

# Matas upgrades guidance, strong summer and new strategy launched

Q2 report 2021/22  
Conference call November 4, 2021

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# Agenda

## 1.0 CEO comments

Gregers Wedell-Wedellsborg

## 2.0 Financial results for Q2 2021/22

Anders T. Skole-Sørensen

## 3.0 Guidance upgrade 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

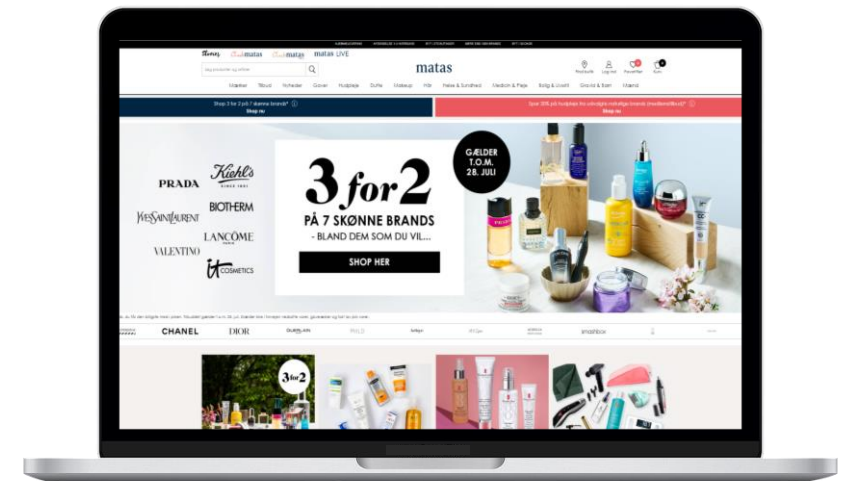
**Gregers Wedell-Wedellsborg**  
CEO

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# Online keeps momentum going in Q2

- Revenue growth 4.4% driven by online sales and range expansion
  - Growth 1.8% LFL vs Q2 2020/21 and 15.8% LFL vs Q2 2019/20
  - Web shops increased sales by 12.8% and physical stores sales were flat (down 0.5%)
  - Web Sundhed contributed with DKK 19m adding 2% growth
- Gross Margin improved to 44.2% (43.1%) due to better mix
- EBITDA before special items decreased by 8% to DKK 166m due to “investment” in future growth and normalisation
  - Normalisation of staff costs. Covid-19 related extraordinary trainee reimbursement (DKK ~14m) in Q2 last year.
  - Increased discretionary marketing costs to support launch of new assortment (Hair and Dermo) to drive growth
  - Some cost increases due to online growth (eg. faster delivery), addition of Web Sundhed and set-up of Matas Brands organisation
- EBITDA margin before special items of 17.0% versus the extraordinary high 19.3% margin last year
- Guidance on growth and EBITDA margin before special items upgraded based on strong Q2

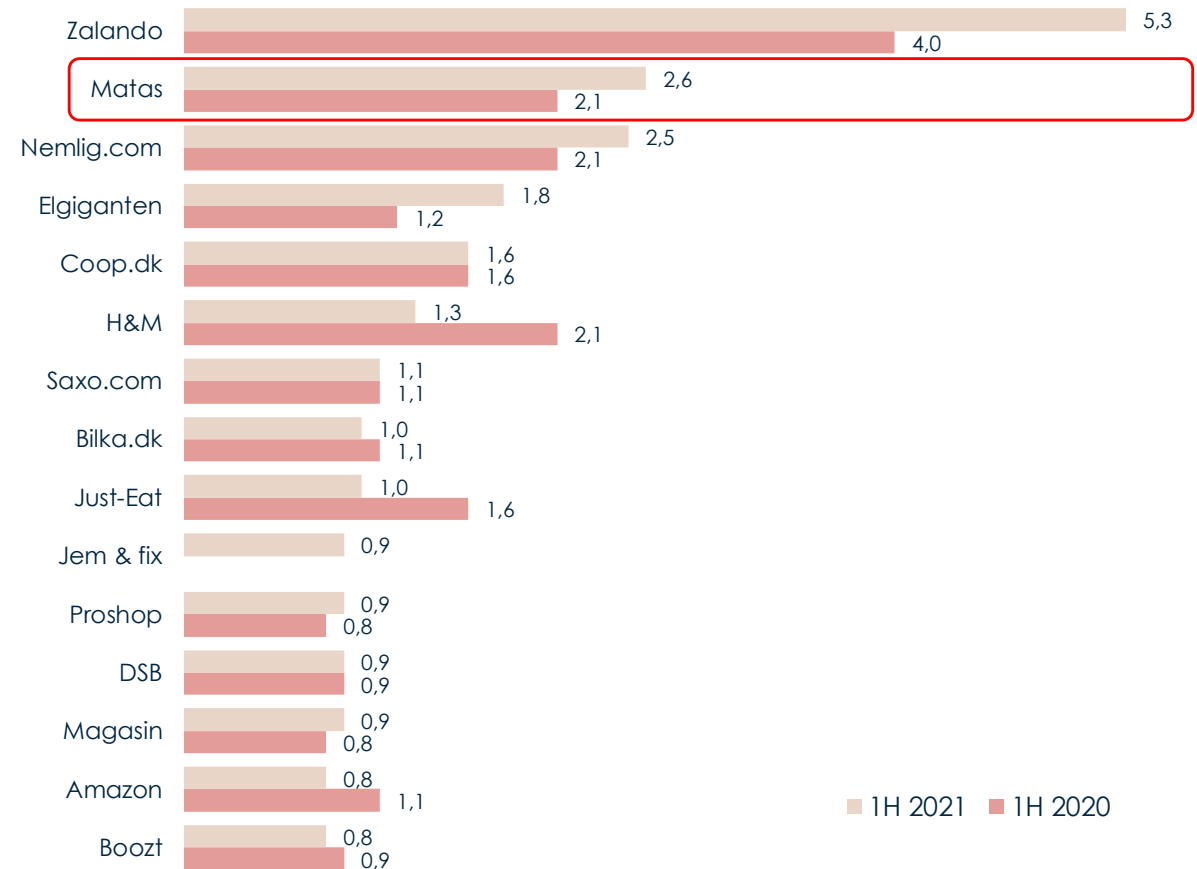


# Introducing Matas' new growth strategy – early results

Matas is looking to gain market share across categories and remain #1 online

- Matas.dk continued to progress on the Danish Chamber of Commerce' ranking of most used web shops
- Pro Hair care sales almost doubled supported by new brands and intensified marketing
- Health care shop-in-shops and new dermatologic brands launched online
- Marketing of our new dietary supplements (including probiotics developed by NovoZymes) was intensified

Most used webshop in Denmark (Source The Danish Chamber of Commerce)



# Continuing the growth journey

## Online NPS still rising based on

- Even more Day to day deliveries
- Continuous improvements in the User Experience online
- Further precision in data-driven 1:1 marketing

## Webshop facility expanded by 2,000 m<sup>2</sup> to 10,000 m<sup>2</sup>

- Room for range expansions and further growth until opening of MLC
- Room to optimise operations further

## Progress on our CSR/ESG ambitions

- New financing package with integrated ESG targets
- Executive bonuses linked to ESG progress
- CO2 baseline established and pathway to CO2 neutrality by 2030 defined (to be reported FY 21/22).



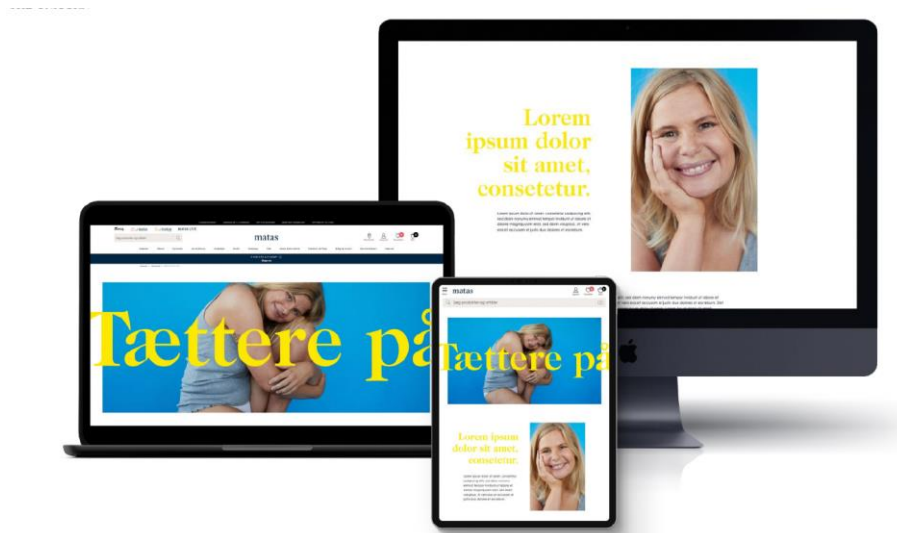
## Navigating in "choppy waters"

- Matas only has a limited exposure to global logistic bottlenecks as almost all products are made in Europe and individual products can easily be substituted
- We have pulled forward inventory build-up and are well stocked for the Christmas quarter
- Matas is experiencing some staff shortages, especially in the larger cities but the situation is not business critical or expected to impact results materially
- Matas have been warned of some price increases from suppliers. Negotiations are pending, but no expected negative impact on our gross margin in 2021/22



# Launching "Closer..." campaign

- Matas is launching a large scale campaign on all platforms with TV Host and influencer Sofie Linde as a spokesperson for self-acceptance, mental wellbeing ... and a sound relationship to body issues
- The campaign is targeted at the 15-40 demographic





# 2.0

## Financial results Q2 2021/22

Anders T. Skole-Sørensen  
CFO

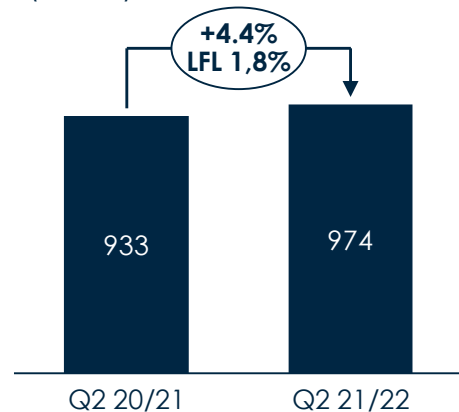


# Key financials

## Financial results: Q2 2021/22 vs. Q2 2020/21

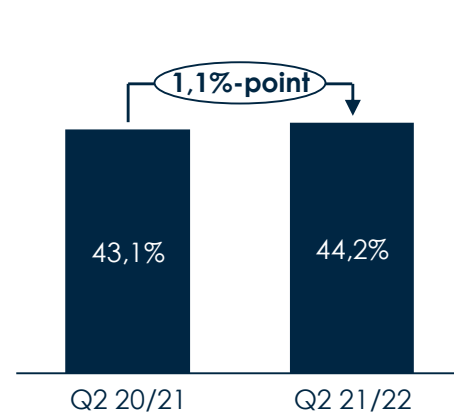
### Revenue

(DKK m)



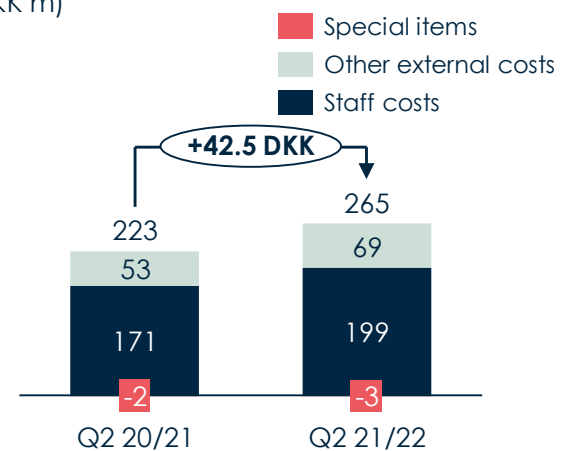
### Gross margin

(%)



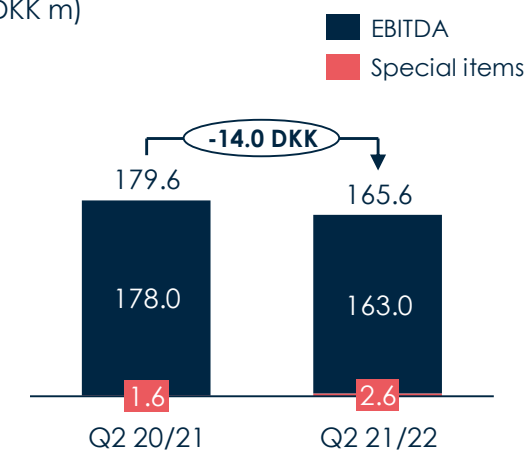
### Cost

(DKK m)



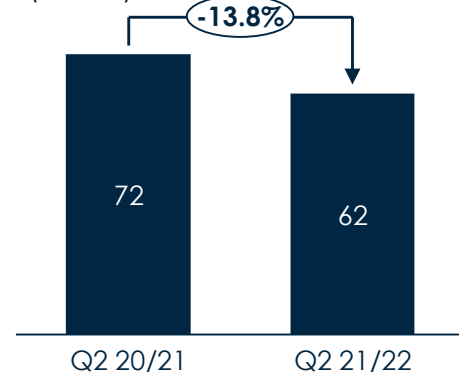
### EBITDA before special items

(DKK m)



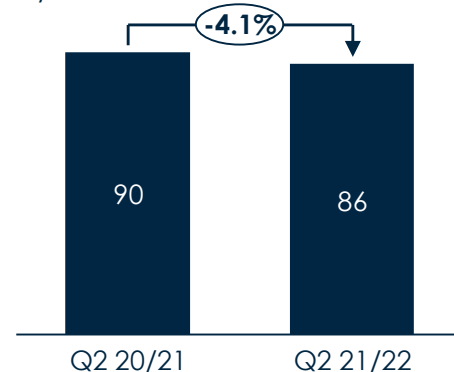
### Adj. net profit

(DKK m)



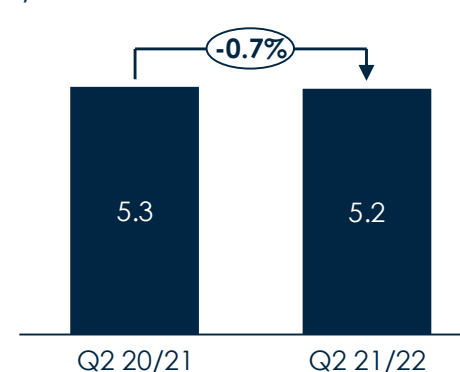
### Free cash flow

(DKK m)



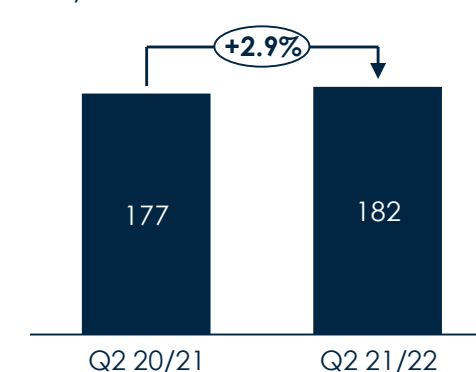
### Transactions

(# m)



### Basket size

(DKK m)

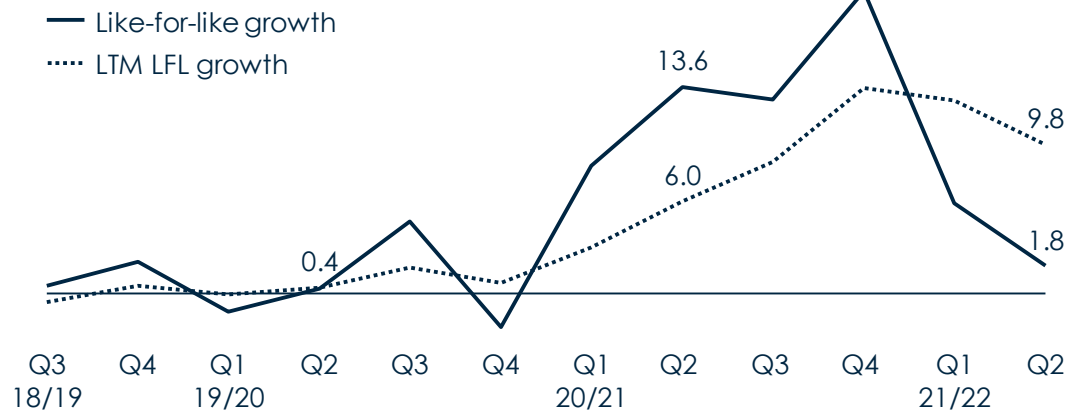


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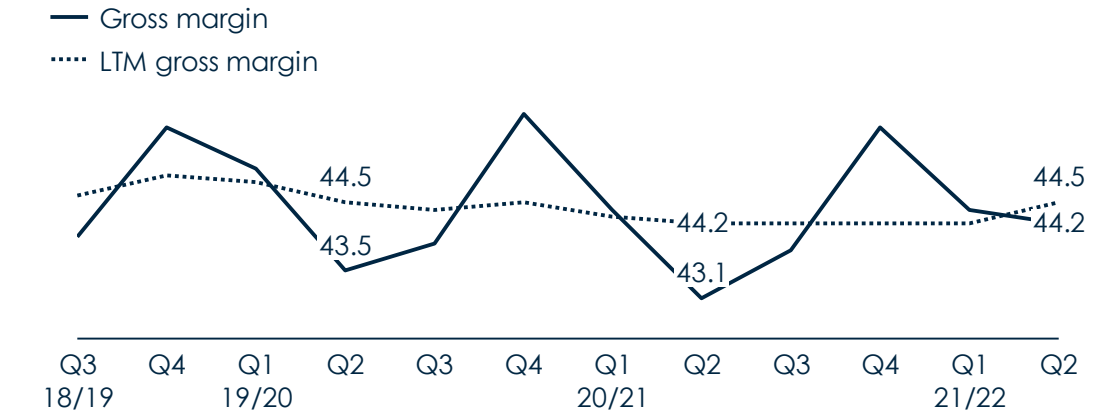
# Long term trends: Revenue, Gross Margin and EBITDA

Financial results: Q3 2018/19 to Q2 2021/22

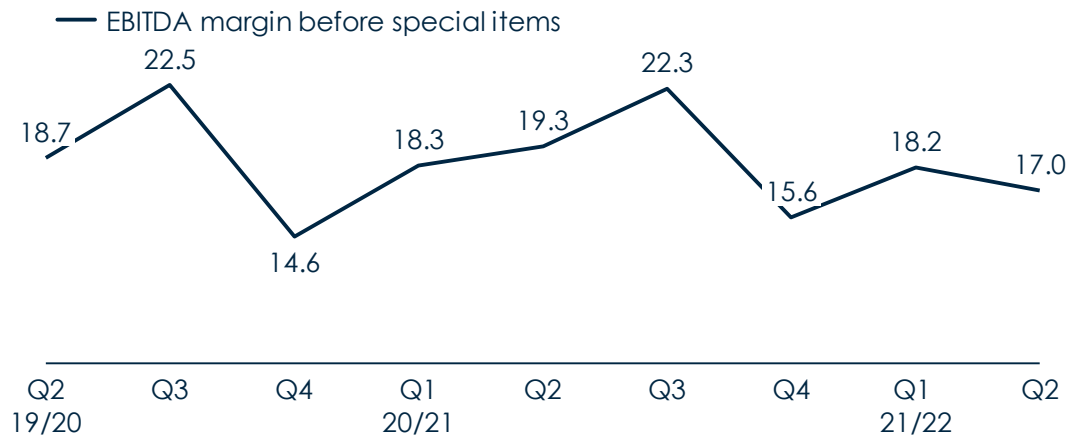
## Revenue growth (%)



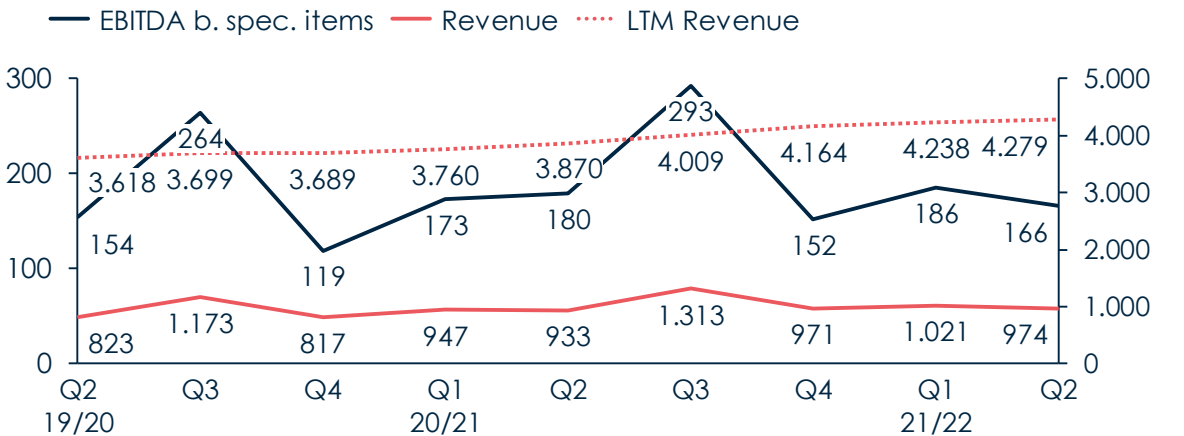
## Gross Margin (%)



## EBITDA margin (%)



## Revenue & EBITDA (DKK m)



# Cost development

## Financial results: Q2 2021/22 vs. Q2 2020/21

In Q2 2021/22, total operating costs (ex one-offs) were up DKK 42 m from the quarter earlier

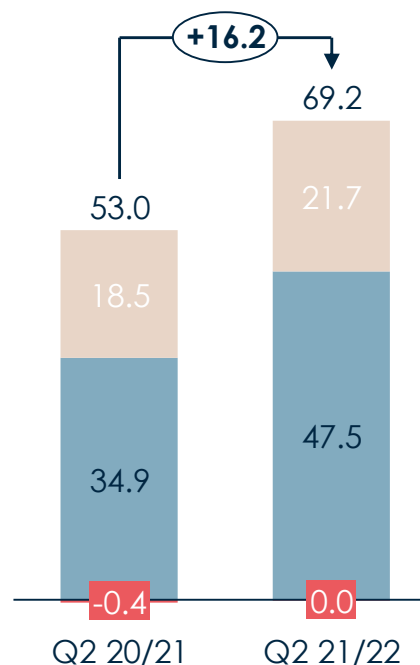
Total cost ratio (ex one-offs), was up at 27.2% from 23.9% in Q2 2020/21

### Cost drivers

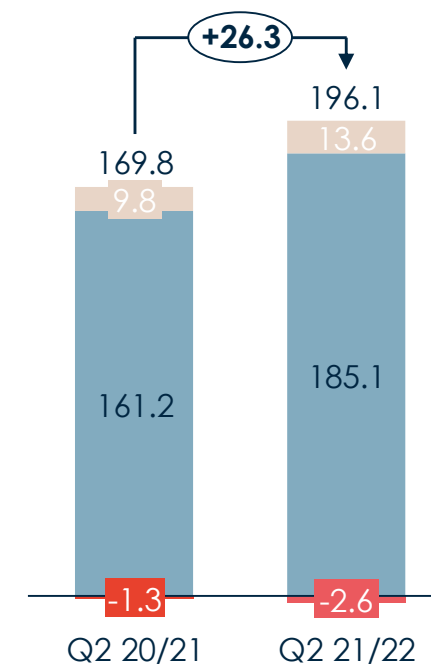
- ↑ DKK 3 m in added cost related to Web Sundhed
- ↑ DKK 12 m in added marketing- and logistic costs for promoting online sales and marketing related start-up costs connected to the product range expansion
- ↑ Added personnel costs for fuelling online sales of DKK 8 m
- ↑ Added personnel costs in physical stores. In Q2 last year a Covid-19 subsidy re. trainees of DKK 14 m was given by government, which was not repeated in 2021/22.
- ↑ DKK 2 m in added personnel costs at HQ regarding costs related to the WoW project and the expansion of House Brands

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### Other external costs (DKK m)



### Staff costs (DKK m)



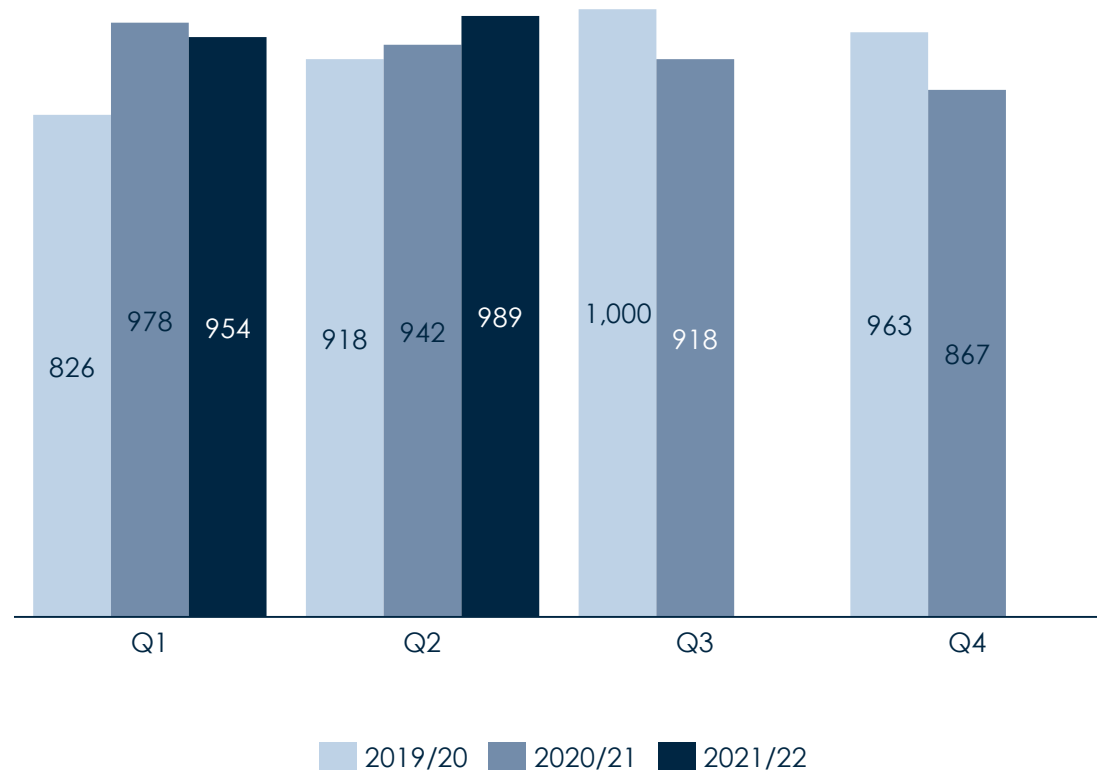
- Special items
- OPEX Firtal, Kosmolet and Web Sundhed
- OPEX Matas

# Inventories

Financial results: Q2 2021/22 vs. Q2 2020/21

## Inventories per quarter

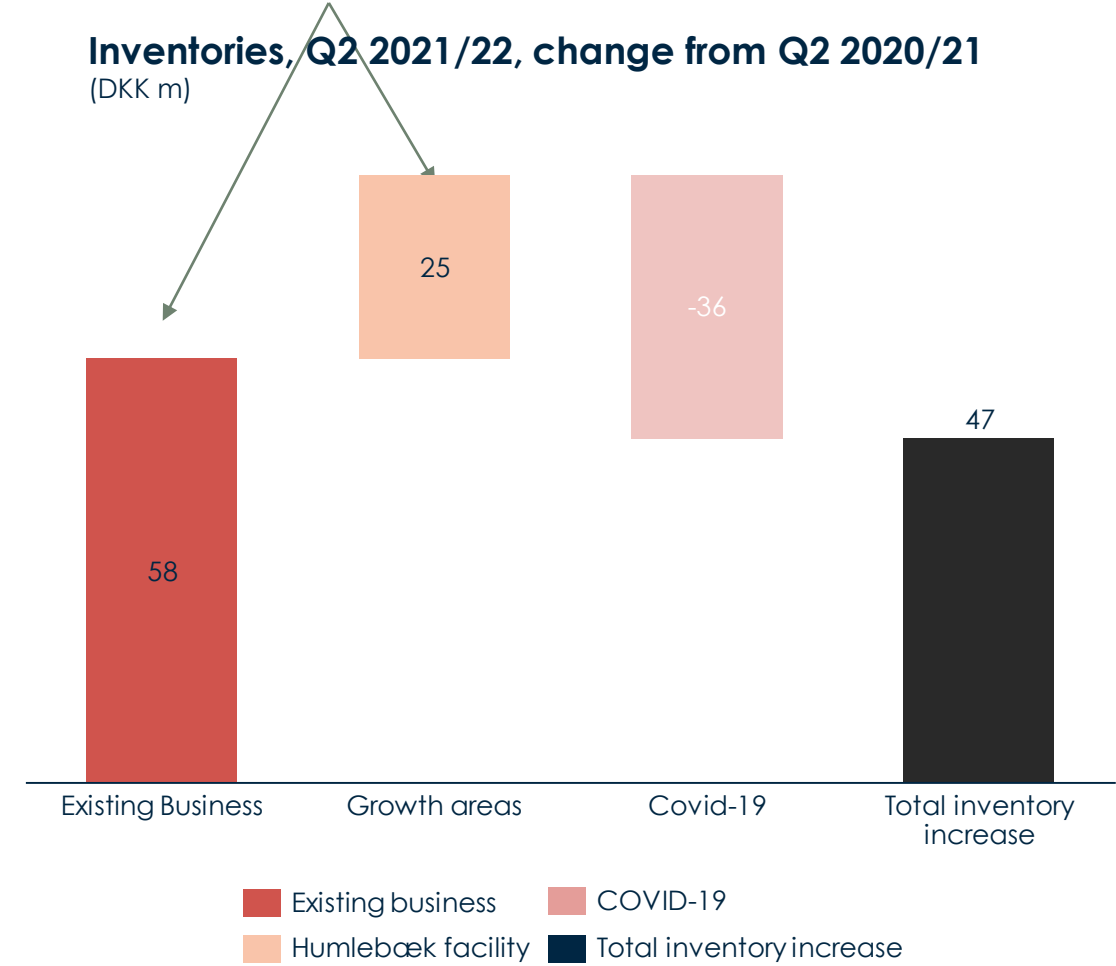
(DKK m)



Some inventory build up linked to higher "safety" stocks due to potential supply chain "hiccups"

## Inventories, Q2 2021/22, change from Q2 2020/21

(DKK m)



# Cash flow, working capital and trade payables

Financial results: Q2 2021/22 vs. Q2 2020/21

## Cash flow and working capital developments

- Cash generated from operations was an inflow of DKK 130 million in Q2 2021/22 against an inflow of DKK 119 million in Q2 2020/21, a rise of DKK 10 million
- Working capital rose DKK 36 million Q/Q subtracting from the free cash flow. The rise in working capital was primarily due to the rise in inventories.
- Capex rose by DKK 14 million Q/Q mainly due to higher investments related to IT.

DKK million	Q2 2021/22	Q2 2020/21	Change QoQ
<b>Cash from operations before changes to working capital</b>	<b>165.9</b>	<b>178.7</b>	<b>-12.8</b>
Changes to working capital	-36.3	-59.5	23.2
<b>Cash from operations</b>	<b>129.6</b>	<b>119.2</b>	<b>10.4</b>
Interests and taxes	0.0	0.0	0.0
<b>Cash flow from operating act.</b>	<b>129.6</b>	<b>119.2</b>	<b>10.4</b>
CAPEX	-43.5	-29.4	-14.1
Acquisition and other investments	0.0	0.0	0.0
<b>Cash flow from investing act.</b>	<b>-43.5</b>	<b>-29.4</b>	<b>-14.1</b>
<b>Free cash flow</b>	<b>86.1</b>	<b>89.8</b>	<b>-3.7</b>

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## Guidance upgrade for 2021/22

**Gregers Wedell-Wedellsborg**  
CEO

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## Guidance upgrade for **2021/22**

- Revenue is now expected in the range of DKK 4,200-4,330m, equivalent to a growth rate of between 1% and 4%, against the previous expectation of DKK 4.160-4.290m, equivalent to a growth rate of between 0% and 3%
  - Backed by 6,2% growth in H1 and marked share gain online
- The EBITDA margin before special items is now expected in the range of 18.0%-19.0% up from the previous 17.5%-18.5% range
  - Backed by a rise in the gross margin and still Including up to 1% margin "investment" in future growth
- Investments are now expected in the range of DKK 195–215 million before acquisitions from DKK 295-315 million previously. The level has been lowered by DKK 100 million against the backdrop of reduced uncertainty about the timing of investments in Matas Logistics Center (MLC) since guidance was provided in the Q1 2021/22 interim report.

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# 4.0



## Q&A



# Matas Group