
- Share of voice in the markets
- Assortment expansion awareness
- Discretionary decision

Other

- Nordic efficiencies and synergies

EBITDA growing in line with expectations, and in line with our topline for the quarter. EBITDA before special items grew 6.8% currency neutral, margin in line with proforma Q2 last year

EBITDA and EBITDA margin before special items



Summary for Q2

Revenues

- Core online growth of above 20%
- Like-for-like growth in stores

Gross margin

- Improved margins from assortment expansion and sourcing synergies
- Partly reinvested in competitive pricing in KICKS

Costs

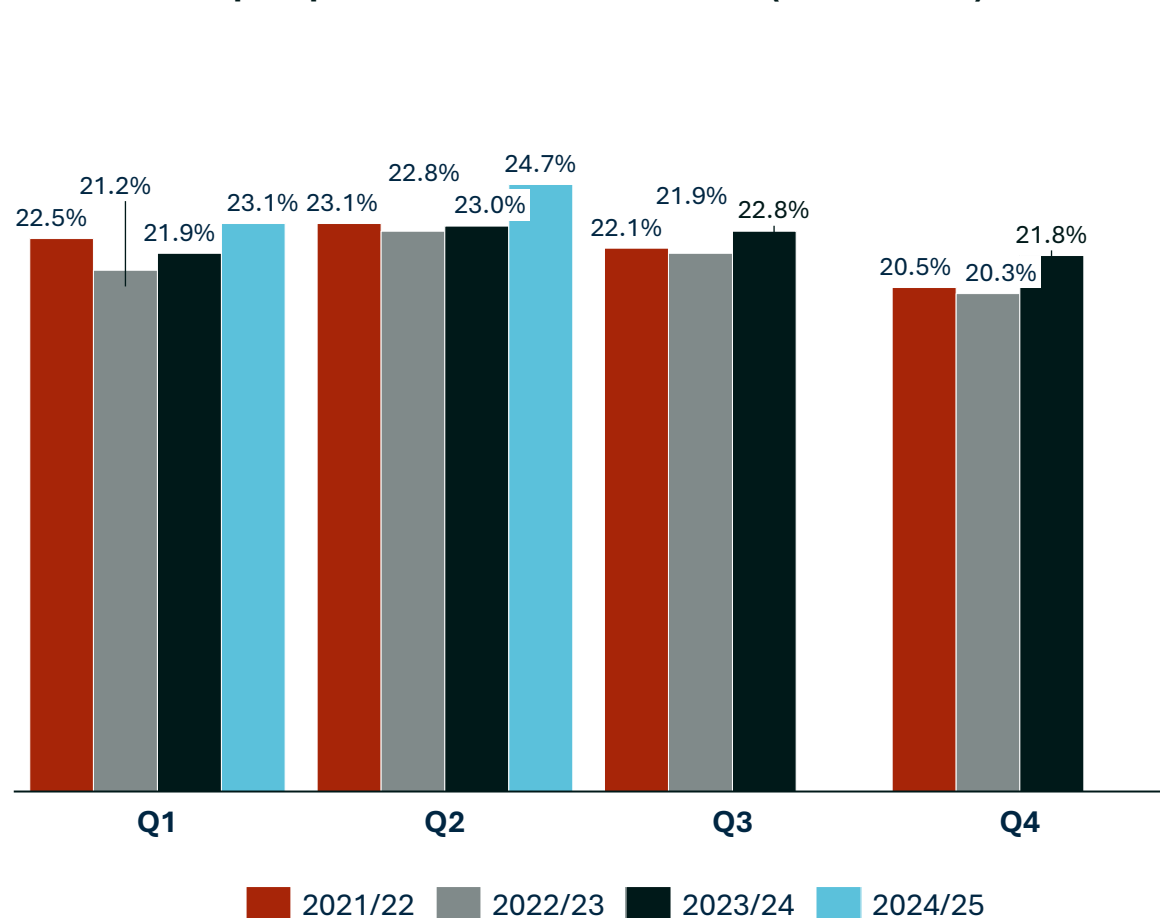
- Marketing investments up by 25% in Q2
- Building capabilities to execute on Win the Nordic strategy
- Rosersberg efficiencies improving, but not yet at target

EBITDA growth and margin

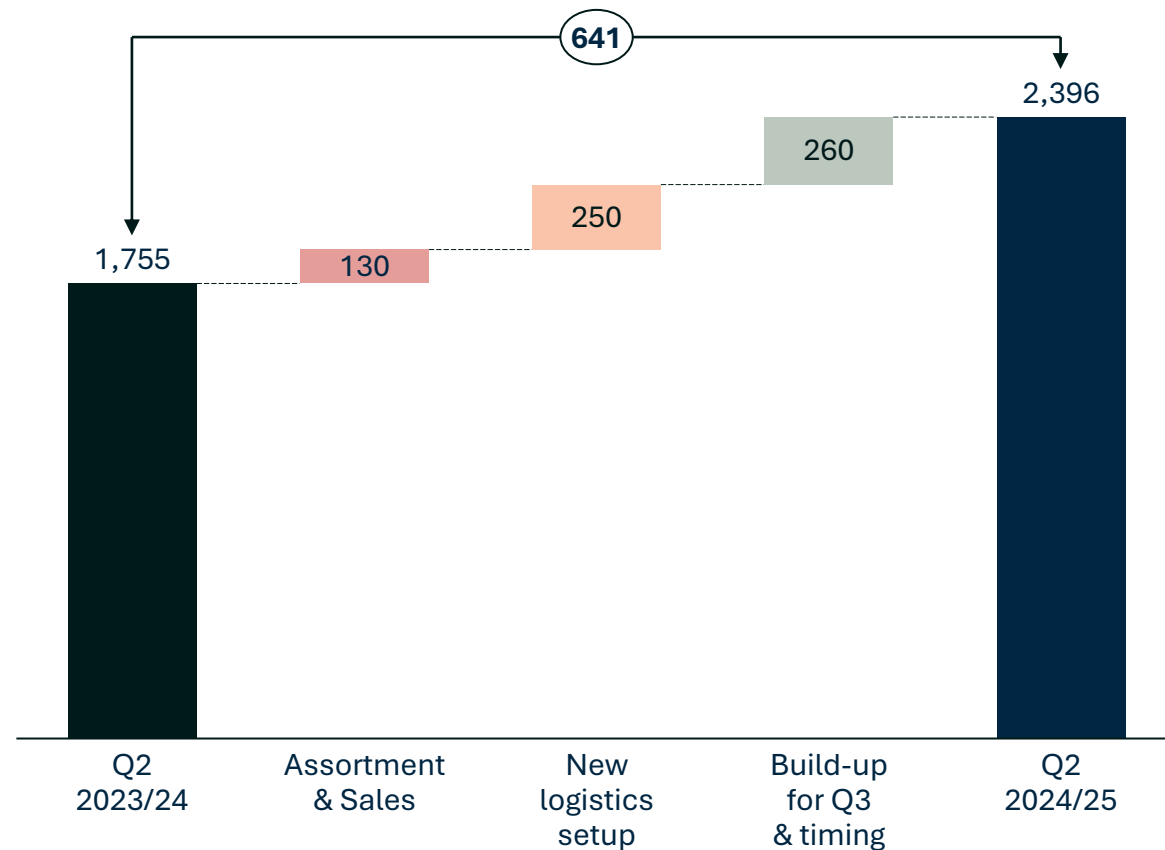
- EBITDA growth in line with expectations for the quarter
- Planned “playbook” margin investments to deliver on Win the Nordics
- Margin on level with last year

Inventories increase driven by increased sales, change of logistic set-up in KICKS and early build-up to de-risk KICKS' first high season at new logistics center

Inventories per quarter in % of LTM revenue (excl. KICKS)

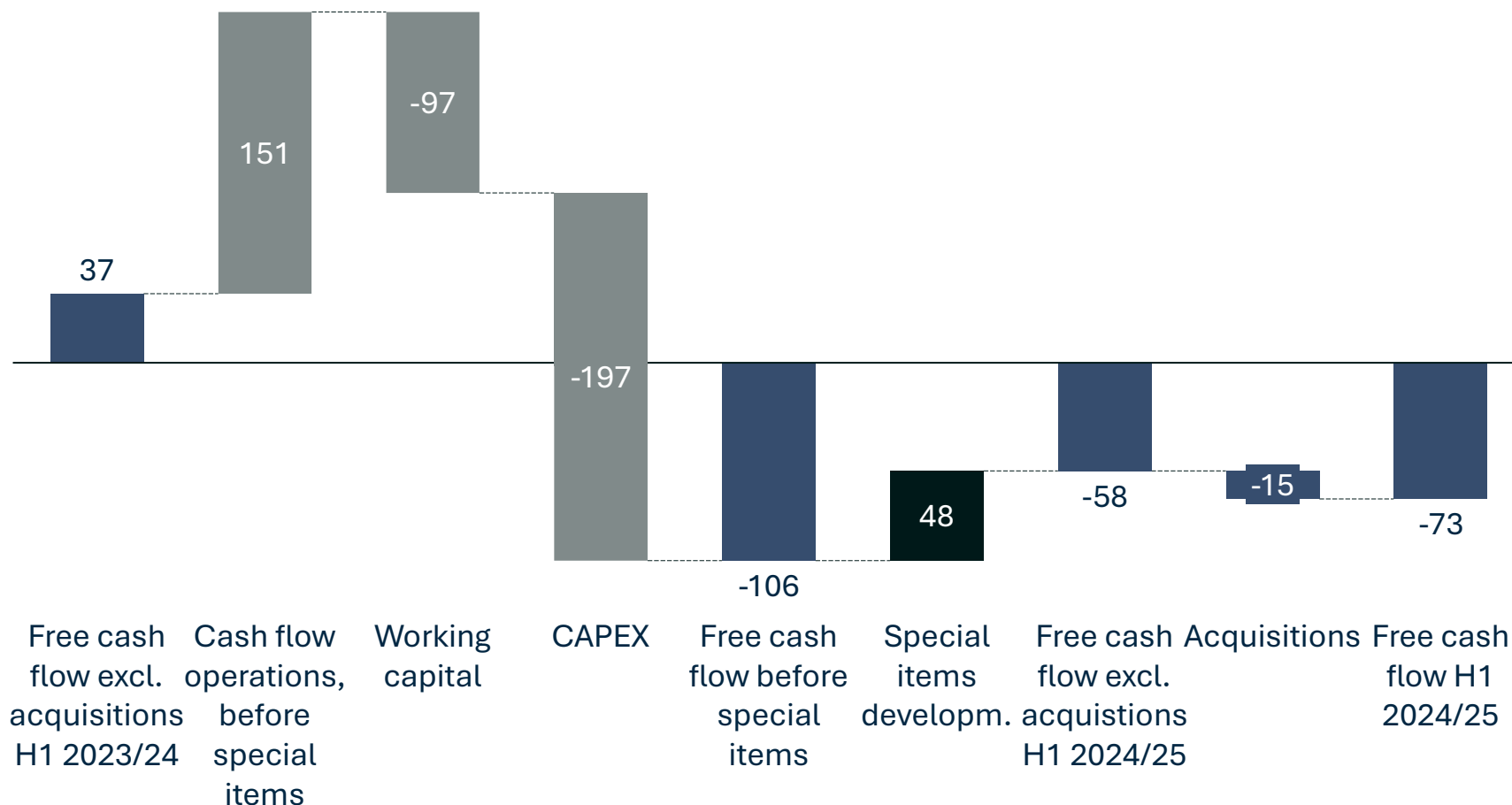


Change in inventories DKKm



Free cash flow from operations increased. Working capital impacted by early build-up of inventory for Q3. CAPEX mainly reflecting investment in Matas Logistic Center

Matas Group free cash flow development H1 2023/24 – H1 2024/25 DKKm

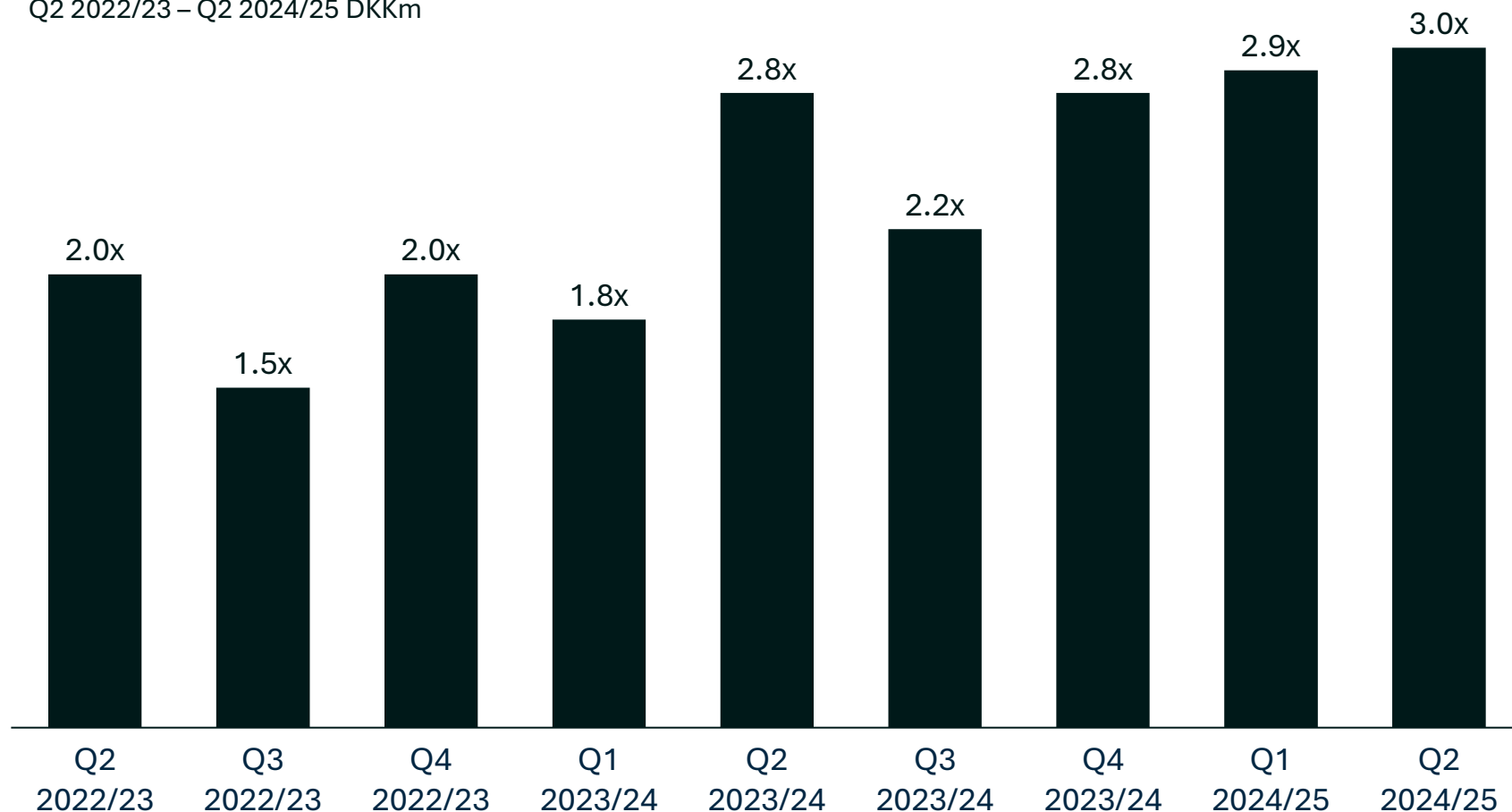


- Cash flow from operations before special items improved by DKK 151 million in H1
- Net change in working capital was driven mainly by increased inventory, reflecting early build-up to de-risk KICKS Logistics Center for Q3
- CAPEX spend mainly reflects investment in Matas' Logistics Center, which is progressing according to plan and original estimate for MLC is unchanged

Gearing

Matas Group NIBD / LTM EBITDA before special items

Q2 2022/23 – Q2 2024/25 DKKm



- Gearing increased to 3.0x in Q2 2024/25, due to increased net debt from early inventory build-up for Q3
- Normal seasonality pattern is expected for Q3 2024/25, meaning reduced inventory, lower net debt and lower gearing
- Long-term target remains unchanged with a gearing of between 2.0x and 3.0x

Financial guidance for 2024/25: Revenue guidance narrowed upwards to 5-7% (from 4-7%)

Baseline: Proforma 2023/24
(if owned KICKS for the full year)

Proforma revenue, DKKm

7,834

Based on actual exchange rates


Proforma EBITDA margin
(before special items)

14.3%




Original financial guidance 2024/25

Underlying revenue growth (currency neutral)


 **4-7%**

~3.2-6.2% exchange rate adjusted revenue growth**

EBITDA margin (before special items)

 **14.5 - 15.5%**

CAPEX, excluding M&A, of DKKm


 **~650**

including DKKm ~325 for Matas Logistics Center



New revenue guidance 2024/25

Underlying revenue growth (currency neutral)

 **5-7%**

~4.6-6.6% exchange rate adjusted revenue growth*

Assumptions:
The currency neutral financial guidance is based on actual rates in 2023/24 for NOK/DKK of 0.647 and SEK/DKK of 0.648.

* The new exchange rate adjusted financial guidance for 2024/25 is based on actual FX rates for H1 and forward rates for H2 for NOK/DKK of 0.621 and SEK/DKK of 0.643 as of 13 November 2024.

**The original exchange rate adjusted financial guidance for 2024/25 was based on forward rates for NOK/DKK of 0.626 and SEK/DKK of 0.638 as of 14 May 2024.

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Q&A

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Thank you!

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