

Customer traffic and broader assortment drive revenue and earnings growth

Interim report Q1 2023/24

16 August 2023



Forward-looking statements

The 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** CEO comments and strategy update
Gregers Wedell-Wedellsborg
- 02** Acquisition of KICKS Group
Gregers Wedell-Wedellsborg
- 03** Financial results for Q1 2023/24
Per Johannesen Madsen
- 04** Q&A
Gregers Wedell-Wedellsborg & Per Johannesen Madsen



A close-up photograph of a woman with curly hair, wearing a light-colored top, applying a white cream to her shoulder. The image is the background for the slide.

01

CEO comments & strategy update

Gregers Wedell-Wedellsborg
CEO

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Traffic and broader assortment drive revenue and earnings growth, which leads to an upgrade of Matas' financial expectations for 2023/24



DKK

1,150M

Revenue

Q1 2022/23: DKK 1,054M



DKK

201M

EBITDA before special items

Q1 2022/23: DKK 192M



9.2%

Revenue growth

Q1 2022/23: 3.2%



17.5%

EBITDA margin before special items

Q1 2022/23: 18.2%



6.0M

Transactions

Q1 2022/23: 5.5M



Upgrade of financial expectations for 2023/24



Revenue growth between

4-7%

from previously 3-6% growth



EBITDA margin before special items around

17%



CAPEX, excl. M&A, of DKK

425-450M

incl. DKK 250m to Matas Logistics Center

Continued strong progress across the Growing Matas Group strategy

Growing Matas Group: #1 for Health and Beauty

STRATEGIC TRACKS



Commercial: # 1 offer

Triple assortment and market broadened offer



STATUS AS OF Q1 2023/24

Continued the fast assortment expansion with **addition of 59 new brands online during Q1**. Approximately **half of Q1's revenue growth is attributable to the more than 130 new brands** launched during 2022/23



E-commerce: #1 online

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



Revenue **growth of 26%**, driven mainly by the strong performance of matas.dk that continues to increase in number of transactions. Matas.dk sustained its position as the **2nd most frequently visited web shop in Denmark**



Connected retail: #1 in store

Consolidate and connect the stores



The **"endless aisles" revenue from the stores grew by 28%** during Q1 due to strong focus by staff, implementation of customer facing screens and significantly expanded assortment. **Additional 180 Mobile POS** have been implemented in selected stores in June



Brands: #1 products

Widen "house brand" portfolio



Increased sales of house brands by DKK 24M to **18.3% of retail revenues in Matas**. Selected private label products are now available at **225 doors in Germany**, while **Nilens Jord** has been listed in some of the same stores and will be available in **65 doors**



Logistics: #1 operator

Build Matas Logistics Center



The construction of Matas Logistics Center (MLC) is **progressing according to the timeline** with preparation of the land during July and August. Existing facilities continue to offer adequate room for further assortment expansion



ESG: Health & Beauty for Life

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



During Q1, a strong focus has been put on the social aspect with a dedicated project on mental health in collaboration with True North. **100 store employees participated in a three-day camp** focusing on mental health and wellbeing

Commercial | Introduced 59 new brands

59 new brands were listed in Matas online during Q1 2023/24, among others:

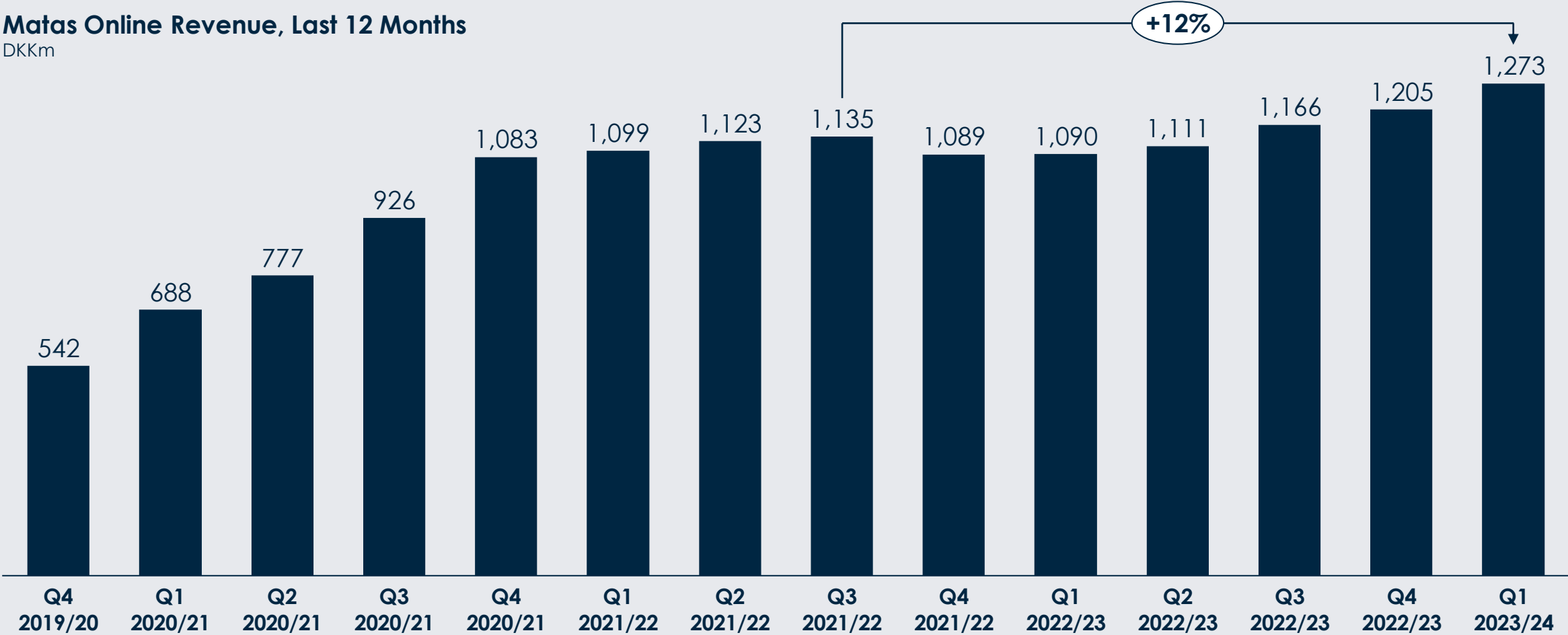


Approximately **half of Q1's revenue growth is attributable to the more than 130 new brands** that were launched during 2022/23



Ecommerce | Online revenue growth of 26% in Q1 2023/24 drives LTM revenues +12% above the covid-peak driven by assortment expansion

Matas Online Revenue, Last 12 Months
DKKm



Connected Retail | The “endless aisles” revenue from the stores grew by 28% during Q1



28%

Growth in revenue from “endless aisles” in the Matas stores, driven by:

Assortment expansion with **well above 200 new brands online** since launch of the Growing Matas Group strategy in August 2021

A dedicated and strong **focus by the store staff** that are being educated in the +6x assortment online vs. the average store

Implementation of **customer facing screens in almost all stores**, allowing for customers to see online assortment

02

KICKS

Acquisition of KICKS Group

Gregers Wedell-Wedellsborg
CEO



Matas to acquire KICKS Group and create the Nordic market leader



DKK 698M

Equity purchase price¹



DKK ~140M

EBITDA effect from
~40M in standalone
improvement and min.
100M in synergies¹



**Creating the Nordic
leader in beauty
and wellbeing**



4.7x

2022/23 EV/EBITDA²



**Fully debt financed;
closing expected
during Q3 of the
calendar year 2023**

Creating the Nordic leader with DKK +7.6B revenue and +5M members

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KICKS¹ Group

**Combined
entity**

DKK revenue in 2022/23 of which ~27% is from online retail

4,490M

DKK EBITDA² in 2022/23

809M

EBITDA margin in 2022/23

18%

Loyalty club members

1.9M

Employees (FTE)

~2,100

3,126M

305M

10%

3.3M

~1,700

DKK revenue in 2022/23 of which ~29% is from online retail

DKK EBITDA in 2022/23

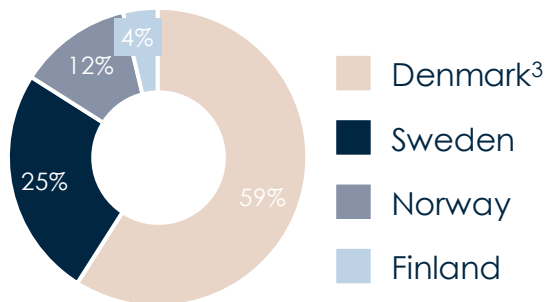
EBITDA margin in 2022/23

Loyalty club members

Employees (FTE)

Combined revenue of DKK 7,616M

Country split¹



Revenue split 2022/23

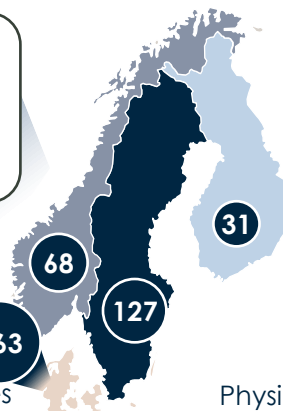
Market position in the Nordic beauty market⁴



4+2

Core online stores

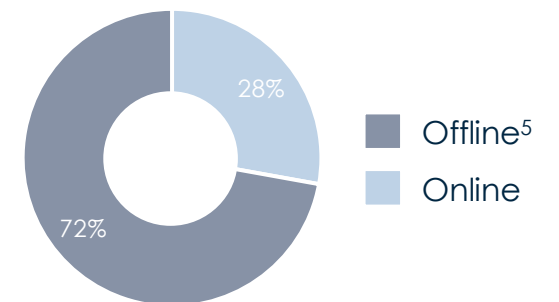
263



489

Physical stores

Sales channel split¹

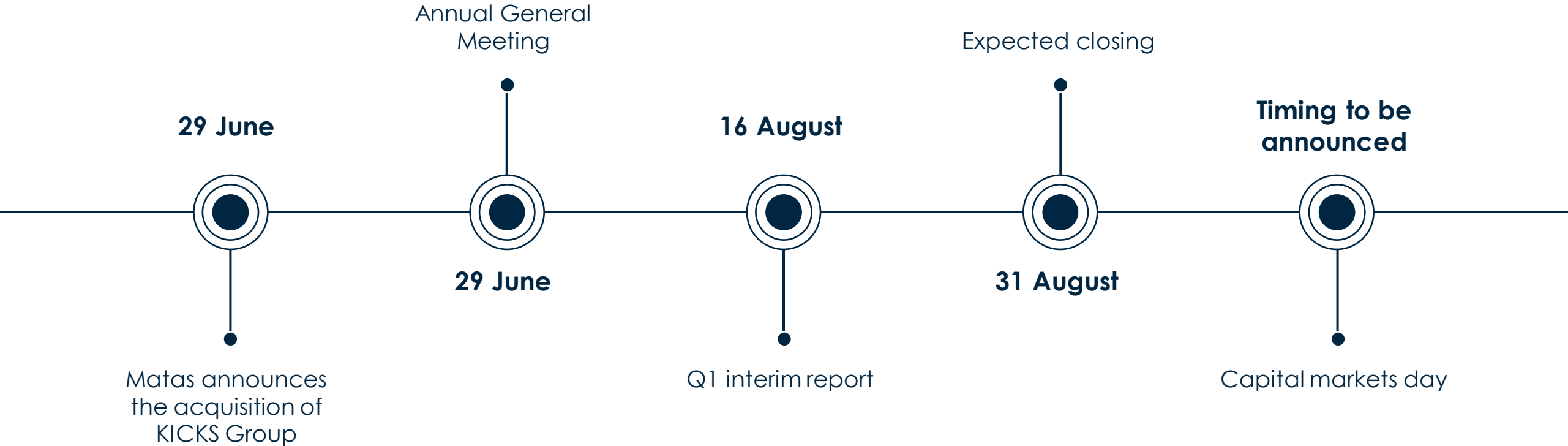


Revenue split 2022/23

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Notes: 1) Pro forma adj. 2022/23 based on a SEK/DKK exchange rate of SEK/DKK 0.6888 (average rate April 2022 – March 2023); 2) Before special items; 3) Assuming 100% DK revenue from Matas; 4) Global management consultancy; 5) Includes stores and wholesale revenue

Next steps | Closing expected on 31 August



03

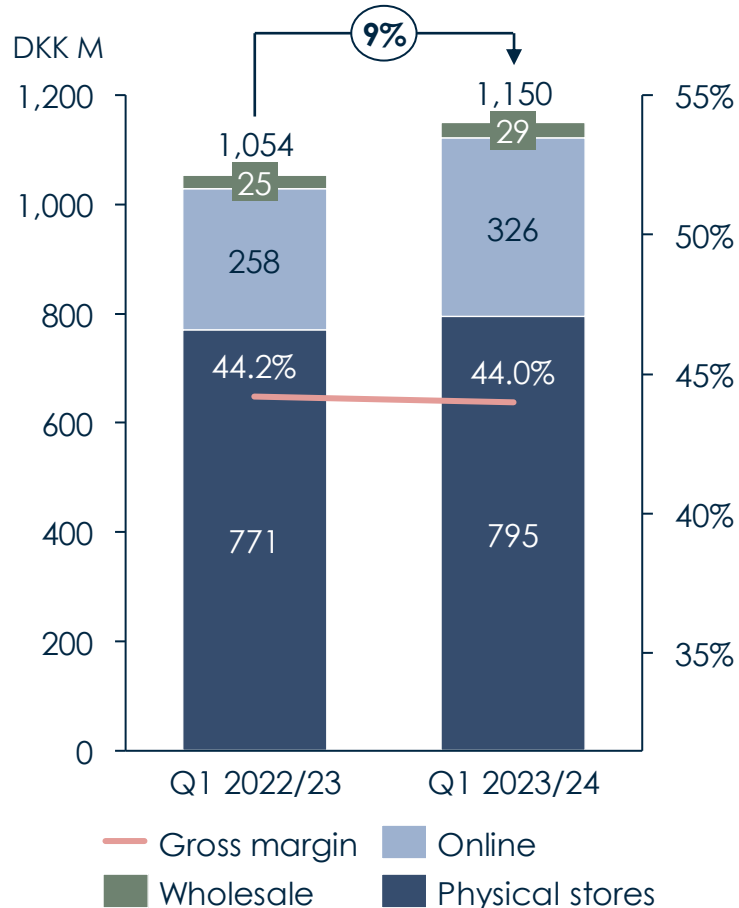
Financial results Q1 2023/24

Per Johannesen Madsen
CFO

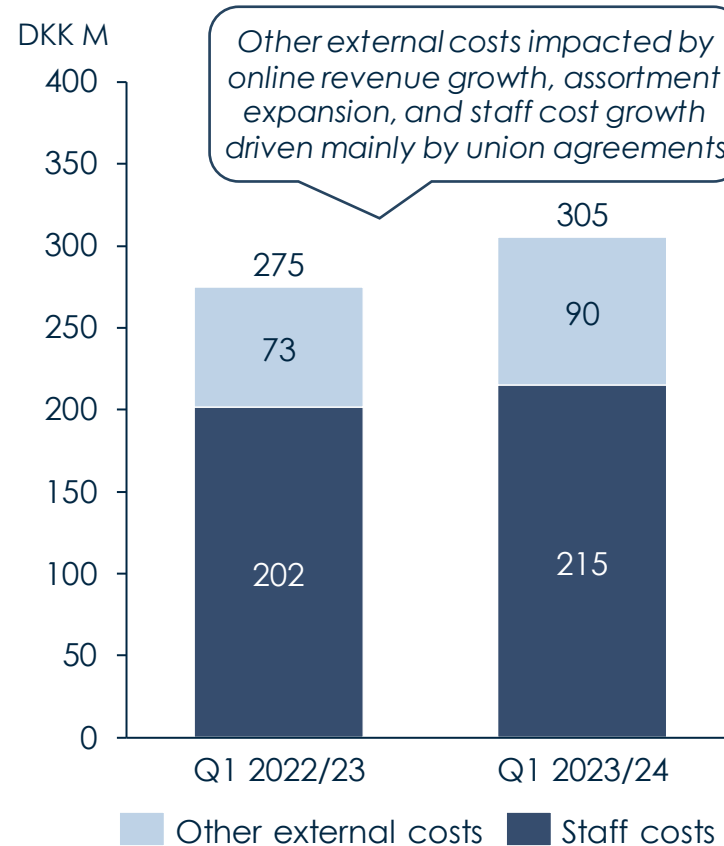


Strong growth across all channels, but increasing costs from online growth and union agreements lead to minor EBITDA margin decline

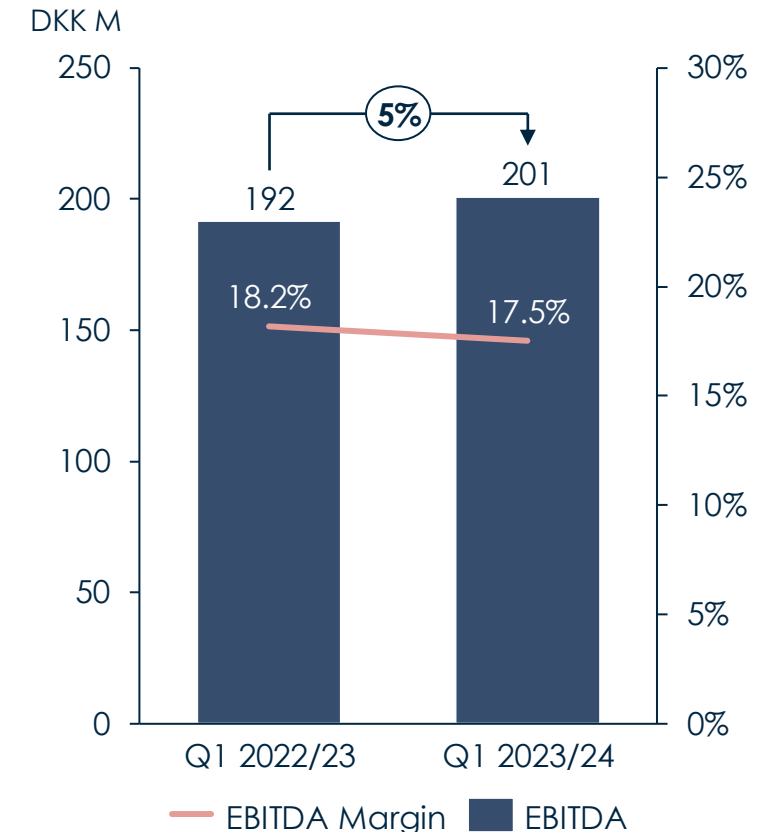
REVENUE & GROSS MARGIN



COSTS BEFORE SPECIAL ITEMS



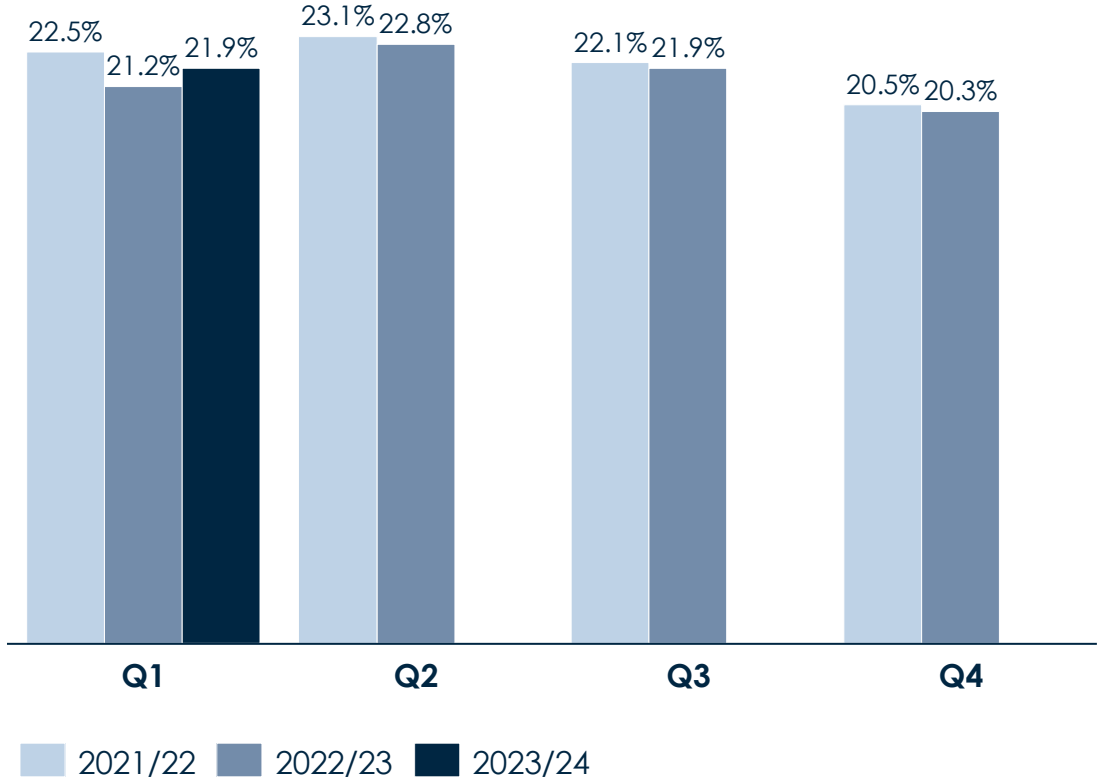
EBITDA & EBITDA MARGIN BEFORE SPECIAL ITEMS



Inventories expanded by DKK 77M versus 30 June 2022, driven by revenue growth and assortment expansion as well as price increases

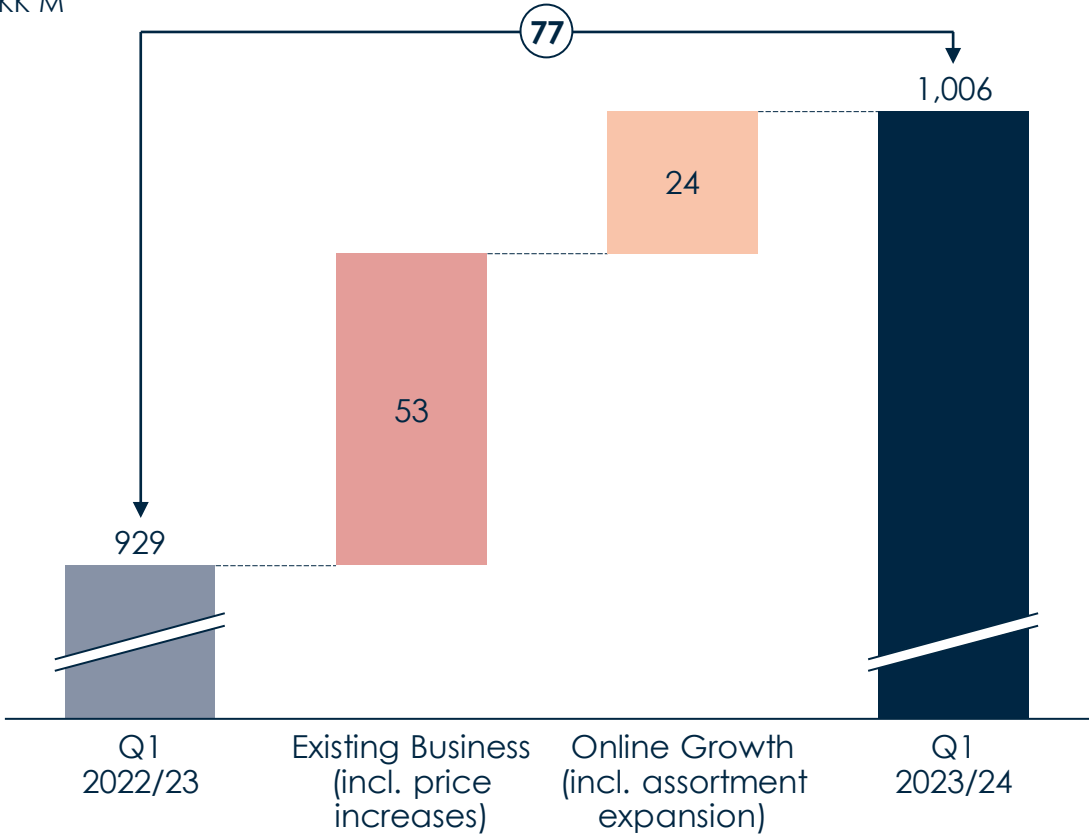
Inventories per quarter in % of LTM revenue

DKK M



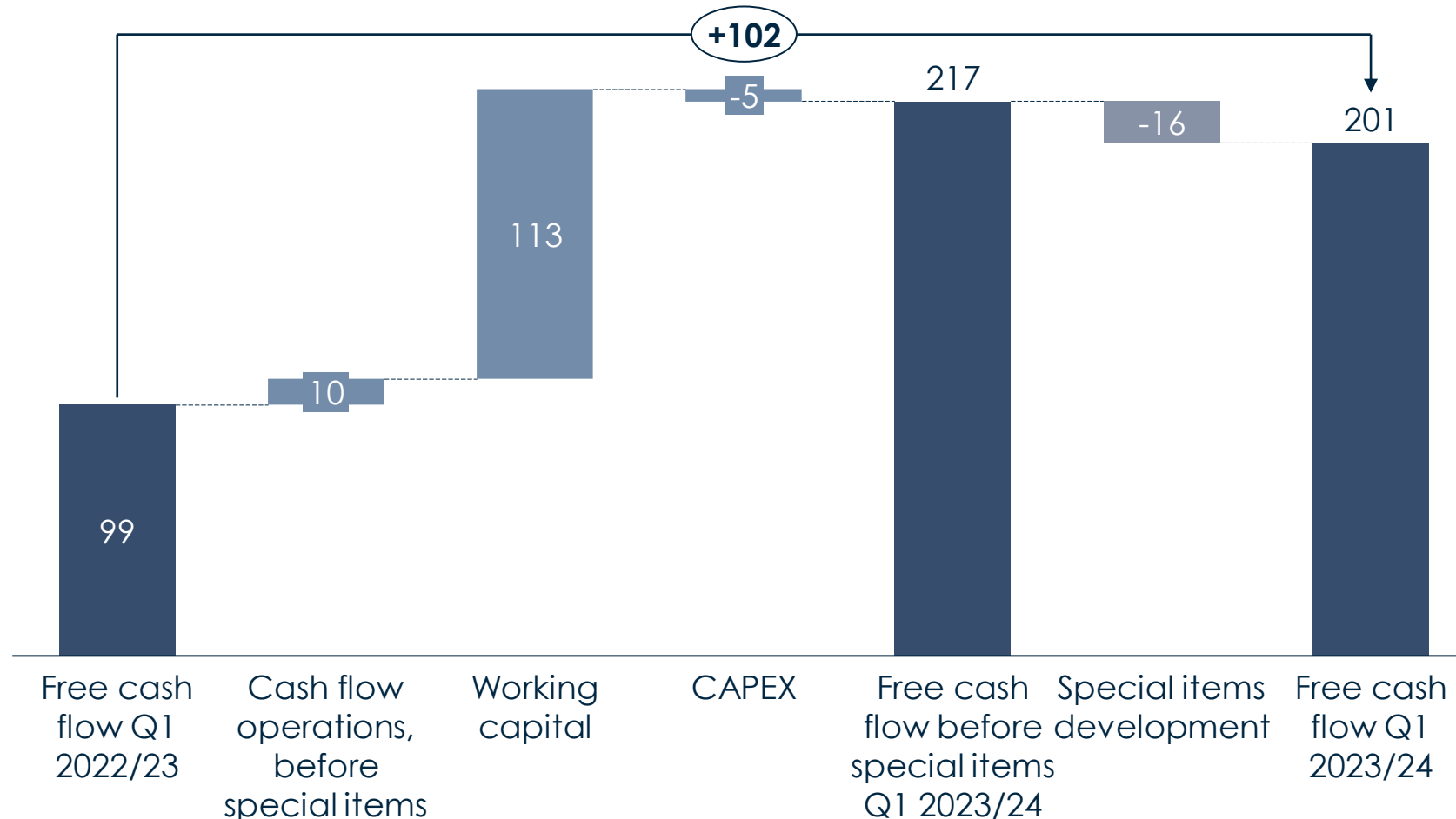
Changes in inventories

DKK M



Free cash flow before special items improved, due to favorable accounts payable development, which is expected to normalise in coming quarters

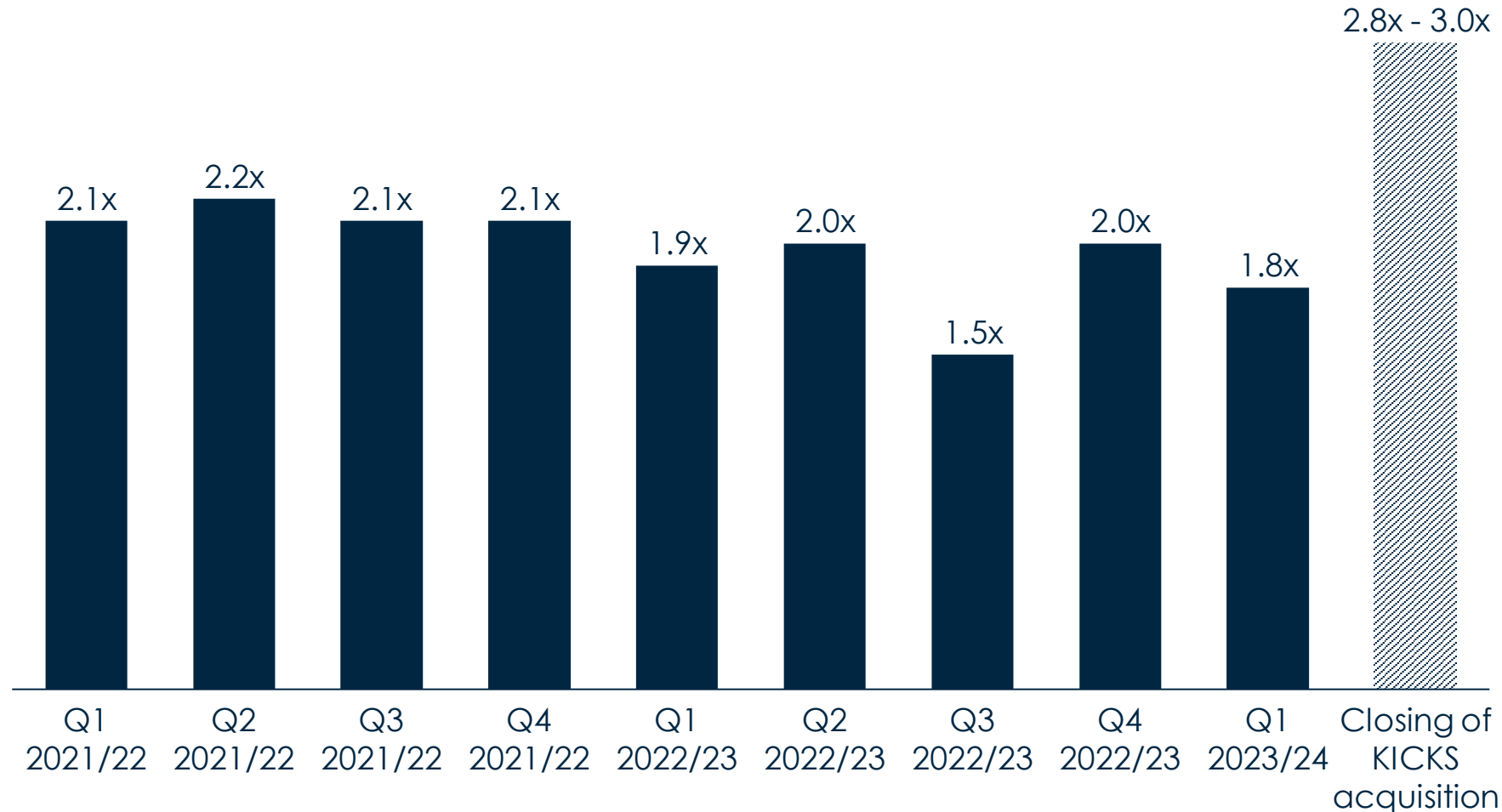
Matas Group free cash flow development
Q1 2022/23 – Q1 2023/24, DKK M



- Cash flow from operations, before special items improved by DKK 10M due to **underlying EBITDA improvement**
 - Special items development had a negative net effect of DKK 16M vs. Q1 2022/23
- Despite a DKK 77M growth in inventories, **working capital improved by DKK 113M**, driven by, among others, a **DKK 167M improvement in trade payables**
- **CAPEX increased slightly due to MLC** and continued digital investments

Current low gearing at 1.8x LTM EBITDA is temporary as expected Closing of the acquisition of KICKS will increase the gearing to 2.8x - 3.0x

Matas Group NIBD / LTM EBITDA before special items
Q1 2021/22 – Q1 2023/24, DKK M



- **Low gearing at 1.8x in Q1 2023/24** will not lead to initiation of share buy-back or interim dividends
- Closing of the acquisition of **KICKS Group will increase gearing to around 2.8x – 3.0x**
- Hence **long-term target remains unchanged** with a gearing between 2.0x and 3.0x

04

Q&A



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