

matas

Annual Report 2021/22

1 April 2021 – 31 March 2022



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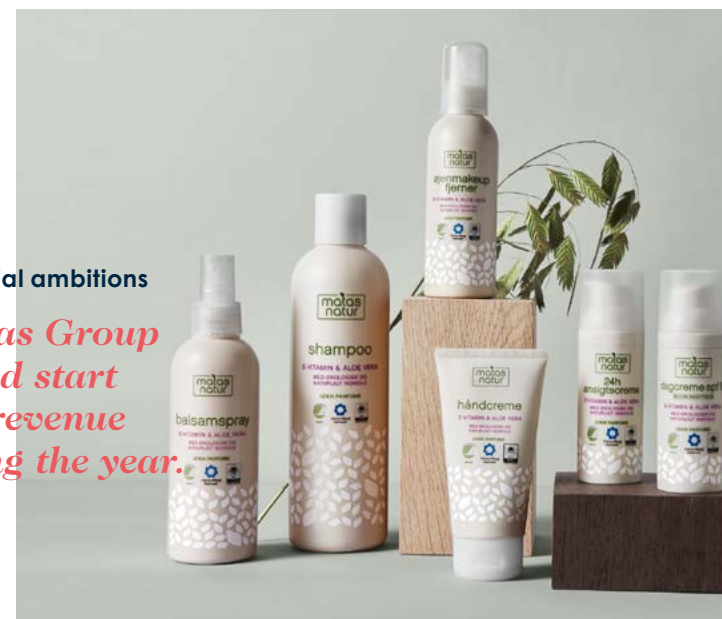
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Strategy and financial ambitions

Growing Matas Group is off to a good start with several revenue records during the year.

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ESG report 2021/22

For the first time, Matas has prepared a separate ESG report, read more here: <https://investor.matas.dk/English/ESG-reports>

[Read more](#)

Disclaimer

The annual report is prepared in Danish and translated into English. In case of discrepancies the Danish version shall prevail.



Introduction

- [Matas at a glance](#)
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Matas at a glance

With revenue of more than DKK 4.3 billion, Matas Group is Denmark's largest health and beauty retailer. Matas was established in 1949 as a chain of independent materialists. Today, Matas Group is a listed, integrated omnichannel retailer with own brands, 1.7 million Club Matas members, 260 physical stores and multiple webshops.



#1

Online market leader in Health and Beauty



DKKb 4.3

Revenue



+2,000

Employees



260

Physical stores across Denmark

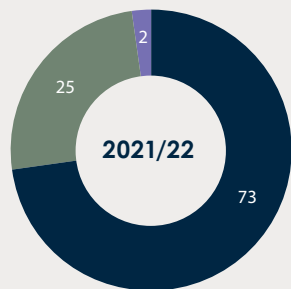


1.7 million

Club Matas members

Revenue by sales channel

%



■ Physical stores
■ Wholesale sales
■ Webshops (matas.dk and Firtal)

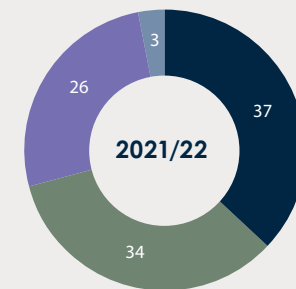
The purpose of Matas Group

Health and Beauty for life

The purpose of Matas Group is to promote health and beauty for life. Matas aims to be the preferred supplier of health and beauty products and advice to Danish consumers throughout their lives.

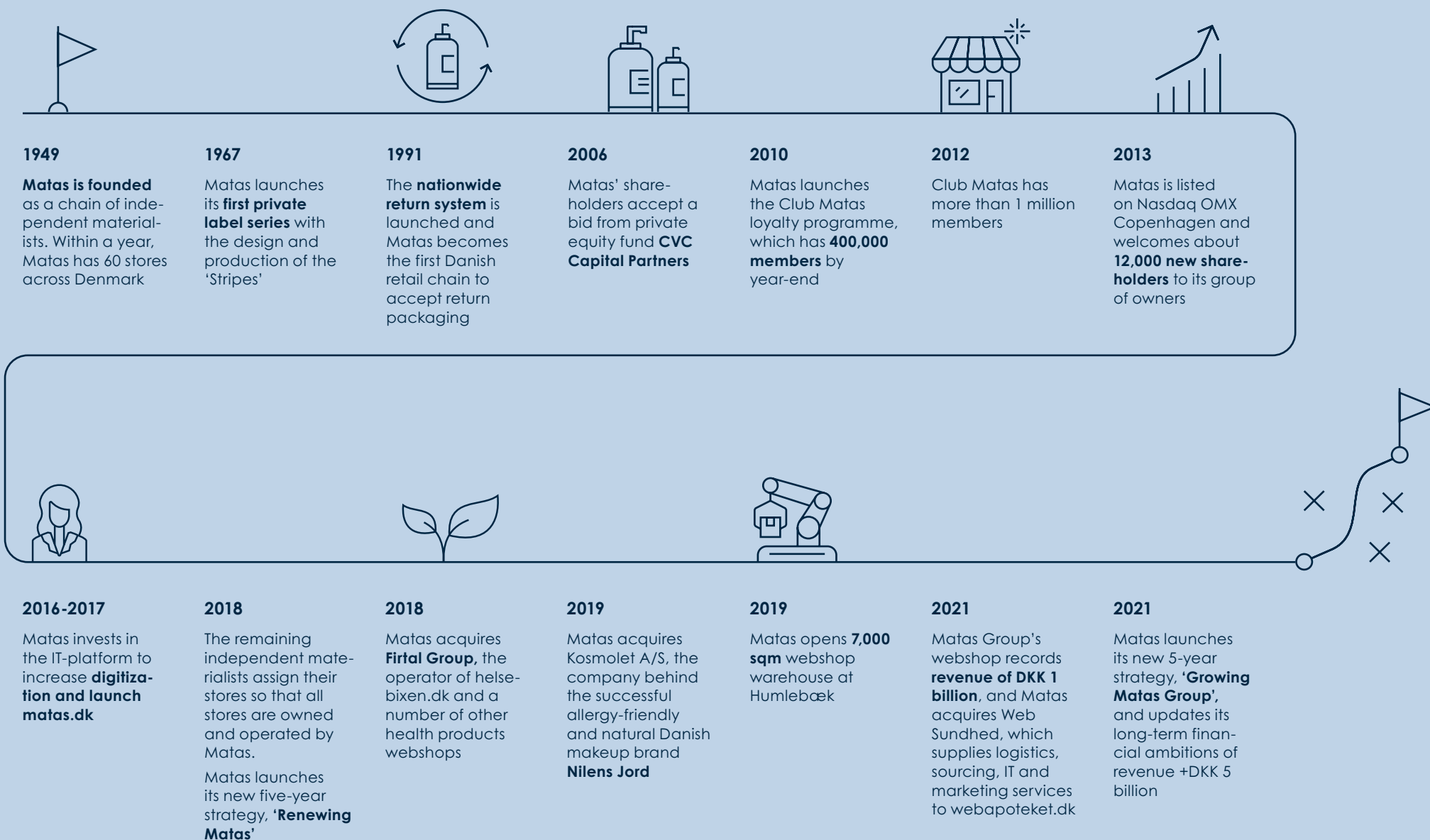
Retail revenue by category

%



■ High-End Beauty
■ Mass Beauty
■ Health and Wellbeing
■ Other

Timeline



TO OUR SHAREHOLDERS

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

The financial year 2021/22 saw both earnings growth and the start of a new strategic journey. Matas Group delivered record-high revenue and profitable growth. In August 2021, Matas launched a new five-year strategy, 'Growing Matas Group', which set out to accelerate growth by doubling online sales by 2025/26, primarily driven by the Health segment.

The past year was characterised by volatility, but Matas' business model once again proved resilient. For customers who are not able to or do not wish to shop in our physical stores, the fast speed of delivery and the large product range has made it easy and convenient to shop at matas.dk and in our other webshops. We are very pleased to note how quickly and massively customers have returned to our physical stores after society reopened. The solid increase in the sale of beauty products is a further indication that Danish consumers are returning to normal behavior. Our customers have also embraced the latest addition to the Matas

family, Club Matas Plus, which had more than 50,000 paying members by year-end and is contributing to forming even closer ties between customers and Matas.

Corporate social responsibility is still high on our agenda. Customers perceive Matas as the most responsible business in its field, and we aim to maintain and build on this position. We have added more management resources to the area and, based on specific targets and initiatives, stepped up efforts in our three focus areas: Sustainability, public health and inclusion. We have improved on our carbon footprint reporting, intensified efforts to reduce the use of plastics and gradually broadened the range of health products. In addition, in a collaboration with TV hostess and debater Sofie Linde, we have launched a campaign to promote inclusion and self-acceptance. We provide a detailed report on our sustainability and corporate social responsibility initiatives in our separate ESG report. As this is our first ESG report, we

share data, that haven't been reported earlier. Therefore there is a chance, that we will become better in our way of collecting and reporting these in the years to come.

Our new strategy, 'Growing Matas Group', is a growth strategy. We aim to grow revenue to more than DKK 5 billion and to continue to deliver solid profitable growth in terms of an EBITDA margin in the range of 17-18%. The strategy is four-legged:

- **Expanding the online assortment.** Over the past four years, Matas has grown into the second most visited Danish webshop across all categories with more than 600,000 customers. Free from the space constraints of the physical stores, we are in a position to play an increasingly important role in the everyday lives of our customers. In 2021/22 we broadened our assortment to include a large number of Professional Hair Care brands and strengthened our advisory services, in the stores and online. Over the coming

years, we plan to gradually expand the product range available on matas.dk and in our other webshops within categories that are closely related with our current assortment.

- **Strengthening Matas as a health destination.** During the COVID-19 pandemic, Danish consumers turned to Matas for health products: Hand sanitiser, face masks, self-test kits and vitamins, minerals and supplements. Over the next few years, we plan to build on our skills and our assortment to become the preferred online health destination of Danish consumers. In April 2021, Matas acquired Web Sundhed, the digital and operational platform behind Webapoteket, one of the two big online pharmacies in Denmark. We have added a number of dermatological skincare products that were previously only carried by pharmacies to our product range, and we have hired pharmaconomists to guide customers online and in selected stores.

The past year was characterised by volatility, but Matas' business model once again proved resilient

- **Continually enhancing efficiency.**

As part of our measures to enhance efficiency, we are automating our warehouse. Given our large online sales volumes, significant efficiency gains can be derived from automating logistics. Automation will also enable faster delivery and facilitate significant assortment expansion without loss of efficiency. The establishment of Matas Logistics Centre is progressing according to plan in terms of local authority approvals, but due to sharply rising prices of materials and labour shortages in the construction sector, Matas has decided to postpone the project for at least 12 months, and reassess the logistics center's size and level of automation, to ensure neither the long-term guidance or the Growing Matas Group strategy is affected.

- **Expansion of the house brand portfolio.**

House brands are brands owned by Matas that are typically only sold by Matas in the Danish market. Plans are to sell these products in selected international markets online or through

selected distributors and thus to expand Matas' market coverage. Moreover, house brands typically have attractive margins. To accelerate development in this area, we have strengthened our organisation by appointing a director of Matas brands. During the past few years, we have seen growing international demand for Danish and Nordic beauty brands, which are traditionally noted for their clean and sustainable profiles and for their certifications and design. In 2022/23, we will test sales of our house brands in Germany through local partners.

Financial year 2022/23 is subject to macroeconomic uncertainty due to the war in Ukraine, the high rate of inflation, rising interest rates and struggling supply chains. While Matas is unlikely to escape unscathed, we have so far not faced any business-critical challenges, and price increases in the Health and Beauty market have been moderate. Our main priority is to stay competitive and consistently adapt to new conditions in order to secure the

financial resources required to deliver on our growth strategy.

Based on the satisfactory financial results, the Board of Directors proposes that a dividend of DKK 77 million, equivalent to DKK 2.00 per share, be declared and paid.

As mentioned initially, the past year was characterised by a high degree of volatility and rested heavily on the willingness of Matas' employees to embrace change. We would therefore like to thank our more than 2,000 employees for their great commitment and support under highly volatile conditions. We are very pleased to note that our customers are acknowledging these efforts through a record-high customer satisfaction rating.

Lars Vinge Frederiksen

Chairman

Gregers Wedell-Wedellsborg

CEO

Five-year key financials

(DKKm)	2021/22	2020/21	2019/20	2018/19*	2017/18*	(DKKm)	2021/22	2020/21	2019/20	2018/19*	2017/18*
Statement of comprehensive income						Ratios					
Revenue	4,344.2	4,163.6	3,688.5	3,541.3	3,464.8	Revenue growth	4.3%	12.9%	4.2%	2.2%	(1.3)%
Gross profit	1,966.0	1,841.2	1,640.4	1,588.8	1,549.3	Underlying (like-for-like) revenue growth	2.1%	13.5%	0.7%	0.5%	(1.4)%
EBITDA	809.6	788.0	678.4	529.7	534.5	Gross margin	45.3%	44.2%	44.5%	44.9%	44.7%
EBIT	388.3	380.4	292.9	363.3	368.9	EBITDA margin	18.6%	18.9%	18.4%	15.0%	15.4%
Net financials	(37.3)	(27.0)	(43.0)	(21.4)	(19.7)	EBITDA margin before special items	18.5%	19.1%	19.0%	15.5%	16.0%
Profit before tax	351.1	353.4	249.9	341.9	349.2	EBIT margin	8.9%	9.1%	7.9%	10.3%	10.6%
Profit for the year	276.5	269.0	191.2	263.1	280.3	Cash conversion	54.5%	109.7%	45.3%	82.0%	75.9%
Special items	(7.0)	9.1	21.5	18.9	20.1	Earnings per share, DKK	7.27	7.04	5.01	6.96	7.45
EBITDA before special items	802.6	797.1	699.9	548.6	554.6	Diluted earnings per share, DKK	7.20	6.96	4.96	6.93	7.43
Adjusted profit after tax	357.5	357.5	282.6	343.2	356.2	Dividend per share (proposed), DKK	2.00	2.00	0.00	3.00	6.30
Statement of financial position						Share price, end of year, DKK	96.3	83.1	42.7	65.8	65.4
Assets	6,055.3	6,143.1	6,588.3	5,538.8	5,303.6	ROIC before tax	9.9%	9.6%	8.5%	11.3%	11.6%
Equity	3,152.3	3,038.9	2,764.0	2,669.9	2,620.9	Net working capital as a percentage of revenue	(0.3)%	(3.0)%	2.4%	(3.9)%	(3.7)%
Net working capital	(12.2)	(126.1)	90.3	(139.7)	(127.3)	Investments ¹⁾ as a percentage of revenue	5.3%	4.3%	9.1%	6.7%	2.9%
Net interest-bearing debt	1,648.8	1,727.2	2,499.6	1,504.1	1,471.9	Net interest-bearing debt/adjusted EBITDA	2.1	2.2	3.6	2.7	2.7
Statement of cash flows						Number of transactions (millions)	22.0	20.9	20.9	21.3	21.2
Cash flow from operating activities	510.5	952.0	446.8	472.8	412.5	Average basket size (DKK)	192.2	197.5	174.7	165.1	159.4
Investments in property, plant and equipment	(50.5)	(50.5)	(123.8)	(63.5)	(51.7)	Average number of employees (FTE)	2,164	2,152	2,197	2,149	2,164
Free cash flow	278.9	774.1	111.2	233.8	310.4						

* Comparative figures for 2018/19 and 2017/18 are not comparable with the figures for 2019/20, 2020/21 and 2021/22 due to the implementation of IFRS 16 effective 1 April 2019 and IFRS 9 and 15 effective 1 April 2018. Firtal Group is included in key financials from 13 November 2018, Kosmolet from 11 June 2019 and Web Sundhed from 12 April 2021. For definitions, see "Definitions of key financials".

¹⁾ Total investments, i.e. CAPEX, acquisitions, etc.

Strategy and financial ambitions

- ☐ Growing Matas Group
- ☐ Strategy execution 2021/22
- ☐ Special events in 2021/22
- ☐ Performance relative to 2021/22 financial guidance
- ☐ Financial guidance for 2022/23



Growing Matas Group

Launched in August 2021, Matas' new growth strategy, 'Growing Matas Group', sets the course for Matas' growth ambitions towards 2025/26.

Guided by the purpose, 'Health and Beauty for Life', Matas Group wants to expand the assortment of health products and digital services to underpin its traditional focus on beauty and wellbeing.

Over the past four years, Matas has evolved into a digital business with online revenue above DKK 1 billion and more than 600,000 online customers. Online customer satisfaction is at a historic high, while at the same time customers have demonstrated a high degree of loyalty to our physical stores.

Towards 2025/26, Matas will invest more than DKK 1 billion in measures to ensure we play an increasingly important role in the everyday lives of our customers. During this period, our customers will experience a steadily growing product range at matas.dk as we add lots of new brands and tens of thousands of new items with nationwide

next-day delivery and same-day delivery in most of the country. At the same time, we will invest in a new logistics centre to ensure fast and efficient delivery of the expanded product range. In addition, we will continue to invest in digitalisation and store upgrades.

The strategy sets out to deliver revenue of more than DKK 5 billion by 2025/26, with growth driven by a doubling of online sales to more than DKK 2 billion on the back of a significantly expanded product range capitalising on the massive flow of customers and their loyalty to the Matas brand, Club Matas and matas.dk. The process of upgrading the stores will continue, the focus being on digital services. Matas will continue to build on its distinguishing characteristic: providing professional advice to customers on health and beauty products.

Matas intends to accelerate the development and acquisition of brands to increase differentiation and profitability. At the same time, Matas will begin to export its house brands in order to accommodate growing global demand for brands with a Nordic, sustainable and clean profile.

Long-term financial ambition 2025/26



Revenue

DKK +5.0 billion



EBITDA margin

17-18%



CAPEX

DKK 1.0-1.3 billion

Strategic tracks

Commercial: #1 offer

Triple assortment and market the broadened offer to consumers

Brands: #1 products

Widen 'house brand' portfolio to improve margins and open for international growth options

E-commerce: #1 online

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

Logistics: #1 operator

Build Matas Logistics Center to enable growth and improve margins

Connected retail: #1 in store

Consolidate and connect the stores to drive customer satisfaction and protect profitability

CSR: #1 responsible choice Health and beauty for life

Minimise climate footprint, contribute to public health and enhance inclusion

Strategy execution 2021/22



Record-breaking year creates solid foundation for maintaining ambitious growth strategy

Growing Matas Group is off to a good start with several revenue records during the year. The strong performance was achieved in spite of the significant market uncertainty caused by the COVID-19 pandemic, higher inflation, increasing interest rates and bottlenecks in global logistics chains, on top of which Europe was hit by the war in Ukraine. The war has sparked significant global uncertainty, and its implications for, among other things, consumer demand and purchasing power in the coming year remain uncertain.

In the past financial year, Matas was able to quickly adapt to the changed market conditions and the resulting challenges in relation to the reliability of supply, while also retaining the loyalty of its customers. At the same time, Matas recorded growth in both its digital channels and its physical stores. The physical stores grew revenue by 3% during the financial year. The digital channels recorded overall revenue growth of just under 1%, which should be seen in light of the doubling of matas.dk sales during the COVID-19 lockdowns in financial year 2020/21. Relative to financial year 2018/19, before COVID-19, digital revenue soared by more than 300%.

Commercial: Expansion of the assortment, primarily in the Health category

Matas aims to always offer the broadest and most attractive assortment. With the stores being subject to physical constraints, we aim to broaden our assortment by taking advantage of the huge potential offered by online channels. Matas is currently an unrivalled no. 1 on beauty, and we see health as our next online growth driver. Matas aims to be the preferred destination of Danish consumers looking to shop for physical wellbeing and preventive healthcare products.

Matas made massive investments in the health segment in 2021/22 with measures including:

- Building on the health skills of the health and beauty therapists as part of their education
- Hiring educated pharmaconomists in selected stores
- Setting up physical dermatological skin-care shop-in-shops in selected stores
- Continually expanding the assortment, among other categories, sports and medicare, vitamins, supplements, skin-care and OTC medicine
- Forming a partnership with NovoZymes on the development of a series of probiotic supplements, through 'SKØNT by Matas'

- Acquiring the Web Sundhed health tech platform (Apo-IT ApS and Web-Apo ApS) and establishing a partnership with Denmark's leading online pharmacy, webapoteket.dk. Operated by the Firtal Group subsidiary, Web Sundhed provides free-trade products sourcing, IT and marketing services to webapoteket.dk while contributing with assortment synergies to Matas Group.

In 2021/22, Matas also introduced Professional Hair Care as a new focus area – a market with estimated revenues of more than DKK 500 million and one in which Matas gained significant market share during the financial year. In addition to this assortment expansion, a unique advisory universe has been developed on matas.dk where customers can seek digital advice from educated hair stylists.

At the same time, Matas has allocated resources towards raising awareness of the broader assortment and establishing closer relationships with customers.

Club Matas Plus reached 50,000 paying members in the financial year. Club Matas Plus is an add-on to Club Matas, which has 1.7 million members. Matas Insights collects shopping and behavioural data from all Club members, providing Matas with a unique tool to make targeted marketing to the members.

During the past year, Matas expanded its social media presence to also include TikTok, which in Denmark is primarily used by young people under the age of 24. By the end of the financial year, Matas had 30,000 followers on TikTok, while its Instagram and Facebook profiles had 100,000 and 300,000 followers, respectively.

Strategy execution 2021/22 (continued)

E-commerce: Online maintained momentum with new initiatives

During the COVID-19 pandemic online sales exploded and Matas won significant market share.

In 2021/22, the task was to maintain the massive momentum of the previous year, even though customers returned to the physical stores as restrictions were lifted.

In 2021, FDIH/the Danish Chamber of Commerce once again ranked matas.dk as the second most used webshop in Denmark in terms of number of transactions.

In order to strengthen Matas' online position, a number of initiatives were initiated and implemented during the financial year:

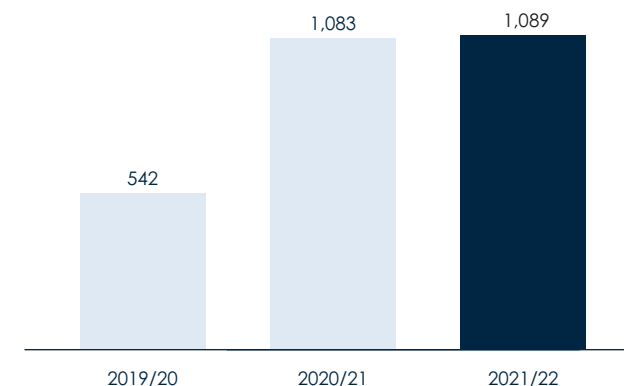
- The video counselling service on matas.dk was expanded to include not only trained health & beauty therapists but also pharmaconomists and hair stylists, who offer video counselling directly from a number of selected stores
- The ongoing development of the Matas LIVE concept, airing three times

a week on matas.dk from Matas' own TV studio, helps define how brands are promoted and built online

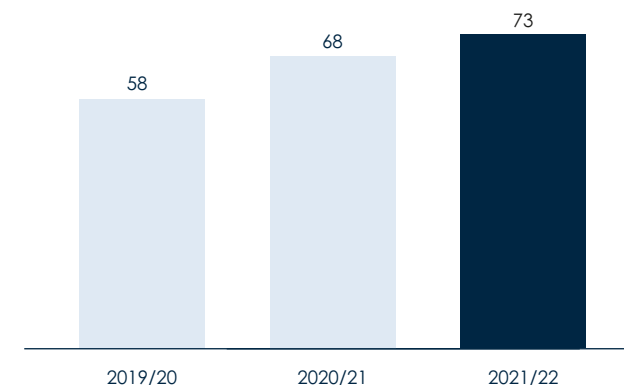
- The Club Matas customer experience has been optimised through the Club Matas app, which has been downloaded by more than 900,000 customers
- More than 600,000 omni-channel customers shopped both online and in the physical stores during the past financial year
- Thanks to a high level of efficiency in Matas' webshop, same-day delivery reached a milestone in the fourth quarter with more than 10% of online purchases being delivered to customers the same day they placed their orders. This was more than twice the ratio in Q4 2020/21. Available in Denmark's largest cities, same-day delivery covers some 50% of the population



Webshop revenue DKKm



NPS, matas.dk NPS



Strategy execution 2021/22 (continued)

Connected retail: Comeback and digital innovation for physical stores

One of the big uncertainties at the beginning of the financial year was whether customers would return to the stores after two years of restrictions and digital shopping routines. The answer was a clear yes: Customers returned to the stores as soon as the restrictions were lifted.

Sales in Matas' 260 physical stores grew by 3% in 2021/22 to a total of DKK 3,153 million at the end of the financial year, corresponding to 73% of Matas Group's overall revenue.

The physical stores continued the digital transformation and their integration with matas.dk with measures including:

- Introducing endless aisles, thus expanding the number of SKUs in the individual stores to also include all matas.dk SKUs. This has resulted in a five-fold increase of the average store assortment
- Today, around half of all online purchases are picked up at a physical Matas store, which is good for the environment, freight costs and the potential for added sales to customers
- 20 physical stores are currently testing a pick-in-store concept, where orders placed online for pick-up at a store

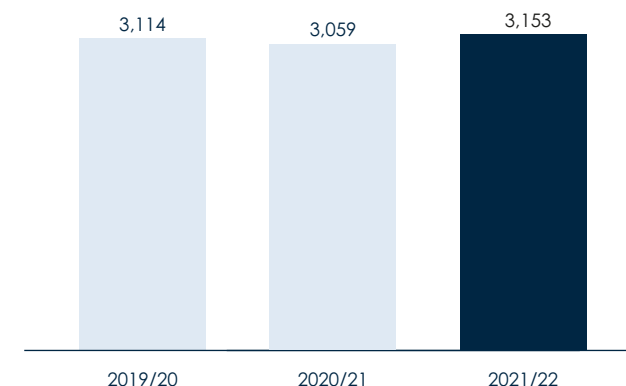
are picked in the pick-up store and are thus ready for pick-up already a few minutes after the order is placed

- In addition, Matas has tested and introduced a new generation of mobile payment solutions at the stores, where Club Matas data such as purchase history are available and can help enhance the customer experience. The new solution allows customers to pay for their purchases directly with the shop assistant rather than having to queue at the check-out counter. The new intelligent payment system is expected to be rolled out to 100 stores during the first half of 2022/23
- In the second half of 2021/22, Matas launched a 1:1 online booking system that allows customers to book one-on-one facial treatments, manicures, etc. at Matas' physical stores. So far, the concept has been successfully rolled out to 110 stores



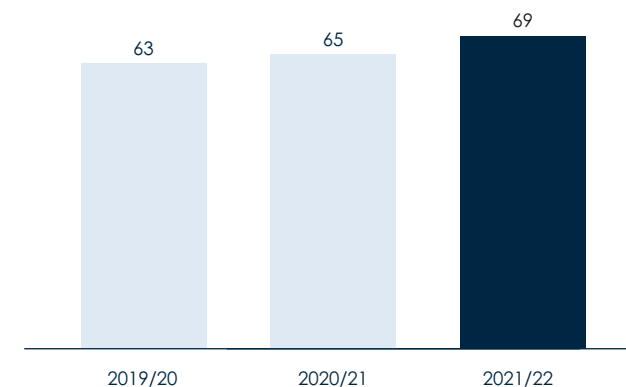
Physical store revenue

DKKm



NPS, physical stores

NPS



Strategy execution 2021/22 (continued)

Brands:

First international sales agreement signed

Matas will continue to develop and strengthen its attractive portfolio of house brands to enhance differentiation and profitability. This is achieved by expanding the portfolio of house brands (Matas Stripes, Matas Natur, etc.) organically and through potential acquisitions. The Growing Matas Group strategy also has an international aspect, the purpose of which is to sign sales and distribution agreements in international markets.

Several important breakthroughs realised during the financial year:

- Set up of a minor international brand organisation focused exclusively on developing existing and new brands and concluding international sales agreements
- Revitalising Nilens Jord to position it for strong growth in Denmark as well as for international sales
- Entering the first three international sales agreements with Schuback Parfümerien, Basler Beauty and Stephans Parfümerie, which combined have 75 physical stores in Germany plus webshops, all of which will begin to carry selected Matas Stripes, Matas Natur and My Moments products from Summer 2022, while selected stores will carry the full Nilens Jord range



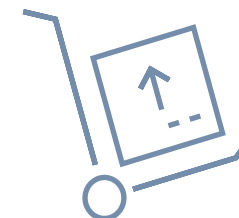
Logistics:

Matas Logistics Centre

In connection with its capital markets day in August 2021, Matas announced plans to invest DKK 500-600 million in a new logistics centre in Lynge close to Matas' headquarters in Allerød.

Once completed, Matas Logistics Centre (MLC) will carry 150,000 SKUs and strengthen Matas Group's ability to deliver fast and efficiently. MLC will contribute to reducing overall logistics costs through, for example, automated processes and will help reduce Matas' overall carbon footprint through a number of green initiatives.

The establishment of Matas Logistics Centre is progressing according to plan in terms of local authority approvals, but due to sharply rising prices of materials and labour shortages in the construction sector, Matas has decided to postpone the project for at least 12 months, and reassess the logistics center's size and level of automation, to ensure neither the long-term guidance or the Growing Matas Group strategy is affected.



Strategy execution 2021/22 (continued)

ESG/CSR: Health and beauty for life

Matas is committed to maintaining and strengthening its leading ESG/CSR position in health and beauty. Matas' ESG/CSR efforts are primarily focused on sustainability, health and inclusion.

- Sustainability efforts in 2021/22 included the preparation of overall climate impact accounts, which provide an overview of the Group's total carbon emissions, comprising direct emissions (scopes 1 and 2) and indirect emissions by Matas' many partners and suppliers (scope 3). The goal is for Matas to be carbon neutral at scopes 1, 2 and 3a level by 2030. At the same time, efforts to eliminate 100 million plastic units across the value chain by 2030 continue
- A number of activities were completed in the health area as well. Activities in this area are generally carried out in long-term partnerships with the Danish Cancer Society, Asthma-Allergy Denmark and the Danish Heart Foundation
- In the inclusion area, a new nationwide branding campaign, 'Closer', has been launched. The campaign aims to bring attention to difficult subjects such as overweight, motherhood and gender identity

For the first time, Matas has prepared a separate corporate social responsibility report (ESG Report 2021/22), which is released together with the Annual Report 2021/22. The ESG Report can be downloaded at:

[ESG Report 2021/22](#)



Special events in 2021/22

COVID-19

Like the rest of the Danish retail industry, Matas has been affected by the COVID-19 pandemic. Under the legislation adopted at the outbreak of the pandemic in early 2020, all Matas stores were allowed to stay open during lockdown in order to ensure access to everyday necessities, including personal care products and OTC medicine.

All Matas stores stayed open throughout the past financial year, but subject to the restrictions applying to all open retail stores.

Rising energy prices

The rising energy prices have primarily impacted costs related to store lighting and airconditioning systems, increasing average monthly costs by DKK 1 million in the second half of the financial year. This prompted Matas Group to accelerate the ongoing replacement of light sources to LED in all its stores.

Inflation

Up until the final quarter of the financial year, Danish inflation was primarily driven by rising energy prices, but since the beginning of 2022, core inflation has risen from about 1.5% to more than 3%. So far, however, inflation has not really filtered

through to health and beauty market and has not had any visible impact on sales.

Supply chain challenges

The global supply chain instability has had a moderate impact on Matas. Supply reliability of the suppliers has weakened, which has led to an above-normal number of products being sold out. Matas has mitigated the associated risk by procuring larger volumes of its fastest selling products. This, in turn, has led to an increase in inventories. The webshop has established a larger contingency inventory of packaging in order to avoid any shortages.

War in Ukraine

In February 2022, Russia invaded Ukraine. In support of the sanctions imposed on Russia, Management decided to reach out to all +200 suppliers to make sure that none of the products carried by Matas are manufactured in Russia. A handful of products were subsequently taken off the shelves and are no longer carried by Matas. At the same time, Matas decided to organise a fundraising campaign, which raised a total of DKK 1.5 million for the Danish Red Cross, in part from customers and in part from Matas donations.



Performance relative to 2021/22 financial guidance

Matas entered the financial year with guidance of revenue growth in the -2% – +2% range and an EBITDA margin before special items of between 17.0% and 18.5%. Based on a favourable revenue and EBITDA margin performance, Matas subsequently upgraded its guidance three times in the course of the financial year.

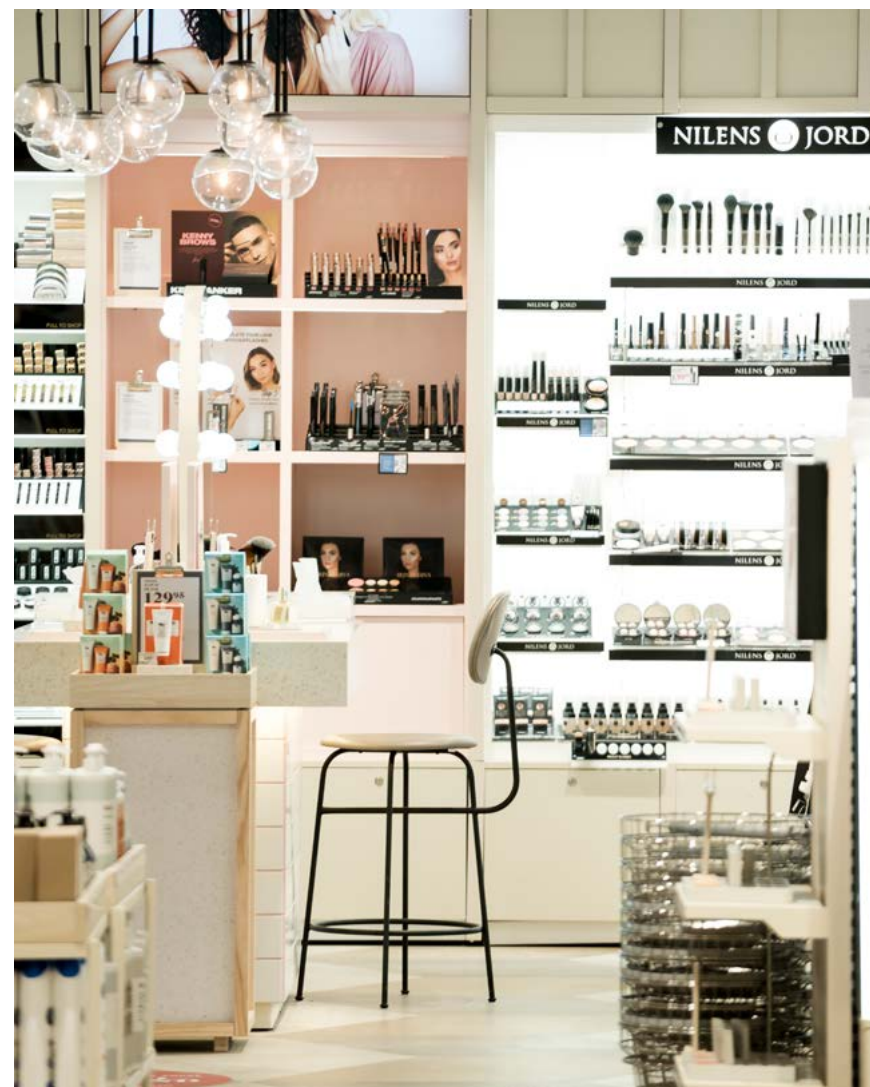
Financial guidance for 2021/22 released in connection with	FY 2020/21	Upgrade Q1	Upgrade Q2	Trading Update Q3	Realised 2021/22
Revenue growth	-2% to 2%	0% to 3%	1% to 4%	2% to 5%	4.3%
EBITDA margin before special items	17.0% to 18.5%	17.5% to 18.5%	18.0% to 19.0%	18.0% to 19.0%	18.5%

Revenue growth for financial year 2021/22 came to 4.3%. EBITDA before special items as a percentage of revenue was 18.5%.

CAPEX guidance was initially DKK 140 – 160 million but was raised to DKK 295 – 315 million in connection with the announcement of plans to establish MLC in the Q1 2021/22 report and subsequently lowered to DKK 195 – 215 million in connection with the H1 2021/22 release. Realised CAPEX came to DKK 183 million exclusive of acquisitions.

The financial gearing ratio was 2.1 at 31 March 2022, within the announced target interval of 2 – 3.

The Board of Directors recommends to the annual general meeting that a dividend of DKK 2.00 per share be declared and paid. The proposed dividends will be equivalent to 21% of the adjusted profit after tax for the year.



Financial guidance for 2022/23

Revenue is expected in the range of DKK 4,390 – 4,520 million, corresponding to growth of between 1% and 4%. The EBITDA margin before special items is expected in the range of 17% – 18%, assuming a moderate rate of price increases in the Health and Beauty market. Investments exclusive of acquisitions are expected in the DKK 225 – 250 million range.

Financial guidance for financial year 2022/23 is subject to above-normal uncertainty due to the heightened macroeconomic uncertainty and its ramifications for society in general and the retail industry in particular.

Revenue

Matas expects 2022/23 revenue in the range of DKK 4,390 – 4,520 million, corresponding to growth of between 1% and 4%, based on the following core assumptions:

- Moderate growth in retail sales, driven by price increases
- Limited impact of a potential recession on the Health and Beauty market
- Minimal supply chain disruptions in the Health and Beauty market
- No significant restrictions or retail sector lockdowns during the financial year
- A continuing underlying channel shift from physical to online retail sales

- Negative impact from a normalisation of trading patterns and travel activity in the second half of calendar year 2022
- Increased competition in the online Health and Beauty market

EBITDA margin

Matas expects an EBITDA margin before special items in the range of 17% and 18%, based on the following assumptions:

- A stable earnings level in physical stores and at matas.dk
- That potential price increases will not have a significant adverse impact on the gross margin
- That the adverse impact of changes in indirect production costs, such as energy, on the EBITDA margin will not exceed 0.2 – 0.3 of a percentage point relative to 2021/22
- That the initiatives for international growth intended to stimulate long-term

growth may affect the short-term EBITDA margin adversely by up to 0.5 of a percentage point

- Limited impact of wage pressure as most of the staff are covered by long-term collective agreements

CAPEX

Matas expects investments exclusive of acquisitions in the range of DKK 225 – 250 million for 2022/23, based on the following assumptions:

- Underlying CAPEX in the range of 3.0-3.5% of revenue, driven in particular by the ongoing digital transformation
- DKK 100 million for acquisition of MLC site, refurbishment and expansion of the headquarters in Allerød, internationalisation and upgrade of ERP system

Allocation of capital and dividend policy

Matas Group's capital structure must at all times ensure the financial flexibility required to implement the strategic objectives announced.

Based on Matas' commitment to secure the Company's long-term growth potential and profitability, investments are expected to remain at the current level. Distributions

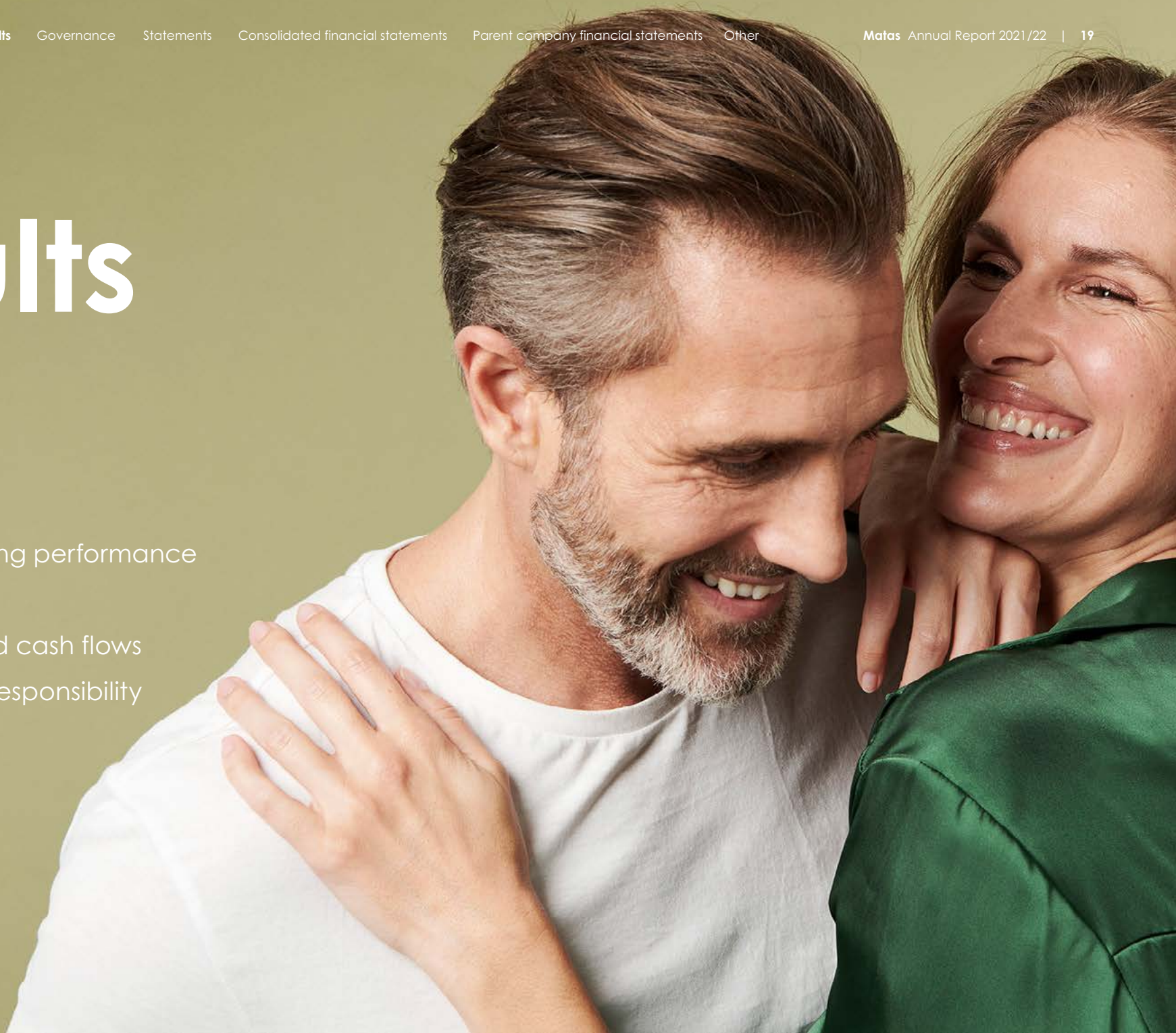
by way of dividends and share buybacks are expected to amount to at least 20% of adjusted profit after tax.

Forward-looking statements

The annual report contains statements relating to the future, including statements regarding Matas' 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' 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 as well as any effects of healthcare measures that are not specifically mentioned above.

Results

- ▢ Revenue
- ▢ Costs and operating performance
- ▢ Profit for the year
- ▢ Balance sheet and cash flows
- ▢ Corporate social responsibility



Revenue

Revenue 2021/22

Matas Group generated total revenue of DKK 4,344 million in financial year 2021/22, a year-on-year increase of 4.3% from DKK 4,164 million in 2020/21.

Sales in webshops and physical stores operated by the Group in both 2021/22 and 2020/21 were up by 2.1%.

Overall footfall increased during the financial year, and the number of transactions was up by 5.2%, while the average basket size fell by 2.7% to DKK 192. Given the

COVID-19-induced partial lockdown of the retail industry last year, the increase in the number of transactions and the drop in the average basket size were expected with customers' shopping habits normalising from a few large purchases to more visits to physical stores where the average basket size is smaller than for online purchases.

Online sales via matas.dk and Firtal Group were up by 0.6% year on year, maintaining last year's momentum when revenue doubled. Relative to 2019/20, online sales were up by 101%. Online sales accounted

for 25.1% of 2021/22 revenue against 26.0% in 2020/21.

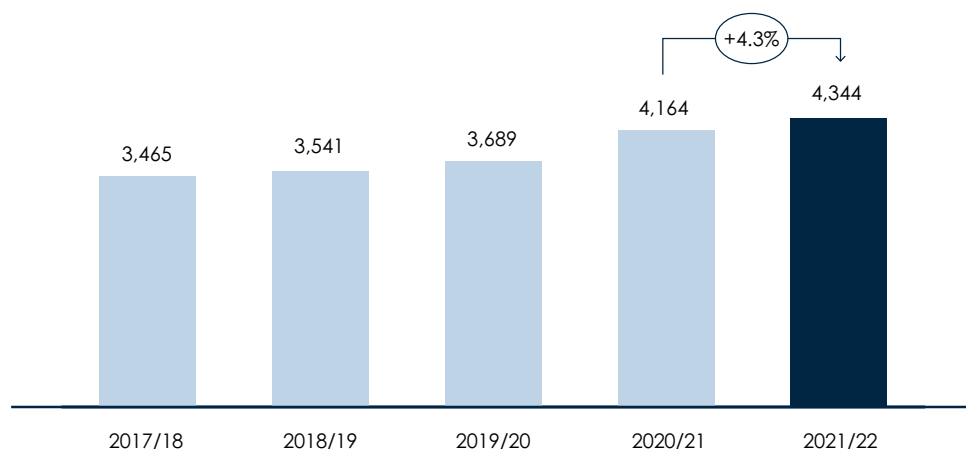
Total retail sales grew by DKK 101 million, or 2.4%, relative to 2020/21. Up by DKK 94 million, physical store sales recorded the largest absolute and relative increase.

Matas had 260 physical stores at 31 March 2022, a year-on-year decline of four.

Up by DKK 80 million, wholesale sales etc. contributed just under 2 percentage points to growth, driven mainly by the acquired activities in Web Sundhed, which contributed DKK 79 million in 2021/22. In addition to Web Sundhed, external revenue from Kosmolet and value adjustments of Club Matas points are included in this item.

High-End Beauty, Mass Beauty and Health and Wellbeing all recorded revenue growth compared with 2020/21.

Matas Group revenue 2017/18 – 2021/22 (DKKm)



Sales channels

At 31 March 2022, Matas consisted of 260 physical stores – 259 stores in Denmark and one in the Faroe Islands. In addition, Matas has one associated store in Greenland. 73% of 2021/22 revenue was generated by Matas' physical stores.

In addition, Matas was present online through matas.dk and several webshops run by Firtal, of which the most important are helsebixen.dk, jala-helsekost.dk and made4men.dk. 25% of revenue was generated through Matas' online channels.

Wholesale sales, consisting mainly of wholesale sales from Web Sundhed and Kosmolet, accounted for 2% of overall sales.

Matas has no physical activities outside Denmark as the store in the Faroe Islands and the associated store in Greenland are considered Danish stores in this context.



Revenue (continued)

Revenue by category and sales channel

(DKKm)	2021/22 FY	2020/21 FY	Growth	2021/22 Q4	2020/21 Q4	Growth
High-End Beauty	1,550.3	1,503.9	3.1%	298.2	313.2	(4.8)%
Mass Beauty	1,444.5	1,401.6	3.1%	325.4	331.5	(1.8)%
Health and Wellbeing	1,109.1	1,092.5	1.5%	287.7	280.3	2.6%
Other	138.4	143.7	(3.7)%	30.5	35.2	(13.3)%
Total retail sales*	4,242.3	4,141.7	2.4%	941.8	960.2	(1.9)%
Wholesale sales etc. (incl. Web Sundhed and Kosmolet)	101.9	21.9	365%	28.7	11.0	161%
Total revenue	4,344.2	4,163.6	4.3%	970.6	971.2	(0.1)%
Physical stores	72.6%	73.5%		69.3%	66.5%	
Webshops (matas.dk and Firtal)	25.1%	26.0%		27.7%	32.4%	
Wholesale sales etc. (incl. Web Sundhed and Kosmolet)	2.3%	0.5%		3.0%	1.1%	

* Physical stores and webshops

The High-End Beauty category grew retail sales by 3.1% year on year, recording higher sales of fragrances and makeup and lower sales of selective skincare. Sales of hair-care products recorded a strong increase, supported by the launch of Professional Hair Care in Q2 2021/22.

Sales of Mass Beauty products were up by 3.1% over 2020/21, driven mainly by sales of makeup and sunscreen products with the reopening of society having a strong positive impact on sales of makeup products.

The Beauty segment's share of total retail revenue was 70.6% in 2021/22 against 70.2% in 2020/21.

Health and Wellbeing grew sales by 1.5%. The various product lines recorded substantially different growth rates with sales of COVID-19-related products dropping by 52%, or DKK 25 million, whereas sales of dermatological and special skincare products recorded significant growth, supported by the launch of new dermocosmetic brands in the second quarter of 2021/22.

Categories

Matas is characterised by its wide assortment within beauty, personal care, health, wellbeing and problem-solving household products. This broad product range creates a unique one-stop retail value proposition for the Group's customers in the shape of four categories:



High-End Beauty

Luxury beauty products, including cosmetics, skincare and haircare products and fragrances.



Mass Beauty

Everyday beauty products and personal care, including cosmetics and skincare and haircare products.



Health and Wellbeing

MediCare (OTC medicine and nursing products). Vitamins, minerals, supplements, specialty foods and herbal medicinal products. Sports, nutrition and exercise. Mother and child. Personal care products (oral, foot and intimate care and hair removal). Special skincare.



Other

Clothing and accessories (footwear, hair ornaments, jewellery, toilet bags, etc.). House and garden (cleaning and maintenance, electrical products, interior decoration and textiles) and other revenue.

Revenue (continued)

Revenue in Q4 2021/22

Matas generated total revenue of DKK 971 million in Q4 2021/22, in line with the same quarter last year. Retail revenue was down by DKK 18 million, or 1.9%, to DKK 942 million.

Both Beauty categories recorded Q4 2021/22 sales down compared to Q4 2020/21, driven by a significant decline in skincare sales. The setback should be seen in light of last year's particularly favourable competition and market conditions with weak competition from Travel Retail and the payout of frozen holiday pay. Moreover, the comprehensive recruitment campaign kicked off in Q4 2020/21 in connection with the launch of the Club Matas Plus loyalty programme had a strong positive effect on sales of skincare products.

Sales of Professional Hair Care, makeup and sunscreen products increased in Q4 2021/22, whereas sales of hair dye fell, which was expected given the lockdown of hairdressing parlours in Q4 of last year.

The Beauty segment's share of total retail revenue was 66.2% in 2021/22 against 67.1% in 2020/21.

Health and Wellbeing grew sales by 2.6% in Q4 2021/22. The increase was driven by sales of COVID-19 self-test kits that more than offset the sharp fall in sales of other COVID-19-related articles such as face masks and hand sanitiser. In addition, sales of dermatological and special skincare maintained the momentum of Q3 2021/22.

The number of transactions increased by 9.3% to 5.1 million for the quarter, while the average basket size fell by 10.4% to DKK 183.

Underlying sales were down by 2.3% relative to Q4 2020/21. The decline should be seen in light of the 19.8% increase in underlying sales recorded in Q4 2020/21. Relative to Q4 2019/20, underlying sales were up by 16.9%.

Online sales via matas.dk and Firtal Group were down by 14.5% year on year to account for 27.7% of overall Q4 revenue compared with 32.4% in Q4 2020/21.



Costs and operating performance

Costs and operating performance in 2021/22

Gross profit for 2021/22 was DKK 1,966 million, a 6.8% increase from DKK 1,841 million in 2020/21. The 2021/22 gross margin was 45.3% against 44.2% last year. The increased gross margin was attributable in part to the recognition of DKK 20 million resulting from the National Tax Tribunal's decision in the Club Matas VAT case, but a positive effect was also seen from the launch of Club Matas Plus. Disregarding these effects, the underlying gross margin was 44.5%.

Overall costs were up by 9.8% to DKK 1,156 million to account for 26.6% of revenue compared with 25.3% last year, with other external costs accounting for DKK 332 million and staff costs amounting to DKK 824 million.

Other external costs were up by DKK 31 million (10.3%) to DKK 332 million in 2021/22. Adjusted for special items, costs increased by DKK 34 million (11.7%), primarily driven by the following factors:

- Some DKK 20 million related to marketing initiatives aimed at raising awareness of new product groups and to the 'Closer' branding campaign
- Some DKK 25 million attributable to variable marketing, IT and logistics costs as a result of continuing digital growth and the ongoing digital build-up
- Some DKK 7 million attributable to higher energy costs as a result of rising lighting and heating prices
- Some DKK 8 million attributable to increased training and conference costs as a result of a normalization after COVID-19 restrictions was lifted
- Some DKK 10 million attributable to costs related to Web Sundhed, which was not included in the numbers for 2020/21
- Matas Group's ongoing efforts to increase operational efficiency resulted in a DKK 40 million decline in other external costs

Costs

(DKKm)	2021/22 FY	2020/21 FY	Growth	2021/22 Q4	2020/21 Q4	Growth
Other external costs	332.3	301.3	10.3%	96.3	105.7	(8.9)%
- of which special items	3.3	6.7		0.4	5.4	
As a percentage of revenue	7.6%	7.2%		9.9%	10.9	
Staff costs	824.1	751.9	9.6%	212.0	190.9	11.1%
- of which special items	10.0	2.4		7.4	0.0	
As a percentage of revenue	19.0%	18.1%		21.8%	19.7%	

Special items

(DKKm)	2021/22	2020/21
Special costs		
- In connection with executive changes	10.0	2.4
- In connection with strategy update	2.6	1.2
- In connection with acquisitions	0.0	5.5
- In connection with decision in the Club Matas VAT case	(19.6)	0.0
Total special items	(7.0)	9.1

Costs and operating performance (continued)

Staff costs were up by DKK 72 million (9.6%) to DKK 824 million. Adjusted for special items, costs increased by DKK 65 million (8.6%), primarily driven by the following factors:

- Some DKK 20 million attributable to higher payroll costs in the physical stores, corresponding to the net effect of the special COVID-19 state subsidies for trainees which Matas received in 2020/21 adjusted for the special bonus paid to employees in 2020/21. Disregarding these effects, physical store payroll costs were largely unchanged in 2021/22 compared with the year before
- Some DKK 20 million attributable to higher payroll costs in the online businesses of Matas and Firtal, driven by continuing growth and the general digital build-up. As part of a range of strategic initiatives, the online team was expanded by the appointment of, for example, hair stylists and pharmaconomists
- Just under DKK 20 million attributable to additional payroll costs in connection with the general strategic build-up, including the greater focus on house brands, and costs related to the actual implementation of efficiency-enhancement projects in physical stores

- DKK 3 million attributable to Web Sundhed, which was not included in the numbers for 2020/21
- Special items increased by DKK 7 million related to the severance agreement with the Company's CFO

The 2021/22 staff costs included DKK 11.8 million related to the Company's long-term share-based compensation programme. The equivalent amount in 2020/21 was DKK 6.2 million.

At 31 March 2022, Matas Group had 2,164 full-time employees, against 2,152 at 31 March 2021.

EBITDA was up by 2.7% year on year to DKK 810 million in 2021/22. The EBITDA margin was 18.6% against 18.9% the year before.

EBITDA before special items was DKK 803 million against DKK 797 million in 2020/21.

The EBITDA margin before special items was 18.5% against 19.1% the year before.

EBIT came to DKK 388 million, compared with DKK 380 million in 2020/21.

Costs and operating performance in Q4 2021/22

Gross profit for Q4 2021/22 was DKK 468 million, a year-on-year increase of 5.7%. The gross margin was 48.2% compared with 45.6% in Q4 2020/21. The higher gross margin was partly driven by the increase in the physical stores' share of Matas Group's overall revenue, as physical store sales generally generate a higher gross margin than online sales. Furthermore the increase can be attributed to a more favorable product mix and a positive impact from Club Matas Plus.

Overall costs amounted to DKK 308 million in Q4 2021/22, corresponding to 31.8% of revenue against 30.5% in the year-earlier period.

Other external costs were down by DKK 9.4 million year on year in Q4 2021/22 to DKK 96 million.

Staff costs totalled DKK 212 million in Q4 2021/22, a year-on-year increase of DKK 21 million, of which DKK 7.4 million was attributable to special items.

Q4 2021/22 EBITDA was DKK 160 million against DKK 147 million a year earlier. EBITDA before special items came to DKK 168 million.

EBITDA margin before special items was 17.3% against 15.6% in Q4 2020/21.

Profit for the year

Amortisation and depreciation

Total amortisation, depreciation and impairment charges were up by DKK 14 million in 2021/22 to DKK 421 million, driven by increased depreciation of investments made as part of Matas' growth strategy.

Share of profit or loss of associated companies, net financials and tax

The share of profit or loss after tax of associates was a loss of DKK 4.6 million in 2021/22, relating primarily to MIILD A/S.

Net financial expenses were up by DKK 5 million year on year to DKK 33 million. The financial income declined by DKK 12 million as the interest rate compensation from the Danish Tax authorities was DKK 17 million in 2020/21, while there was only a DKK 5 million compensation in 2021/22. On the contrary, the financial expenses declined by DKK 7 million in 2021/22 driven mainly by lower outstanding loans.

The effective tax rate was 21.2% in 2021/22 compared with 23.9% in 2020/21. The lower tax rate was attributable in part to tax deductions resulting from the payment of cash consideration in connection with the exercise of long-term incentive programmes (LTIP) in 2021/22.

Profit for the year

Profit for the year after tax was DKK 277 million, a 2.8% increase from DKK 269 million in 2020/21.

Adjusted profit after tax was DKK 358 million in 2021/22 equal to the year before.

Adjusted profit after tax for Q4 2021/22 was DKK 61 million against DKK 42 million in Q4 2020/21. Adjusted profit after tax may be specified as follows:

Adjusted profit after tax may be specified as follows:

(DKKm)	2021/22	2020/21
Profit for the year	276.5	269.0
Plus amortisation of intangible assets excluding software	110.7	102.7
Special items	(7.0)	9.1
Less tax effect	(22.7)	(23.3)
Adjusted profit after tax	357.5	357.5



Balance sheet and cash flows

Balance sheet

Total assets amounted to DKK 6,055 million at 31 March 2022, down from DKK 6,143 million at 31 March 2021.

Current assets totalled DKK 1,029 million, a year-on-year decline of DKK 45 million.

Inventories amounted to DKK 890 million at 31 March 2022, an increase of DKK 23 million compared with the level at 31 March 2021. Inventories accounted for 20.5% of full-year revenue at 31 March 2022 compared with 20.8% at 31 March 2021.

Trade receivables increased by DKK 11 million to DKK 27 million, while trade payables fell by DKK 30 million relative to 31 March 2021 to DKK 663 million.

Net working capital excluding deposits was minus DKK 12 million at 31 March 2022 against minus DKK 126 million at 31 March 2021, a difference of DKK 114 million that was mainly due to the following factors:

- An increase in inventories combined with a decline in trade payables relative to last year (see further details under cash flows)

- An increase in trade receivables due to the acquisition of the Web Sundhed activities
- A decline in other payables, which were exceptionally high at 31 March 2021 due to the postponed payment of payroll taxes under the government's COVID-19 relief packages. In addition, the liability concerning the Club Matas VAT case was eliminated as a result of the Danish National Tax Tribunal's decision in the case

Cash and cash equivalents amounted to DKK 28 million, down from DKK 41 million the year before.

Equity was DKK 3,152 million at 31 March 2022, compared with DKK 3,039 million at 31 March 2021.

Net interest-bearing debt was DKK 1,649 million at 31 March 2022, a year-on-year decline of DKK 78 million – equalling 2.1 times LTM EBITDA before special items, which is within the long-term target of a gearing ratio between 2 and 3.

Gross interest-bearing debt stood at DKK 1,677 million at 31 March 2022, including lease liabilities of DKK 523 million. At 31 March 2021, gross interest-bearing debt was DKK 1,768 million, including lease liabilities of DKK 670 million.

At 31 March 2022, the Company's share capital consisted of 38,291,492 shares of DKK 2.50 each, corresponding to a share capital of DKK 95,728,730. Matas held 626,585 treasury shares at 31 March 2022 (22,943 at 31 March 2021).

Cash flows

Cash generated from operations was an inflow of DKK 615 million in 2021/22 against an inflow of DKK 1,019 million in 2020/21, a drop of DKK 404 million that was attributable to negative working capital developments, unlike last year's positive working capital change. The negative working capital developments were driven by a negative cash flow effect relating primarily to the fact that more suppliers than last year were paid before 31 March because of this year's accelerated inventory build-up. Moreover, cash flows were adversely impacted by normalised payments of taxes, VAT and payments of frozen holiday pay.

The free cash flow was an inflow of DKK 279 million in 2021/22 against an inflow of DKK 774 million in 2020/21.

Cash generated from operations in Q4 2021/22 was an inflow of DKK 77 million, a year-on-year decline of DKK 7 million.

Cash flows from investing activities were an outflow of DKK 232 million in 2021/22, compared with an outflow of DKK 178 million last year. The increase in investments was attributable in part to Web Sundhed's acquisition of Apo-Web ApS and Apo IT ApS and, to a lesser extent, an increase in digital investments.

For Q4 2021/22, cash flows from investing activities were an outflow of DKK 39 million against an outflow of DKK 40 million in Q4 2020/21.

The Q4 2021/22 free cash flow was an inflow of DKK 12 million, compared with an inflow of DKK 35 million in Q4 2020/21.

Cash flows from financing activities were a net outflow of DKK 291 million in 2021/22 against an outflow of DKK 840 million last year, mainly reflecting the debt repayments

Financial position and cash flows (continued)

made in 2020/21 against the backdrop of a strong increase in liquidity, in contrast to the slight increase in debts to credit institutions in 2021/22.

Return on invested capital

The return on LTM invested capital before tax was 9.9%, compared with 9.6% a year earlier.

Parent company performance

The parent company generated a loss of DKK 14 million in 2021/22 against a profit of DKK 3 million in 2020/21. The decline relative

to 2020/21 is explained by the termination benefits included in 2021/22 and the interest allowance received from the tax authorities in 2020/21.

Equity was DKK 1,943 million at 31 March 2022 compared with DKK 2,122 million at 31 March 2021.

Events after the date of the statement of financial position

No subsequent events have occurred that materially affect the Group's financial position.

Cash flows

(DKKm)	2021/22 Q4	2020/21 Q4	2021/22	2020/21
Cash generated from operations	77	84	615	1,019
Free cash flow	12	35	279	774
Free cash flow net of acquisitions	12	35	327	774
Cash flows from financing activities	(27)	(101)	(291)	(840)



Corporate social responsibility

This year, Matas has prepared a separate corporate social responsibility report (ESG Report 2021/22), which is released together with the financial annual report.

➤ ESG Report 2021/22
<https://investor.matas.dk/English/ESG-reports>

In order to ensure accessibility and transparency, the key sections of the report have also been integrated in the financial annual report below.

The separate ESG report constitutes Matas' statutory reporting under sections 99a, 99b and 107d of the Danish Financial Statements Act.

Background to Matas' corporate social responsibility

Since 1949, Matas has been an acclaimed provider of safe products and trustworthy advice – on house brands, such as the Matas Stripes, or on any of the close to 50,000 other products carried by Matas Group.

Until recently, all direct contact with Matas' customers took place in the physical stores, but in recent years the digital business has taken off to a point where it now accounts for about a quarter of the just over 22 million annual transactions, while matas.dk in record time has become Denmark's second-most used webshop. The customers, predominantly women, generally have great confidence in the advice they get from Matas' some 2,500 shop assistants on products in the health, beauty and wellbeing categories, whether high-end luxury items or everyday products. Matas.dk largely offers the same advisory services, for example video counselling by trained health and beauty therapists or pharmaconomists seven days a week. In addition to Matas' strong advisory services, our customers' confidence has to do with the fact that Matas has been proactive in terms of regulatory requirements such as GDPR, recycling and reduction of plastics, chemical substances in products, etc. and, by no means least, society's and the consumers' general confidence in the integrity of Matas.

Matas has evolved into a digital business, and the strategy is to double online sales within four years. This will require major ongoing assortment expansion in, for example, the health product categories. These ambitions will also require a more

sustainable development of online sales than previously. To this end, Matas has pinpointed a number of areas in which it wants to strengthen the Company's impact

on the climate, the environment, labour conditions, human rights and general governance.



Corporate social responsibility (continued)

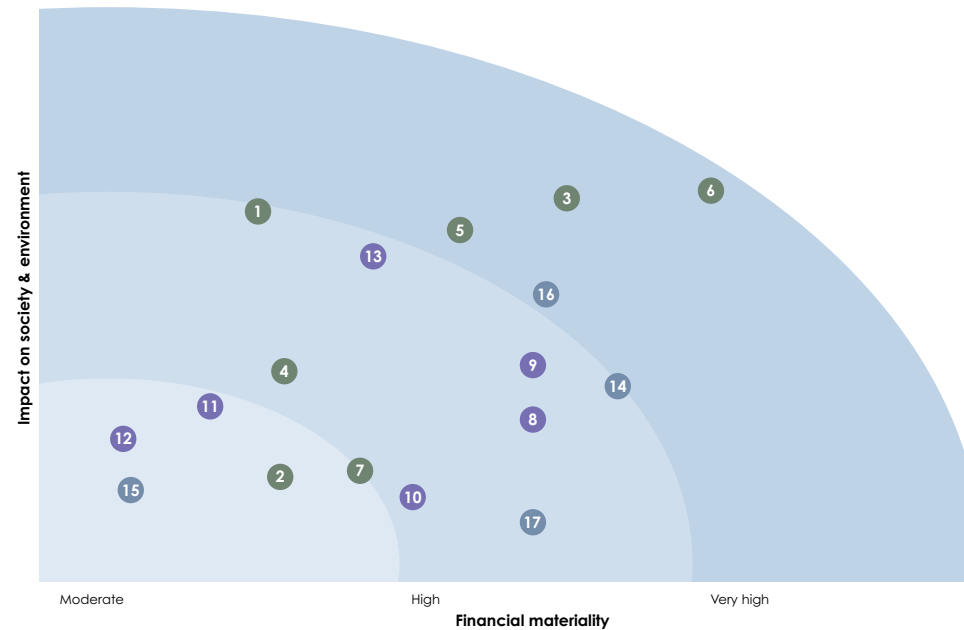
Materiality assessment and stakeholder mapping

Matas' materiality assessment is updated based on interviews and analysis and proved overview of the factors that are important to society and to Matas.

The updated assessment is set out in the figure to the right. The subjects are divided into Environmental, Social and Governance categories, which are also the basis on which Matas is evaluated by, for example, UNGC (United Nations Global Compact) and analysts following Matas. Together with the description of Matas' impact on society and an overview of Matas' principal stakeholders, this forms the basis of the double materiality requirement pursuant to section 99a of the Danish Financial Statements Act, i.e. an assessment of what ESG information is material in relation to Matas' impact on society and in relation to society's impact on Matas.

This analysis also determined how Matas designed its CSR strategy and which goals Matas prioritises in the areas of sustainability, health and inclusion.

Materiality assessment



Climate neutral Plastic reduction

- 1 Climate change
- 2 Water
- 3 Plastics
- 4 Biodiversity - RSPO
- 5 Packaging
- 6 Product safety and transparency
- 7 Product content (vegan, organic, certified)



Best place to be in the retail industry Diversity Public health

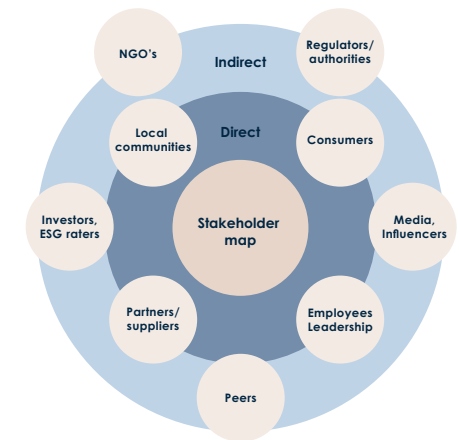
- 8 Occupational health and safety
- 9 Training and education
- 10 Work and income
- 11 Labour rights and human rights
- 12 Cultural heritage
- 13 Diversity



Transparency Accountability

- 14 Data - GDPR
- 15 Anti-corruption
- 16 Stakeholder dialogue and whistleblower
- 17 Tax

Stakeholder mapping



Corporate social responsibility (continued)

CSR, strategy and KPIs

In early 2021, Matas presented the outline of a new CSR strategy encompassing four operational targets in the areas of sustainability, health and inclusion. Work on the four targets will be adjusted on an ongoing basis in accordance with Matas' statutory double materiality assessment and Matas' updated business strategy, Growing Matas Group. The CSR strategy foundation will also be adjusted on an ongoing basis in line with developments in Matas' business areas and society's general expectations.

Sustainability is defined as the work to give customers access to green and sustainable products, the work to safeguard the local environment through systematic efforts to reduce and recycle transport and packaging plastics and the work to reduce CO₂ emissions at all levels of the business.

Health is defined as the work to promote the health of the general Danish population by offering a wide range of safe and

well-tested health products and an unwavering commitment to providing competent and reliable advice online and in the stores.

Inclusion reflects Matas' widespread contact with largely all Danish consumers and its related responsibility for facilitating a debate on a more balanced view of health, beauty and mental wellbeing, particularly focusing on women.

Matas has furthermore selected four key performance indicators as guidelines for Matas' CSR ambitions.



Matas has selected four key performance indicators as guidelines for Matas' CSR ambitions:



1. Achieving net zero emissions by 2030 in Scope 1, 2 and 3a



2. Eliminating 100 million plastic units



3. Promoting public health



4. Best place to be in the retail industry

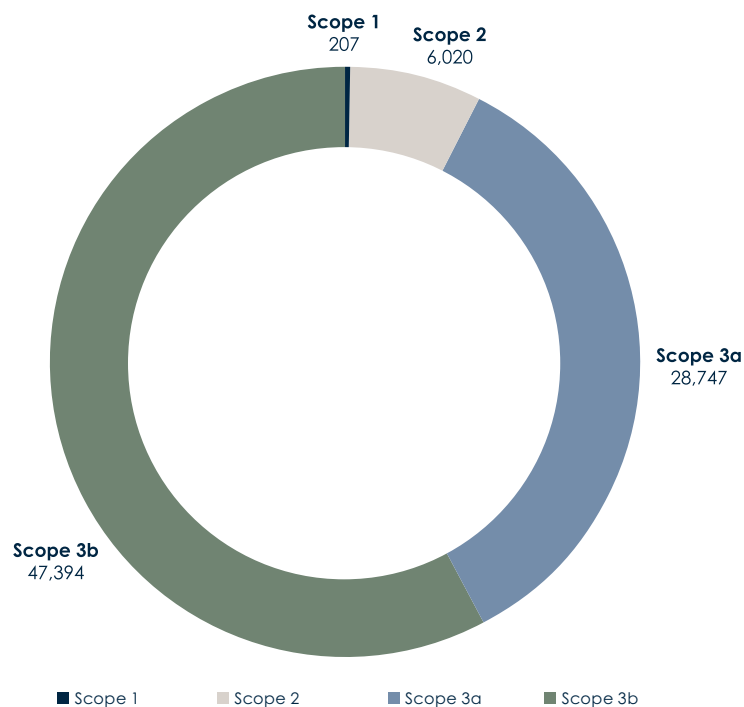
(for further details, see page 6 of the ESG report)

Corporate social responsibility (continued)

Matas' carbon accounting

In the past financial year, Matas adopted a plan to achieve net zero emissions by 2030 in Scope 1, 2 and 3a and launched a range of initiatives and analyses to secure the strategy's progress in terms of Matas' own emissions and the reporting on the emissions and reductions of Matas' partners and suppliers. The climate section of the ESG report, page 13 and 14, provides a comprehensive overview of goals, reporting and activities.

Matas' CO₂ emissions in 2021/22
(t CO₂e)



Definitions of scopes

Scope 1: Direct emissions from owned or controlled sources

Scope 2: Indirect emissions from purchased electricity, steam, heating or cooling

Scope 3: Emissions from sources not owned or controlled by the Company.

Scope 3a: House brand products, transport of goods, Matas Group's purchases of goods and services

Scope 3b: Products from other suppliers

82,368 t CO₂e

CO₂ emissions for 2021/2022

38 t CO₂e

Per Matas FTE

19 t CO₂e

Per DKKm revenue

Corporate social responsibility (continued)

CSR as an integral part of management and financial targets

To strengthen Matas' CSR efforts, the Board of Directors has authorised the Executive Management to make a number of significant improvements to the structure of Matas' CSR work on an operational level.

CSR performance has become a formal part of the CEO's remuneration package (ESG report page 26 and 27), and CSR responsibility has become rooted at the executive management level with the appointment of a new Head of CSR, HR and Communications.

Matas has set up a formal CSR Board (ESG report page 26 and 27) across a wide range of areas of the organisation, and a separate ESG report is released together with the Annual Report that gives detailed descriptions of goals, processes and results, including carbon accounting of Matas' overall carbon footprint.

During the financial year, Matas also signed a funding agreement that specifies the achievement of CO₂ reduction and plastics reduction targets as requirements to obtaining lower interest rates.

Policies, ESG ratios and reporting on partnerships

Diversity policy

Matas Group believes that a diverse composition of employees and executives contributes to strengthening the Company's competitiveness and performance and that diversity furthermore strengthens the Company's work environment. Accordingly, Matas strives for the Company's employees, Executive Management and Board of Directors to reflect the surrounding community and aims to have a reasonable gender balance in executive positions.

Consisting of four men and two women, the Board of Directors meets the requirement for equal gender distribution in the supreme governing body.

The executive team consists of three women and six men in compliance with the Danish Business Authority's guidelines on gender equality in management.

The broad group of executives at the headquarters in Allerød consists of 45% women, and in the retail network 99% of store managers are women, which is consistent with the general gender distribution among the Group's approximately 2,500 shop assistants. Efforts are being made to ensure a broad representation in

terms of gender, age and origin in positions in the retail network. Matas generally aims for both genders to be represented among candidates for executive positions, and this was also a priority in the past financial year. In addition, the new trainee campaigns continue to focus on having more people of both genders in recruitment films and on the ambassador teams established among trainees.

EU Taxonomy

Matas' financial activities were not included in the EU Taxonomy for the financial year 2021/2022, as retail activities are not yet eligible for the taxonomy, which means that Matas' activities are not taxonomy-eligible in the categories of 'climate change adaptation' and 'climate change mitigation'. Matas regularly monitors news on taxonomy objectives and the criteria for what constitutes a sustainable economic activity and will report on these once the EU Taxonomy includes the Company's sector and activities.

Other policies

House brand policy	(ESG page 20)
Code of Conduct for third-party products	(ESG page 21)
Policy for ingredients in Matas' cosmetic house brands	(ESG page 21)
Human rights policy	(ESG page 23)
Anti-corruption policy	(ESG page 24)
Whistleblower scheme	(ESG page 24)
Data ethics policy	(ESG page 28)
Privacy policy	(ESG page 28)

Gender composition of the executive team



Corporate social responsibility (continued)

ESG data

Data	Unit	2021/2022	2020/2021	2019/2020
Climate and environmental data				
CO ₂ e Scope 1 - location-based	tCO ₂ e	206.7	n/a	n/a
CO ₂ e Scope 1 - market-based	tCO ₂ e	206.7	n/a	n/a
CO ₂ e Scope 2 - location-based	tCO ₂ e	2,637.3	n/a	n/a
CO ₂ e Scope 2 - market-based	tCO ₂ e	6,020.4	n/a	n/a
CO ₂ e Scope 3	tCO ₂ e	76,140.6	n/a	n/a
Scope 3 categories included	Number	5	n/a	n/a
CO ₂ e intensity (revenue)	tCO ₂ e/DKKm	19	n/a	n/a
CO ₂ e intensity (FTE)	t CO ₂ e/FTE	38	n/a	n/a
Energy consumption	GJ	106,561.2	n/a	n/a
Renewable energy percentage	%	0	n/a	n/a
Water	m ³	7,755	n/a	n/a
Social data				
Full-time employees	FTE	2,164	2,152	2,197
Gender diversity, overall m/f	%	8/92	8/92	8/92
Gender diversity, other management levels, m/f	%	35/65	43/57	41.5/48.5
Sickness absence, all groups, excl. pregnancies	%	2.9	2.2	2.2
Sickness absence, all groups, incl. pregnancies	%	5.5	4.4	5.3

Corporate social responsibility (continued)

ESG data (continued)

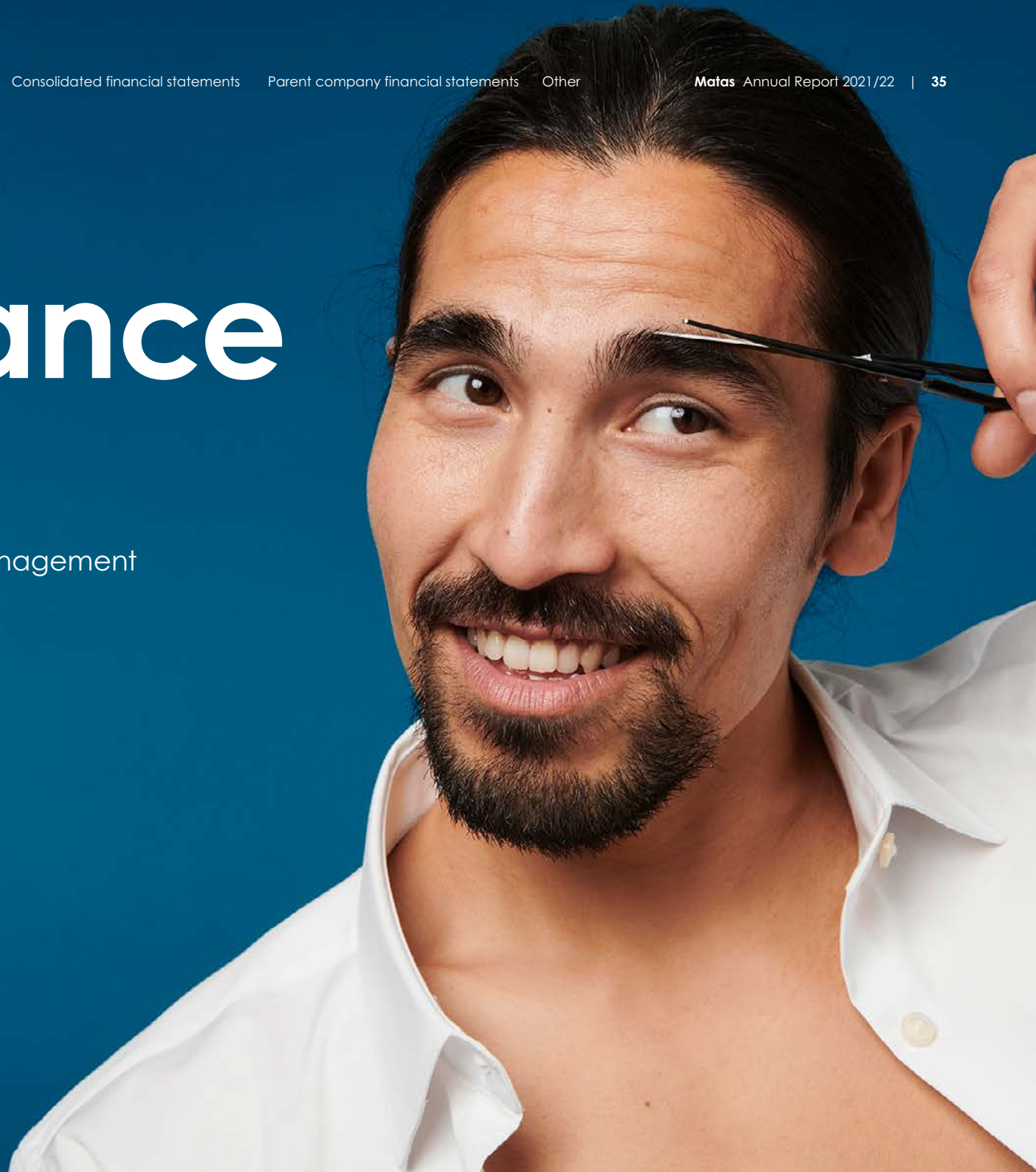
Data	Unit	2021/2022	2020/2021	2019/2020
Governance data				
Board meeting attendance	%	100	100	100
Gender diversity, Board of Directors (m/f)	%	67/33	67/33	50/50
Pay gap between CEO and employees	Times	18	18	18
CEO remuneration linked to ESG goals	%	7.5	0	0

Note to table: In accordance with the Greenhouse Gas Protocol, Matas reports on location-based and market-based emissions from Matas' energy purchases. Location-based emissions are determined by how the Danish energy market worked during the financial year reported on, while market-based emissions are determined by Matas' purchases of renewable energy certificates. Matas' actual energy consumption can thus be determined based on location-based emissions, while Matas' purchases of renewable energy sources can be determined based on its market-based emissions. Both emissions are expected to go down when Matas begins to reduce its energy consumption, and market-based emissions will be further reduced when Matas begins to buy energy from renewable energy sources.



Governance

- Risk management
- Corporate governance
- Board of Directors and Executive Management
- Shareholder information



Risk management

Matas works continually to identify, assess and evaluate the risks to which Matas Group is exposed. Changes to macro-economic factors within Matas Group's geographical area may affect Matas Group through changes in overall retail demand, specifically in the Health and Beauty market, and by supply chain disruptions.

The final quarter of financial year 2021/22 was affected in particular by rising inflation and Russia's invasion of Ukraine, as a result of which 2022 growth forecasts have been downgraded at global and national level. Due to the mounting macroeconomic challenges, we are looking into a future marked by above-normal uncertainty.

Risk management is an integral part of Matas' management process, the objective being to limit uncertainties and risks with respect to the defined financial targets and strategic objectives for Matas Group.

The Executive Management is responsible for preparing, implementing and maintaining control and risk management systems subject to the approval of the Board of Directors, which has the overall responsibility for management. Based on reporting from the Executive Management, the Audit Committee continually monitors whether the Company's internal control

and risk management systems are effective and complied with, and it also continually monitors the development and handling of key risks.

The Board of Directors is provided with an overview of Matas Group's key risks and their potential impact on group earnings at least once a year so that any measures necessary to mitigate such risks can be implemented.

Material operational risks

Changes in economic conditions

Matas is to a significant degree exposed to changes in the prevailing economic climate in Denmark, the market from which Matas derives virtually all of its revenue. Matas is strongly exposed to the development in overall retail sales in Denmark, where we see a general shift towards online channels. Experience shows that in boom times, demand from Matas' customers tends to shift towards High-End Beauty products, whereas demand for Mass Beauty products typically increases during periods of economic decline. Management monitors sales trends in Matas on a daily basis so that it can respond swiftly to any decline in sales by implementing sales-promoting initiatives.



Pandemic

Management continues to monitor developments in the COVID-19 pandemic. If, contrary to expectation, a new wave of the pandemic leads to new lockdowns of the retail industry and other parts of Danish society, Matas' revenue and earnings could be severely affected.



Industry developments and international competition

Historically, Matas has competed with a large number of Danish retail market players, including supermarkets, local perfumeries, health food shops, pharmacies, department stores and travel retailers. With consumer behaviour changing and spending increasingly shifting to online channels, competition from international players has intensified, and Matas is currently facing increasing competition

from Danish and international health, beauty and wellbeing webshops.

The growing online sales are supported by new ways of launching and marketing brands and by new technology-driven options. Strategically, Matas aims to bring its many assets into play in new ways in order to pursue the potential provided by a stronger market position. It strives to do this by increasing its focus on online sales, launching marketing campaigns, leveraging the Club Matas loyalty programme, developing the store network and enhancing the customer experience.

Products and suppliers

In order to meet any changes in terms of delivery or reduced access to important product categories, Matas deals with a large number of different suppliers and markets a broad range of different brands within each product category.

Risk management (continued)



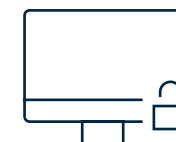
Product liability

Matas Group's operations involve risks which could potentially result in product liability, including personal injury claims. Matas has developed a risk management policy and procedures to mitigate such risks and has also taken out standard insurance cover in this area.



Legislation and indirect taxation

Matas Group monitors closely any statutory and regulatory changes that could change its business actions or provide new opportunities so that it can take the necessary steps as early as possible.



Data security

Matas Group has a modern, upgraded IT infrastructure focused on data security and protection of the Company's and its customers' data. Matas continually considers security issues and risks when choosing system solutions and has established comprehensive safeguards to prevent data security breaches.

Matas Group is exposed to digital attacks and constantly seeks to improve its cyber security. Matas pursues a highly segmented network structure segregating data flows from stores, suppliers, employees and other business partners. Matas continually monitors network traffic and performs regular data backups.

Significant financial risks

Matas is to some extent exposed to financial risks such as interest rate, liquidity and credit risk. Reference is made to note 29 to the consolidated financial statements for additional information on these risks.

Corporate governance

Exercising good corporate governance is of the utmost importance to Matas, and the Board of Directors evaluates the Company's management systems at least once a year to ensure that the structure is appropriate in relation to shareholders and other stakeholders.

Corporate governance recommendations

Nasdaq Copenhagen has incorporated the recommendations of the Danish Committee on Corporate Governance in its Rules for Issuers of Shares. These recommendations are available at the website of the Committee on Corporate Governance, www.corporategovernance.dk.

Matas complies with all these recommendations. The Company's corporate governance statements are available at the Company's website at investor.matas.dk/governance.cfm.

Communicating with investors and other stakeholders

Matas is committed to maintaining a constructive dialogue and a high level of transparency when communicating with shareholders and other stakeholders in order to enable them to exercise the highest possible level of active ownership. The Board of Directors has adopted a communication and stakeholder policy, an investor relations policy and a CSR policy.

Matas complies with the statutory requirements concerning the publication of material information relevant to shareholders' and the financial markets' evaluation of the Company's activities, business objectives, strategies and results.

In addition to its investor relations policy and communication and stakeholder policy, the Company has adopted internal procedures to ensure that the disclosure of information complies with applicable stock exchange regulations.

All company announcements are published via Nasdaq Copenhagen and can subsequently be accessed from the Company's website at investor.matas.dk. All announcements are published in Danish and English.

Matas publishes interim and annual financial statements and hosts webcasts and investor meetings after the release of each

interim and annual report. In addition, the Executive Management and the Investor Relations Department meet with Danish and international investors and analysts on a regular basis. Investors and analysts can also contact the Investor Relations Department to clear up any questions regarding published reports, current events or trends, etc.

Moreover, the Company's general meeting provides an opportunity for shareholders to exercise active ownership.

The date of the Annual General Meeting (AGM) and the deadline for submitting requests for specific proposals to be included on the agenda are announced not later than eight weeks before the contemplated date of the Company's AGM. In accordance with the Articles of Association, general meetings are convened by the Board of Directors at not more than five weeks' and not less than three weeks' notice. Notices convening general meetings are posted on the Company's website at investor.matas.dk and sent by other means to all registered shareholders who have so requested.

Shareholders are entitled to have specific business considered at the AGM, provided that a written request to that effect is submitted to the Board of Directors not later than six weeks prior to the AGM. Attending shareholders may pose questions to the Board of Directors and the Executive

Management concerning the items on the agenda.

The Company has adopted procedures in the event of takeover bids, according to which the Board of Directors will not without the acceptance of the general meeting attempt to counter a takeover bid by making decisions which effectively prevent shareholders from deciding on the takeover bid themselves.

Diversity on the Board of Directors and in management

The Board of Directors discusses diversity at Matas Group's management levels annually and sets measurable targets.

Maintaining diversity on the Board of Directors in terms of competencies, experience, knowledge, gender and age is important.

It is the ambition of the Board of Directors to retain the diversity in management so that the mix reflects equal gender distribution as defined in the Danish Companies Act. The management of Matas Group, including members of middle management, such as store managers, consists of just over 90% women.

Read more about Matas' diversity policy here:

[ESG Report 2021/22](#)

Corporate governance (continued)

Board to best perform its tasks, taking into account the Company's current needs.

The Board of Directors evaluates its work on an annual basis.

The Board of Directors has set up three committees – an Audit Committee, a Nomination Committee and a Remuneration Committee – charged with assisting the Board in its work.

Audit Committee

The Board of Directors has set up an Audit Committee, the Chairman of which is independent and is skilled in accounting. The Audit Committee is chaired by Birgitte

Nielsen and also consists of Lars Frederiksen and Kenneth Melchior. The duties of the Audit Committee include monitoring the financial reporting process, Matas Group's internal control and risk management systems, the organisation and efficiency of the accounting function and the collaboration with the independent auditors. The Audit Committee held five meetings in the 2021/22 financial year and five meetings in 2020/21.

Nomination Committee

The Board of Directors has set up a Nomination Committee, which is chaired by Lars Vinge Frederiksen and also consists of Mette Maix and Henrik Taudorf Lorensen.

The overall purpose of the Nomination Committee is to help the Board of Directors ensure that appropriate plans and processes are in place for the nomination of candidates to the Board of Directors and the Executive Management. The Nomination Committee held two meetings in the 2021/22 financial year and two meetings in 2020/21.

Remuneration Committee

The Board of Directors has set up a Remuneration Committee, which is chaired by Lars Vinge Frederiksen and also consists of Mette Maix and Henrik Taudorf Lorensen. The purpose of the Remuneration Committee is to ensure

that the Group maintains a remuneration policy for the members of the Board of Directors and the Executive Management and to assist with the preparation of the Company's annual remuneration report. The Remuneration Committee held three meetings in the 2021/22 financial year and two meetings in 2020/21. The Committee has found that no changes are required to the Company's remuneration policy in the coming financial year. The remuneration policy was approved at the annual general meeting held in June 2021. In addition, the Committee defined KPIs for the remuneration of the Executive Management and followed up on these. Lastly, the Committee oversaw the preparation of a separate remuneration report for 2021/22.

Board and committee meetings

The attendance at board and committee meetings in the 2021/22 financial year was 100%:

	Board meetings	Strategy seminar	Audit Committee	Nomination Committee	Remuneration Committee	2021/22 total
Lars Vinge Frederiksen	●●●●●●●●●●●●●●	●		●●	●●●	100%
Lars Frederiksen	●●●●●●●●●●●●●●	●	●●●●●			100%
Birgitte Nielsen	●●●●●●●●●●●●●●	●	●●●●●			100%
Henrik Taudorf Lorensen	●●●●●●●●●●●●●●	●		●●	●●●	100%
Kenneth Melchior	●●●●●●●●●●●●●●	●	●●●●●			100%
Mette Maix	●●●●●●●●●●●●●●	●		●●	●●●	100%

● Present ○ Absent

Corporate governance (continued)

Remuneration of members of the Board of Directors and the Executive Management

The Board of Directors has adopted a remuneration policy, which has been approved by the general meeting.

The remuneration policy and the remuneration paid to the Board of Directors and the Executive Management are detailed in the Company's remuneration report. Additional information may be found in note 31 and at the Company's website, [Investor.matas.dk](https://www.investor.matas.dk)

Internal controls and risk management in relation to the financial reporting process

In order to ensure that the external financial reporting is in accordance with IFRS and other applicable rules, gives a true and fair view and is free of material misstatement, a number of internal control and risk management procedures have been established for the financial reporting process.

Control environment

The Board of Directors sets the general framework for internal controls and risk management in Matas Group, while the Executive Management has the operational responsibility for establishing efficient control and risk management in the financial reporting. The Executive Management oversees that policies and working procedures in connection with the financial reporting are

appropriate to mitigate the risk of errors. The internal controls are the responsibility of the individual departments, and the accounting and controlling functions are segregated.

The Audit Committee assists in monitoring the financial reporting process. This includes an annual evaluation of the efficiency of the risk management and internal controls, including a review of policies and working procedures and an evaluation of staffing and qualifications in the finance and IT organisations.

Each year, the Audit Committee assesses the need for an internal audit department. Based on the relatively low complexity of Matas Group, the controlling function's line of reference to the CFO and the ongoing dialogue with the auditors, it has as yet not been deemed necessary to establish an internal audit department.

Risk assessment

The Board of Directors and the Executive Management regularly assess the key risks involved in the financial reporting based on a materiality concept. This includes an evaluation of general accounting policies and critical accounting estimates and the related risk and sensitivity assessment. The risk of fraud is also assessed. For additional information on critical accounting estimates, see note 2 to the consolidated financial statements.

Control activities

In order to monitor results, store performance, financing and other risks, standardised monthly reports following up on budgets and a number of key performance indicators (KPIs) are prepared.

Interim financial statements are closed according to a planned process which includes, among other things, reconciliation of all material line items and additional financial controls in order to identify and eliminate any errors as early as possible. In order to ensure segregation of duties, the controlling function reports directly to the Executive Management through the CFO.

In order to counter fraud in the stores, cash funds are reconciled on a regular basis, and cash is deposited with banks. Dual approval procedures in connection with bank transfers have been set up in the finance function.

Information and communication

Matas Group has established a standardised process for external reporting to ensure that a true and fair view is provided of its performance.

With regards to Matas' internal rules on inside information, the Company maintains an open communication process which ensures efficient control of its performance and financial reporting that provides a true

and fair view. Providing clarity for each employee with respect to his or her role and relevant working procedures is an important element of this.

Monitoring

Management conducts its ongoing monitoring based on the monthly financial reporting, liquidity analyses and KPI reports combined with a continuous dialogue with the accounting and controlling functions.

The Audit Committee monitors and reports to the Board of Directors on the procedures for the key line items and checks that the Executive Management observes group policies and addresses any weaknesses. The external auditors meet with the Audit Committee at least once a year without the Executive Management and report any material weaknesses in their long-form audit report.

The Group has also established a whistleblower scheme, through which breaches of laws and regulations can be reported anonymously if the person reporting a concern wishes to avoid using the normal channels of communication. More details on the whistleblower scheme can be found in the section on corporate social responsibility.

Board of Directors and Executive Management

Board of Directors

Lars Vinge Frederiksen Chairman

Born 1958, Danish nationality

Professional board member since 2013

Member of the Board of Directors since 2013

Up for re-election in 2022

Chairman of the Remuneration and Nomination Committees

Independent board member

Other directorships

Member of the board of directors and the audit committee of Falck A/S. Member of the board of directors and of the remuneration and nomination committees of Tate & Lyle PLC, London. Chairman of the Hedorf Foundation and chairman of the supervisory board of PAI Partners SA, Paris

Expertise

Special expertise in general management and strategic development, financial experience and management of, and market communications for, listed companies

Lars Frederiksen Deputy Chairman

Born 1969, Danish nationality

Professional board member since 2007

Member of the Board of Directors since 2007

Does not stand for re-election

Member of the Audit Committee

Non-independent board member

Other directorships

Chairman of the boards of directors of Clea Capital Ltd., Burner International A/S, Burner Holding A/S and Jægersborg Ejendomme A/S

Expertise

Special expertise in retail, including physical retail, experience in general management, strategic development and finance

Henrik Taudorf Lorensen Board member

Born 1971, Danish nationality

Founder and CEO of TAKT A/S

Member of the Board of Directors since 2020

Up for re-election in 2022

Member of the Remuneration and Nomination Committees

Independent board member

Other directorships

Chairman of the board of directors of Pure International Ltd., London, and member of the boards of directors of EarLabs AB, Malmö, Louisiana Museum of Modern Art, Bubblebee Industries ApS and Pongo Partners ApS and Director of TAKT A/S' subsidiary TAKT Export ApS

Expertise

Special expertise in trademark development, digitalisation, business development and international sales

Mette Maix Board member

Born 1969, Danish nationality

CEO at Rosendahl Design Group A/S

Member of the Board of Directors since 2017

Up for re-election in 2022

Member of the Remuneration and Nomination Committees

Independent board member

Other directorships

Member of the boards of directors of Good Food Group A/S, Aarstiderne A/S, Coffee Collective and Planetary Impact Ventures

Expertise

Special expertise in international sales, brand development and retail, including omnichannel and physical retail, and experience in general management and strategic development

Board of Directors and Executive Management (continued)

Board of Directors

Birgitte Nielsen

Board member

Born 1963, Danish nationality

Professional board member since 2006

Member of the Board of Directors since 2013

Up for re-election in 2022

Chairman of the Audit Committee

Independent board member

Other directorships

Member of the board of directors of Kirk Kapital A/S, Haldor Topsøe Holding A/S and De Forenede Ejendomsselskaber A/S

Expertise

Special expertise in general management and strategic development, board experience, including extensive financial and accounting expertise, and capital markets experience

Kenneth Melchior

Board member

Born 1983, Danish nationality

Vice President, Recommerce, Zalando

Member of the Board of Directors since 2021

Up for re-election in 2022

Member of the Audit Committee

Independent board member

Other directorships

Member of the board of directors of Organic Basics

Expertise

Special expertise in international retail, in-depth insights into digital marketing, international knowledge of customer clubs and loyalty programmes and experience in launching e-commerce in several European markets

Executive Management

Gregers Wedell-Wedellsborg

CEO

Born 1972, Danish nationality

Deputy chairman of the board of directors of Gyldendal A/S and Tivoli A/S and member of the board of directors of Vallø Stift and the Danish Chamber of Commerce

Anders Skole-Sørensen*

CFO

Born 1962, Danish nationality

Member of the board of directors of F. Uhrenholdt Holding A/S and deputy chairman of TCM Group A/S

* Anders Skole-Sørensen will resign on 1 June 2022 and will be replaced by Per Johannesen Madsen as at 1 August 2022.

Shareholder information

Matas shares in 2021/22

Matas A/S has been listed on Nasdaq Copenhagen since 28 June 2013 and is a component of the OMX Copenhagen Mid Cap index. At 31 March 2022, Matas A/S' market capitalisation was DKK 3.7 billion.

The share price closed at DKK 96.3 on 31 March 2022, equivalent to an increase of 15.9% in 2021/22. By way of comparison, the OMX Copenhagen Mid Cap index gained 5.6% in the same period. The average daily turnover in Matas' shares was DKK 12.4 million, an increase of 15% on DKK 10.8 million in 2020/21. Matas paid a dividend of DKK 2.00 per share of a nominal value of DKK 2.50.

Share capital

The Company's share capital consists of 38,291,492 shares of DKK 2.50 each, corresponding to a share capital of DKK 95,728,730. Matas held 626,585 treasury shares at 31 March 2022 (22,943 at 31 March 2021). Treasury shares are held for the purpose of cancelling shares bought back and meeting the obligations under the long-term executive incentive programme. A total of 618,001 shares, representing a value of DKK 75 million, were bought back in the 2021/22 financial year.

Authorisations relating to the share capital

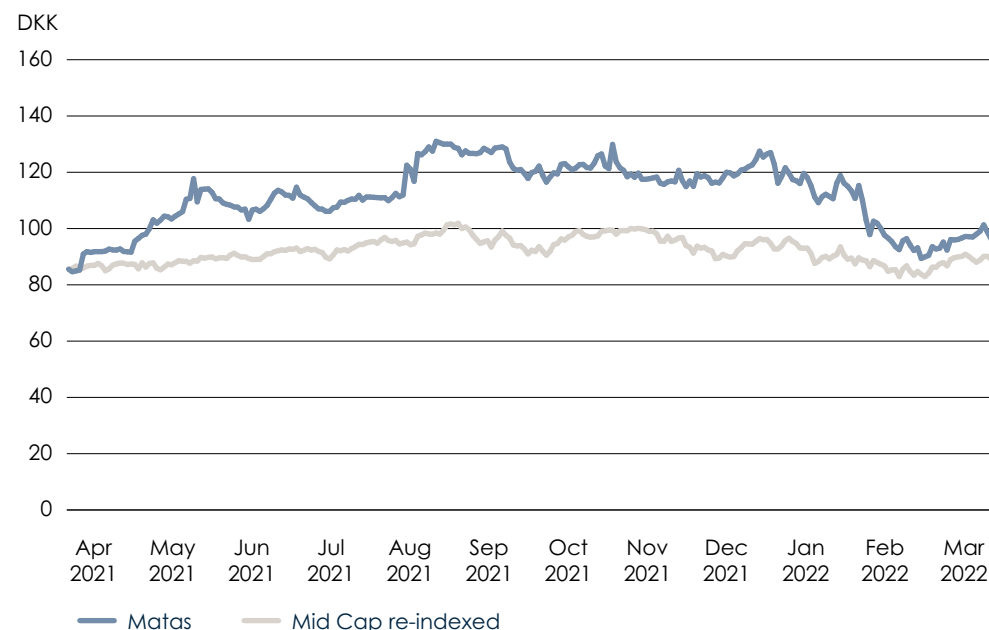
At the AGM held on 27 June 2019, the Board of Directors was authorised as described below in relation to the share capital. None of these authorisations had been exercised at 1 April 2022. Treasury shares are held with a view to meeting the obligations under the long-term executive incentive programme.

- In the period until 1 April 2024, the Board of Directors is authorised to increase the Company's share capital in one or more issues without pre-emption rights for the Company's existing shareholders by up to a nominal amount of DKK 9,570,000. The capital increase must take place at market price and may be effected by cash payment or as consideration for a full or partial acquisition of business activities or other assets.
- In the period until 1 April 2024, the Board of Directors is authorised to increase the Company's share capital in one or more issues without pre-emption rights for the Company's existing shareholders by up to a nominal amount of DKK 1,000,000 in connection with the issue of new shares for the benefit of the Company's employees and/or employees in its subsidiaries. The new shares will be issued at a subscription price to be determined

Matas share information

Share capital (DKK)	95,728,730
Number of shares (of DKK 2.5)	38,291,492
Nominal value	DKK 2.5
Shares classes	1
Restrictions on transferability and voting rights	None
Stock exchange	Nasdaq Copenhagen
Trading symbol	MATAS
ISIN code	DK0060497295

Share performance



Shareholder information (continued)

by the Board of Directors that may be below the market price.

- New shares issued in pursuance of the above authorisations, which are not to exceed a nominal amount of DKK 9,750,000, must be issued to named holders and be registered in the name of the holder in the Company's register of shareholders, must be fully paid up, must be negotiable instruments and must in every respect carry the same rights as the existing shares. The Board of Directors is authorised to lay down the terms and conditions for capital increases pursuant to the above authorisations and to make any such amendments to the Articles of Association as may be required as a result of the Board of Directors' exercise of the said authorisations.
- The Board of Directors is further authorised to purchase treasury shares to the extent the Company's holding of treasury shares at no time exceeds 10% of the share capital. The purchase price must not deviate by more than 10% from the listing price on Nasdaq Copenhagen at the time of the purchase. The current authorisation is valid until 28 June 2022. The Board of Directors proposes that the authorisation be renewed at the annual general meeting to be held on 28 June 2022.

Ownership

In the 2021/22 financial year, Matas' shareholder base grew by 5% to 19,400 registered shareholders, who represented 94% of the share capital.

The proportion of shares held by non-Danish shareholders increased to 65% from 40% in the preceding year.

On 3 May 2021, ATP notified Matas A/S that they held 5.12% of the share capital and the voting rights in Matas A/S.

On 20 August 2021, Brightfolk A/S notified Matas A/S that they held more than 5% of the share capital and the voting rights in Matas A/S, and on 14 February 2022, Brightfolk notified Matas A/S that they now held 10% of the share capital and the voting rights in Matas A/S.

At 31 March 2022, members of the Board of Directors of Matas A/S held 34,503 shares, and members of the Executive Management held 170,211 shares, equivalent to an aggregate 204,714 shares or 0.5% of the share capital.

Dividend

Based on the highly satisfactory financial results, the Board of Directors proposes that DKK 76.6 million, equivalent to 21% of Matas'



Shareholder information (continued)

adjusted profit for 2021/22, be distributed as dividends, equivalent to DKK 2.00 per share.

Investor relations policy

It is the policy of Matas A/S to communicate precisely, actively and in a timely manner to its stakeholders in the financial markets in order to ensure that all investors have equal and adequate access to relevant information as a basis for trading in and pricing of the Company's shares. This is done taking into account the rules and legislation applicable to companies listed on Nasdaq Copenhagen.

In order to maintain and build good relationships with its stakeholders, Matas Group regularly hosts a number of activities. In 2021/22, Matas facilitated four webcasts in connection with the release of its Annual Report 2020/21 and its Q1, H1 and Q3 interim reports. In addition, Matas held a virtual capital markets day on 18 August 2021, which was attended by more than 100 investors and analysts. Previous webcasts and presentations are available at [Investor.matas.dk](https://investor.matas.dk).

The Company wishes to be perceived as credible and open and to lead the field among its peers with respect to investor relations. In order to expand the awareness of Matas A/S among domestic and international investors and ensure that analysts

from the most relevant banks continue to cover Matas' shares, the Group hosts a number of investor relations activities and road shows in the course of a financial year. In the 2021/22 financial year, meetings were held with approximately 50 institutional investors.

The Company's Investor Relations website, [Investor.matas.dk](https://investor.matas.dk), contains official financial reports, investor presentations, the financial calendar, corporate governance documents and other material.

Analyst coverage

Matas A/S is currently covered by analysts from four investment banks:

- Carnegie: Mads Quistgaard
- Danske Bank: Poul Ernst Jessen
- Nordea: Claus Almer
- SEB: Magnus Jensen

Annual general meeting

The annual general meeting will be held on Tuesday, 28 June 2022 at 4.00 p.m. The annual general meeting will be held at the premises of IDA but can also be followed online by the Company's shareholders.

Financial calendar

The financial calendar for the 2022/23 financial year is as follows:

28 June 2022	Annual general meeting for 2021/22
17 August 2022	Interim report – Q1 2022/23
10 November 2022	Interim report – Q2 2022/23
5 January 2023	Trading update for Q3 2022/23
8 February 2023	Interim report – Q3 2022/23
17 May 2023	Deadline for the Company's shareholders to submit in writing requests for specific proposals to be included on the agenda for the annual general meeting
31 May 2023	Annual report 2022/23
29 June 2023	Annual general meeting for 2022/23

Contact

Day-to-day contact with investors and analysts is handled by

Head of Investor Relations
 Frederikke Anna Linde
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Statements

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Management's statement

The Board of Directors and the Executive Management today considered and adopted the annual report of Matas A/S for the financial year 1 April 2021 to 31 March 2022.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets and liabilities and financial position at 31 March 2022 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 April 2021 to 31 March 2022.

Furthermore, in our opinion, the management's review includes a fair review of the development and performance of the business, the results for the year and of the Group's and the parent company's cash flows and financial position and describes the principal risks and uncertainties that the Group and the parent company face.

We recommend the annual report for approval at the annual general meeting.

Allerød, 1 June 2022

Executive Management

Gregers Wedell-Wedellsborg
CEO

Anders Skole-Sørensen
CFO

Board of Directors

Lars Vinge Frederiksen
Chairman

Lars Frederiksen
Deputy Chairman

Henrik Taudorf Lorensen

Mette Maix

Birgitte Nielsen

Kenneth Melchior

Independent auditor's report

To the shareholders of Matas A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Matas A/S for the financial year 1 April 2021 – 31 March 2022, which comprise an income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 April 2021 – 31 March 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services

as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditors

Subsequent to Matas A/S' listing of shares on Nasdaq Copenhagen, we were first appointed auditors of Matas A/S on 30 June 2014. We have been reappointed annually by resolution of the general meeting for a total consecutive period of eight years up to and including the financial year 2021/22.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 1 April 2021 - 31 March 2022. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial

statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements as a whole.

Valuation of goodwill

The carrying amount of goodwill amounted to DKK 3,993.6 million at 31 March 2022, corresponding to 66% of the Group's assets. The useful life of goodwill is indefinite, and according to International Financial Reporting Standards as adopted by the EU (IAS 36), goodwill must be tested for impairment at least annually. No impairment of goodwill was identified in the financial year. The annual impairment test is key to our audit, as it includes Management's assumptions and estimates relating to, for instance, future earnings.

Additional information on goodwill recognised in the year is disclosed in notes 2 and 16 to the consolidated financial statements.

In connection with our audit, we tested the impairment test prepared by Management, which was performed in accordance with the discounted cash flow model and assessed whether the assumptions made by Management are fair and reasonable. We assessed whether the calculation model is relevant and assessed the discount factor level and growth rate applied for

Independent auditor's report (continued)

extrapolation. Expected net cash flows are based on budget for the financial year 2022/23 and a projection in the remaining budget period to 2026/27 as a terminal value. We examined budget preparation procedures and compared budgets with the Group's strategic efforts in the individual areas. Further, we examined whether the information on goodwill disclosed in notes 2 and 16 is adequate.

Recognition of revenue and measurement of performance obligations (loyalty programme)

In connection with sales from own stores and the allocation of points under the Club Matas loyalty programme, a separate performance obligation related to the non-performed proportion of revenue relating to the allocation of Club Matas points is recognised. The related revenue is recognised as customers redeem their Club Matas points. The recognition of revenue and the measurement of not yet distributed Club Matas points are key audit matters as the statement was based on a fair value estimated by Management that is inherently subject to uncertainty in respect of actual future redemption.

Additional information about the recognition of revenue and the measurement of prepayments from customers (performance obligations) in respect of Club Matas is

disclosed in notes 2 and 23 to the consolidated financial statements.

As regards the measurement of non-distributed Club Matas points, we checked the fair value measurement models applied by Management and assessed the fair value of non-distributed Club Matas points on the basis of the value for the customer based on the conversion rate estimated by Management and the future redemption rate estimated by Management based on historical redemption rates. In addition, we tested the mathematical accuracy of the fair value model.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act. Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern,

disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related

to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards or actions taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the financial statements of Matas A/S, we performed procedures to express an opinion as to whether the annual report for the financial year 1 April 2021 – 31 March 2022, with the file name 2138004PXX8LWGHGL872-2022-03-31-da, has been prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of an annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- Preparing the annual report in XHTML format
- Selecting and applying appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary

Independent auditor's report (continued)

- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format
- For such internal control as Management determines is necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.
- Evaluating the appropriateness of the Company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy

Our responsibility is to obtain reasonable assurance as to whether the annual report has been prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained and to express an opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report has been prepared in XHTML format
- Obtaining an understanding of the Company's iXBRL tagging process and of internal control over the tagging process
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements

- Reconciling the iXBRL tagged data to the audited consolidated financial statements.

In our opinion, the annual report for the financial year 1 April 2021 – 31 March 2022, with the file name 2138004PXX8LWGHGL872-2022-03-31-da, has been prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 1 June 2022
 EY Godkendt Revisionspartnerselskab
 CVR no. 30 70 02 28

Torben Bender	Ole Becker
State Authorised Public Accountant mne no. 21332	State Authorised Public Accountant mne no. 33732

Consolidated financial statements



- ☐ Income statement
- ☐ Cash flow statement
- ☐ Balance sheet
- ☐ Statement of changes in equity
- ☐ Summary of notes to the financial statements
- ☐ Notes to the financial statements
- ☐ Matas Group

Income statement

(DKKm)	Note	2021/22	2020/21
Revenue	3, 4	4,344.2	4,163.6
Cost of goods sold	5	(2,378.2)	(2,322.4)
Gross profit		1,966.0	1,841.2
Other external costs	6	(332.3)	(301.3)
Staff costs	7	(824.1)	(751.9)
Amortisation, depreciation and impairment	8, 30	(421.3)	(407.6)
EBIT		388.3	380.4
Share of profit or loss after tax of associates	9	(4.6)	0.7
Financial income	10	5.3	17.5
Financial expenses	11	(37.9)	(45.2)
Profit before tax		351.1	353.4
Tax on profit for the year	12	(74.6)	(84.4)
Profit for the year		276.5	269.0
Other comprehensive income			
Value adjustment of hedging instrument in the year		1.7	1.0
Tax on value adjustment of hedging instrument		(0.4)	(0.2)
Other comprehensive income after tax		1.3	0.8
Total comprehensive income for the year		277.8	269.8
Distributed as follows:			
Shareholders of Matas A/S		277.8	269.8
Minority shareholders		0.0	0.0
		277.8	269.8
Earnings per share:			
Earnings per share, DKK	13	7.27	7.04
Diluted earnings per share, DKK	13	7.20	6.96

Cash flow statement

(DKKm)	Note	2021/22	2020/21
Profit before tax		351.1	353.4
Amortisation, depreciation and impairment	8	421.3	407.6
Share of profit or loss after tax of associates		4.6	(0.7)
Financial income	10	(5.3)	(17.5)
Financial expenses	11	37.9	45.2
Other non-cash operating items, net		(13.5)	5.2
Cash generated from operations before changes in working capital		796.1	793.2
Changes in working capital	26	(181.6)	225.4
Cash generated from operations		614.5	1,018.6
Interest received	10	5.2	17.4
Corporation tax paid		(109.2)	(84.0)
Cash flow from operating activities		510.5	952.0
Acquisition of intangible assets	15	(132.9)	(97.9)
Acquisition of property, plant and equipment	17	(50.5)	(50.5)
Acquisition of investments in associates		0.0	(5.5)
Disposal of investments in subsidiaries		0.4	0.0
Acquisition of subsidiaries and operations	27	(48.6)	(24.0)
Cash flow from investing activities		(231.6)	(177.9)
Free cash flow		278.9	774.1
Raising of loans with credit institutions	24	763.5	0.0
Repayment of loans with credit institutions		(708.4)	(725.0)
Repayment of lease liabilities	30	(167.7)	(168.8)
Interest receivable received		0.0	29.3
Amount received from former parent company		0.0	64.4
Interest paid	11	(27.1)	(39.9)
Dividend paid		(76.6)	0.0
Acquisition of treasury shares		(75.1)	0.0
Cash flow from financing activities		(291.4)	(840.0)
Net cash flow from operating, investing and financing activities		(12.5)	(65.9)
Cash and cash equivalents, beginning of period		40.7	106.6
Cash and cash equivalents, end of period		28.2	40.7

The above cannot be derived directly from the statement of comprehensive income and the statement of financial position.

Balance sheet

at 31 March

(DKKm)	Note	2021/22	2020/21	(DKKm)	Note	2021/22	2020/21
ASSETS				EQUITY AND LIABILITIES			
Non-current assets				Equity and liabilities			
Goodwill		3,993.6	3,930.6	Share capital	21	95.7	95.7
Trademarks and trade names		67.8	143.6	Hedging reserve		0.0	(1.3)
Other intangible assets		186.8	130.3	Translation reserve		0.3	0.3
Total intangible assets	15, 16	4,248.2	4,204.5	Treasury share reserve		(76.0)	(2.6)
Lease assets	30	500.2	651.8	Retained earnings		3,055.2	2,870.2
Land and buildings	17	86.6	90.8	Dividend proposed for the financial year	14	76.6	76.6
Other fixtures and fittings, tools and equipment	17	86.7	103.2	Matas A/S' share of equity		3,151.8	3,038.9
Leasehold improvements	17	40.3	51.5	Non-controlling interests		0.5	0.0
Plant in progress	17	9.6	0.0	Total equity		3,152.3	3,038.9
Total property, plant and equipment		723.4	897.3	Deferred tax	22	192.8	199.2
Investments in associates	9	7.3	12.4	Lease liabilities	30	343.5	495.5
Deposits		46.8	44.1	Provisions		28.0	27.7
Other securities and investments		0.6	0.6	Credit institutions, non-current	24	996.1	0.0
Total other non-current assets		54.7	57.1	Other payables		37.7	59.2
Total non-current assets		5,026.3	5,158.9	Total non-current liabilities		1,598.1	781.6
Current assets				Credit institutions, current		157.9	1,098.3
Inventories	19	890.1	866.7	Lease liabilities	30	179.5	174.1
Trade receivables	20	26.6	15.2	Prepayments from customers	23	154.5	158.6
Corporation tax receivable		45.5	19.4	Trade payables		662.9	692.4
Other receivables		7.1	4.6	Other payables	25	150.1	199.2
Prepayments		31.5	37.6	Total current liabilities		1,304.9	2,322.6
Cash and cash equivalents		28.2	40.7	Total liabilities		2,903.0	3,104.2
Total current assets		1,029.0	984.2	Total equity and liabilities		6,055.3	6,143.1
Total assets		6,055.3	6,143.1				

Statement of changes in equity

(DKKm)	Share capital	Hedging reserve	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 April 2021	95.7	(1.3)	0.3	(2.6)	76.6	2,870.2	3,038.9	0.0	3,038.9
Value adjustment of hedging instrument	0.0	1.7	0.0	0.0	0.0	0.0	1.7	0.0	1.7
Tax on value adjustment	0.0	(0.4)	0.0	0.0	0.0	0.0	(0.4)	0.0	(0.4)
Other comprehensive income	0.0	1.3	0.0	0.0	0.0	0.0	1.3	0.0	1.3
Profit for the year	0.0	0.0	0.0	0.0	76.6	199.9	276.5	0.0	276.5
Total comprehensive income	0.0	1.3	0.0	0.0	76.6	199.9	277.8	0.0	277.8
Transactions with owners									
Dividend paid	0.0	0.0	0.0	0.0	(76.6)	0.0	(76.6)	0.0	(76.6)
Dividend on treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share buyback programme	0.0	0.0	0.0	(75.0)	0.0	0.0	(75.0)	0.0	(75.0)
Addition of non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Exercise of incentive programme	0.0	0.0	0.0	1.6	0.0	(26.7)	(25.1)	0.0	(25.1)
Share-based payment	0.0	0.0	0.0	0.0	0.0	11.8	11.8	0.0	11.8
Total transactions with owners	0.0	0.0	0.0	(73.4)	(76.6)	(14.9)	(164.9)	0.5	(164.4)
Equity at 31 March 2022	95.7	0.0	0.3	-76.0	76.6	3,055.2	3,151.8	0.5	3,152.3

Statement of changes in equity

(DKKm)	Share capital	Hedging reserve	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity at 1 April 2020	95.7	(2.1)	0.3	(11.8)	0.0	2,681.9	2,764.0
Value adjustment of hedging instrument	0.0	1.0	0.0	0.0	0.0	0.0	1.0
Tax on value adjustment	0.0	(0.2)	0.0	0.0	0.0	0.0	(0.2)
Other comprehensive income	0.0	0.8	0.0	0.0	0.0	0.0	0.8
Profit for the year	0.0	0.0	0.0	0.0	76.6	192.4	269.0
Total comprehensive income	0.0	0.8	0.0	0.0	76.6	192.4	269.8
Transactions with owners							
Exercise of incentive programme	0.0	0.0	0.0	9.2	0.0	(10.3)	(1.1)
Share-based payment	0.0	0.0	0.0	0.0	0.0	6.2	6.2
Total transactions with owners	0.0	0.0	0.0	9.2	0.0	-4.1	5.1
Equity at 31 March 2021	95.7	(1.3)	0.3	(2.6)	76.6	2,870.2	3,038.9

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Notes to the financial statements

Note 1 – Accounting policies

Matas A/S is a public limited company domiciled in Denmark. The annual report and the financial statements of the parent company, Matas A/S, for the year ended 31 March 2022 include both the consolidated financial statements of Matas A/S and its subsidiaries (Matas Group) and the separate financial statements of the parent company, Matas A/S.

The consolidated financial statements of Matas A/S and the financial statements of the parent company, Matas A/S, for 2021/22 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

The Board of Directors and the Executive Management considered and adopted the annual report of Matas A/S for 2021/22 on 1 June 2022. The annual report will be presented to the shareholders of Matas A/S for approval at the annual general meeting to be held on 28 June 2022.

Basis of preparation

The consolidated financial statements are presented in DKK, and all amounts are rounded to the nearest million DKK to one place of decimal (DKKm) unless otherwise stated.

The accounting policies set out below have been used consistently in respect of the financial year and to comparative figures. For standards implemented prospectively, comparatives are not restated.

Matas A/S has implemented all new or amended financial reporting standards and interpretations adopted by the EU that apply to the financial year 1 April 2021 – 31 March 2022. These have not significantly affected Matas' annual report for 2021/22.

Alternative performance measures

The annual report includes non-IFRS financial ratios. We believe that non-IFRS ratios provide investors and Matas' management with valuable information for purposes of evaluating the Group's financial performance. As other companies may calculate these ratios in a different way than Matas does, they may not be comparable with the ratios applied by other companies. Accordingly, these financial ratios should not be considered a substitute for performance measures defined under IFRS. For a definition of the performance measures applied by Matas, see 'Definitions of key financials'.

Description of accounting policies

Consolidated financial statements

The consolidated financial statements comprise the financial statements of the parent company, Matas A/S, and subsidiaries in which Matas A/S has control. Matas A/S has control of a company if the Group is exposed to or has rights to variable returns from its involvement in the company and has the ability to affect those returns through its power over the company.

In the assessment of whether Matas Group has control, de facto control and potential voting rights that are real and of substance at the date of the statement of financial position are taken into account.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared according to Matas Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains to the extent that a write-down has not been made.

The subsidiaries' line items are included 100% in the consolidated financial statements. Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries that are not wholly owned is included in the consolidated profit and equity, respectively, but is presented separately.

Business combinations

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities disposed of are recognised in the consolidated financial statements until the date of disposal. The comparative figures are not restated to reflect acquisitions.

In connection with acquisitions of new entities over which Matas Group obtains control, the purchase method is used. The acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

The acquisition date is the date when Matas Group effectively obtains control over the acquired entity.

Notes to the financial statements

Note 1 – Accounting policies continued

Any excess of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised but is tested annually for impairment. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating unit subsequently forming the basis for the impairment test.

The consideration for a business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events occurring or on agreed conditions being met, that part of the consideration is recognised at fair value at the acquisition date. Contingent consideration that is not an equity instrument is subsequently measured at fair value through profit or loss. Costs attributable to business combinations are recognised directly in other external costs in the year in which they are incurred.

If uncertainties exist regarding identification or measurement of acquired assets, liabilities or contingent liabilities, initial recognition will take place on the basis of provisional values. If it subsequently becomes apparent that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement is adjusted retrospectively, including goodwill, until 12 months after the acquisition, and the comparative figures are restated. Hereafter, goodwill is not adjusted.

Gains and losses on disposal of subsidiaries are stated as the difference between the sales amount and the carrying amount of net assets including goodwill at the date of disposal less cost of disposal.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the date of the statement of financial position. The difference between the exchange rates at the date of the statement of financial position and at the date at which the receivable or payable arose or was recognised in the latest consolidated financial statements is recognised as financial income or financial expenses.

Derivative financial instruments

Derivative financial instruments are recognised at the date a derivative contract is entered into and measured in the statement of financial position at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and set-off of positive and negative values is only made when the Company has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets or liabilities are recognised in profit or loss together with changes in the fair value of the hedged asset or liability as regards the hedged portion. The portion of the value adjustment of a derivative hedging instrument that is not included in a hedge is presented in profit or loss under financial items.

For derivative financial instruments that are not designated as and/or do not qualify as hedging instruments, changes in fair value are recognised as financial income or financial expenses.

Statement of comprehensive income

Revenue

Matas Group generates revenue from sales of Mass Beauty and High-End Beauty products, vitamins, minerals and supplements, household and personal care products and over-the-counter medicine through the Matas chain's store network and webshops.

Matas Group's sales agreements are divided into separately identifiable performance obligations (relating primarily to the Club Matas loyalty programme), which are recognised and measured separately at fair value. If a sales agreement comprises more than one performance obligation, the total sales value of the sales agreement is allocated proportionately to the individual performance obligations of the agreement. Performance obligations in relation to the non-performed proportion of revenue related to the allocation of points under the Club Matas loyalty programme are deducted. Income from the sale of gift vouchers is recognised as revenue upon redemption, alternatively upon expiry of the validity period.

Revenue is recognised when control of the individual identifiable performance obligation passes to the customer. For Matas, this is generally when the goods are handed over.

Notes to the financial statements

Note 1 – Accounting policies continued

Revenue is measured at the fair value of the agreed consideration net of VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue. Having regard to Matas' operations, with sales generally being made directly to consumers, the fair value corresponds to the agreed selling price net of discounts and the value of points earned by the customer.

The proportion of the total consideration that is variable, for example in the form of discounts, bonus payments, etc., is recognised in revenue when it is reasonably certain that it will not be subsequently reversed due, for example, to non-redemption of points earned.

Cost of goods sold

Cost of goods sold comprises costs for purchase of goods for the year plus deviations in inventories in generating the revenue for the year.

Cost of goods sold is recognised after deduction of supplier discounts and bonuses.

Other external costs

Other external costs primarily comprise net marketing costs, administrative expenses and other operating and maintenance costs.

Staff costs

Staff costs comprise wages, salaries, pensions and other staff costs.

Share of profit or loss after tax of associates

Matas Group's share of the profits or losses after tax of associates is recognised in the statement of comprehensive income after elimination of the proportionate share of intra-group gains/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expenses and gains and losses on transactions denominated in foreign currencies. Furthermore, amortisation of financial assets and liabilities, as well as surcharges and allowances under the tax prepayment scheme and changes in the fair value of derivative financial instruments which are not designated as hedging instruments are included.

Tax on profit for the year

The parent company and its Danish subsidiaries are subject to the Danish rules on mandatory joint taxation of Matas Group. The jointly taxed entities are taxed under the tax prepayment scheme.

Matas A/S is the administration company in respect of the joint taxation and accordingly pays all corporation taxes to the tax authorities.

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense is recognised in profit or loss, other comprehensive income or directly in equity.

Statement of financial position

Intangible assets

Goodwill

Goodwill is initially recognised in the statement of financial position at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

Trademarks and trade names

Trademarks and trade names acquired in business combinations are measured at cost less accumulated amortisation and impairment losses. Trademarks and trade names are amortised on a straight-line basis over 15 years.

Other intangible assets

Other intangible assets, which primarily comprise software, customer lists and shares in co-operative property, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over 3-10 years.

Property, plant and equipment

Land and buildings, fixtures, fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for Matas Group. The replaced components are derecognised in the statement of financial position and their carrying amount transferred to

Notes to the financial statements

Note 1 – Accounting policies continued

profit or loss. All other costs for ordinary repairs and maintenance are recognised in profit or loss as incurred.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/ components. The expected useful lives are as follows:

Buildings	75 years
Building parts	10-25 years
Fixtures, fittings, tools and equipment	1-7 years
Leasehold improvements	2-8 years

Land is not depreciated.

Depreciation is calculated on the basis of the residual value less impairment losses. The useful life and residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Lease assets and lease liabilities

Up until 31 March 2019, leases were classified for accounting purposes as finance or operating leases. Leases were classified as finance leases if they transferred substantially all the risks and rewards incidental to ownership to the lessee. All other leases were classified as operating leases. Matas Group had no leases classified as finance leases. Operating lease payments were recognised in the statement of comprehensive income on a straight-line basis over the lease term.

Effective 1 April 2019, lease assets and lease liabilities are recognised in the statement of financial position when, under a lease concerning a specific identified asset, lease assets are made available to Matas Group for the lease term and when the Group obtains the right to substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

On initial recognition, lease liabilities are measured at the present value of future lease payments, discounted using an alternative borrowing rate. The following lease payments are recognised as part of the lease liability:

- Fixed payments
- Variable payments changing in accordance with changes in an index or a rate based on the applicable index or rate
- Payments under extension options that Matas Group is highly likely to exercise

The lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured when there is a change in the underlying contractual cash flows due to changes in an index or a rate or if Matas Group changes its assessment as to whether it reasonably expects to exercise an extension or termination option.

On initial recognition, the lease asset is measured at cost, corresponding to the value of the lease liability adjusted for prepaid lease payments plus any initial direct costs and estimated costs of reinstatement or similar and less any discounts granted or other types of incentives received from the lessor.

On subsequent recognition, the asset is measured at cost less any accumulated depreciation and impairment. The lease asset is depreciated over the shorter of the lease term and the useful life of the lease asset. The lease asset is recognised in the statement of comprehensive income on a straight-line basis.

The lease asset is adjusted for changes in the lease liability resulting from changes in the lease terms or changes in the contractual cash flows according to changes in an index or a rate.

Lease assets are depreciated on a straight-line basis over the estimated lease term, which is:

Leased stores etc.	2-8 years
Administration and warehouse buildings etc.	5-8 years
Cars and other leases	3 years

Lease assets are presented separately from lease liabilities in the statement of financial position.

Matas Group has opted not to recognise leases of low-value assets and short-term leases in the statement of financial position. Lease payments concerning such leases are instead recognised in the statement of comprehensive income on a straight-line basis.

Investments in associates

Investments in associates are measured under the equity method at the proportionate share of the enterprises' equity value calculated in accordance with Matas Group's accounting

Notes to the financial statements

Note 1 – Accounting policies continued

policies minus or plus the proportionate share of unrealised intra-group gains and losses and plus values added on acquisition, including goodwill.

Investments are tested for impairment whenever there is an indication of impairment.

Associates with negative equity value are measured at zero value. If Matas Group has a legal or constructive obligation to cover the associate's negative balance, such obligation is recognised under liabilities.

Acquisitions of investments in associates are accounted for under the purchase method, see the description of business combinations.

Impairment testing of non-current assets

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually, initially before the end of the acquisition year.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit and written down to the recoverable amount through profit or loss if the carrying amount is higher. The recoverable amount is generally computed as the present value of the expected future net cash flows.

Deferred tax assets are reviewed for impairment annually and are recognised only to the extent that it is probable that the assets will be utilised.

The carrying amount of other non-current assets is reviewed for impairment on an ongoing basis. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. The impairment loss is recognised under amortisation, depreciation and impairment losses.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment loss. Impairment losses are only reversed to the extent that the asset's new carrying amount does not exceed

the carrying amount of the asset after amortisation/depreciation, had the asset not been impaired.

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realisable value.

Goods for resale are measured at cost, comprising the purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and developments in the expected sales price.

Receivables

Receivables are measured at amortised cost. Impairment charges are recognised according to the simplified expected credit loss model, under which the total loss is recognised in the statement of comprehensive income at the same time as the receivable is recognised in the statement of financial position based on the lifetime expected credit loss.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years and are measured at cost.

Equity

Dividend

Dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The proposed dividend payment for the year is disclosed as a separate item under equity.

Translation reserve

The translation reserve in the consolidated financial statements comprises the parent company's share of foreign exchange differences arising on translation of financial statements of foreign entities from their functional currencies into the presentation currency used by Matas (Danish kroner).

Treasury share reserve

The treasury share reserve comprises cost of acquisition for the Group's portfolio of treasury shares. Dividends received from treasury shares are recognised directly in retained earnings in equity. Gains and losses from the sale of treasury shares are recognised in share premium.

Notes to the financial statements

Note 1 – Accounting policies continued

Incentive programmes

The value of services received as consideration for options granted is measured at the fair value of the options.

For equity-settled share options, the fair value is measured at the grant date and recognised under staff costs over the vesting period. The balancing item is recognised directly in equity as a shareholder transaction.

On initial recognition of Performance Share Units (PSUs), the number of PSUs expected to vest is estimated. Subsequent to initial recognition, the estimate is adjusted to reflect the actual number of exercised PSUs.

The fair value of the PSUs granted is estimated using basic assumptions. The calculation takes into account the terms and conditions of the PSUs granted.

Provisions

Provisions are recognised when, as a result of an event occurring before or at the date of the statement of financial position, Matas Group has a legal or a constructive obligation, and it is probable that there may be an outflow of economic benefits to meet the obligation.

Provisions are measured as Management's best estimate of the amount which is expected to be required to settle the liability.

On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability.

Provisions for the reinstatement of leased premises etc. on vacation are measured at the present value of the expected future liability at the date of the statement of financial position. The provision is determined based on current legislation and estimated future costs, discounted to their present value. Any specific risks that are believed to apply to the provision are recognised in estimated costs. The discount factor used reflects the general level of interest rates. Liabilities are recognised as they arise and are adjusted on a regular basis to reflect changes in requirements, price levels, etc. The present value of the costs is recognised in the cost of the items of property, plant and equipment in question and depreciated with these assets. The increase of the present value over time is recognised under financial expenses in the statement of comprehensive income.

Employee benefits

Pension obligations and similar non-current liabilities

Matas Group has entered into pension schemes and similar arrangements with the majority of its employees.

Contributions to defined contribution plans where Matas Group currently pays fixed pension payments to independent pension funds are recognised in profit or loss in the period to which they relate, and any contributions outstanding are recognised in the statement of financial position as other payables.

Matas Group has not established any defined benefit pension plans.

Current and deferred tax

In accordance with the joint taxation rules, Matas A/S in its capacity as administration company assumes the liability for payment to the tax authorities of its Danish subsidiaries' corporation taxes as the joint taxation contributions are received from the subsidiaries.

Current tax payable and receivable is recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax on temporary differences relating to goodwill which is not deductible for tax purposes, office buildings and other items where temporary differences – other than business acquisitions – arise at the date of acquisition without affecting either the profit or loss for the year or the taxable income is not recognised. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Notes to the financial statements

Note 1 – Accounting policies continued

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the date of the statement of financial position, will apply at the time when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in comprehensive income.

Prepayments from customers

Prepayments from customers comprise performance obligations regarding issued gift vouchers and the Club Matas customer loyalty programme. Performance obligations regarding gift vouchers are recognised at the date of issue. Liabilities relating to gift vouchers and the customer loyalty programme are recognised in revenue when used and/or expired.

Points issued under the Club Matas customer loyalty programme are recognised as a performance obligation at the date of recognition of the related sales. The performance obligation is measured at the estimated fair value of the Club Matas points allocated.

Financial liabilities

Financial liabilities etc. are recognised at the date of borrowing at fair value less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost, applying the effective interest rate method, to the effect that the difference between the proceeds and the nominal value is recognised under financial expenses over the term of the loan.

Other non-financial liabilities are measured at net realisable value.

Statement of cash flows

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of businesses is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognised in the cash flow statement from the date of acquisition, and cash flows from disposed businesses are recognised up until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as profit before tax adjusted for non-cash operating items, changes in working capital, interest and dividends received and corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and operations and of intangible assets, property, plant and equipment

and other non-current assets as well as acquisition and disposal of securities not recognised as cash and cash equivalents.

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of interest and dividends to shareholders.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value.

Segment information

Matas Group has one reportable segment. Therefore, the segment information only comprises information on products and services and geographical information at revenue level.

Notes to the financial statements

Note 2 – Significant accounting estimates, assumptions and judgments

Estimation uncertainty

In preparing the consolidated financial statements, Management makes a number of accounting estimates and assumptions that form the basis for the presentation, recognition and measurement of Matas' assets and liabilities.

The computation of the carrying amount of certain assets and liabilities requires that estimates and assumptions be made about future events. The estimates and assumptions used are based on historical experience and other factors which Management assesses to be reliable, but which are inherently subject to uncertainty. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties which may result in actual results differing from these estimates. It may be necessary to change previously made estimates as a result of changes in the circumstances on which the previous estimates were based or because of new knowledge or subsequent events.

The special risks to which Matas is exposed are described in the Management's review and in the notes.

Impairment testing of goodwill

In performing the annual impairment test of goodwill, an assessment is made of how the cash-generating unit to which goodwill relates will be able to generate sufficient positive net cash flows in the future to support the value of goodwill and other net assets of the relevant part of the Group.

Due to the nature of the Group's activities, the forecast cash flows cover many years into the future and are as such subject to some estimation uncertainty. This uncertainty is reflected in the discount rate applied.

The impairment test and key sources of estimation uncertainty are described in detail in note 15.

Inventory measurement

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realisable value. Goods for resale are measured at cost, comprising the purchase price plus delivery costs. The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and developments in the expected sales price.

The carrying amount of inventories recognised at net realisable value is DKK 0 at 31 March 2022 (31 March 2021: DKK 12.1 million).

Full stock counts are performed at all stores once a year, predominantly in the last quarter of the financial year. A provision for shrinkage corresponding to 1.8% of sales in the period was made at the date of the stock count. The shrinkage percentage reflects the shrinkage reported by the majority of the stores performing their stock count in the last quarter of the financial year. The shrinkage percentage was slightly lower in 2020/21.

Measurement of prepayments

Prepayments from customers comprise performance obligations regarding issued gift vouchers and the Club Matas customer loyalty programme.

Prepayments relating to gift vouchers are recognised at the date of issue.

For the Club Matas customer loyalty programme, performance obligations are recognised at the date of recognition of the sale triggering the allocation of Club Matas points. The obligation is measured at the estimated fair value of the Club Matas points allocated. The estimated fair value is by nature subject to some uncertainty with respect to the actual future redemption of points.

Lawsuits and disputes

Matas Group is a party to a number of minor disputes that are not expected to affect its financial position or future earnings to any significant extent.

Determining the term of a lease

The lease term covers the non-cancellable period of the lease plus periods comprised by an extension option which Matas reasonably expects to exercise and plus periods comprised by a termination option which Matas reasonably expects not to exercise. Matas' store leases often contain options entitling Matas to extend the lease in pursuance of Danish tenancy law. On initial recognition of the lease liability, Matas considers whether it reasonably expects to exercise the extension option and estimates the expected lease term, which estimates are reassessed upon the occurrence of a significant event or a significant change in circumstances that is within the Group's control. Upon expiry of the non-cancellable period, the individual leases are assessed in consideration of Matas' strategy.

Notes to the financial statements

Note 2 – Significant accounting estimates, assumptions and judgments, continued continued

Determining the discount factor in a lease

Matas applies an alternative borrowing rate for purposes of measuring the present value of future lease payments. In determining this alternative borrowing rate, Matas divides its portfolio of lease assets into categories with similar characteristics and risk profiles. The alternative borrowing rate is determined on initial recognition and in connection with subsequent changes resulting from Matas revising its assessment as to whether it reasonably expects to exercise a purchase, extension or termination option or from the lease being modified.

Note 3 – Segment information

Matas has one reportable segment that is selling Mass Beauty and High-End Beauty products, vitamins, minerals and supplements, household and personal care products and over-the-counter medicine.

All Matas Group's non-current assets are physically located in Denmark as at 31 March 2022 (31 March 2021: 100.0%).

Note 4 – Revenue

(DKKm)	2021/22	2020/21
Retail sales	4,242.3	4,141.7
Wholesale sales etc.	101.9	21.9
Total revenue	4,344.2	4,163.6

In financial year 2021/22, 25.1% of Matas' revenue was generated by its webshops, compared with 26.0% in 2020/21.

Revenue breaks down by product groups as follows:

(DKKm)	2021/22	2020/21
High-End Beauty	1,550.3	1,503.9
Mass Beauty	1,444.5	1,401.6
Health & Wellbeing	1,109.1	1,092.5
Other	138.4	143.7
Wholesale sales etc.	101.9	21.9
Total revenue	4,344.2	4,163.6

The product groups may be specified as follows:

- **High-End Beauty:** Luxury beauty products, including cosmetics, skincare and haircare products and fragrances.
- **Mass Beauty:** Everyday beauty products and personal care, including cosmetics and skincare and haircare products.
- **Health and Wellbeing:** MediCare (OTC medicine and nursing products). Vitamins, minerals, supplements, specialty foods and herbal medicinal products. Sports, nutrition and exercise. Mother and child. Personal care products (oral, foot and intimate care and hair removal). Special and dermatological skincare.
- **Other:** Clothing and accessories (footwear, hair ornaments, jewellery, toilet bags, etc.). House and garden (cleaning and maintenance, electrical products, interior decoration, textiles, etc.).
- **Wholesale sales etc.** comprise sales concerning the associated Matas store, value adjustments of Club Matas points, B2B and sales by Kosmolet and Web Sundhed outside of Matas.

Notes to the financial statements

Note 4 – Revenue continued

(DKKm)	2021/22	2020/21
Sale of goods	4,344.2	4,163.6
Sale of services	0.0	0.0
Total revenue	4,344.2	4,163.6

Revenue from sales of products through Matas stores is recognised when a store sells the product to the customer. Payment is usually received when the customer receives the product, or, if the customer pays by credit card, a few days later. Revenue from sales through Matas webshops is recognised and payment is received when the product is sent to the customer.

A small proportion of Matas' revenue is invoiced, e.g. wholesale sales, in which connection a receivable is recognised.

For the Club Matas customer loyalty programme, a performance obligation is recognised at the date of recognition of the sale triggering the allocation of Club Matas points. The performance obligation is measured at the estimated fair value of the Club Matas points allocated and amounted to DKK 58.4 million at 31 March 2022 (31 March 2021: DKK 65.0 million). The estimated fair value is inherently subject to some uncertainty with respect to actual future redemption and considering the flexibility of the customer loyalty programme. Revenue is recognised when the customer uses points, usually over an average period of three months.

Customers have the option of returning products, but the volume of returns at 31 March 2022 was insignificant, as was the amount of guarantee commitments.

Geographical information

Matas Group operates almost exclusively in Denmark. Revenue from sales through Danish retail stores, webshops and wholesale sales accounted for more than 98%.

Note 5 – Cost of goods sold etc.

(DKKm)	2021/22	2020/21
Cost of goods sold for the year	2,361.8	2,317.1
Write-down of inventories for the year	16.4	5.3
Total cost of goods sold etc.	2,378.2	2,322.4

Note 6 – Fees to the auditors appointed by the shareholders in general meeting

(DKKm)	2021/22	2020/21
Fees to EY	2.4	1.4
Total fees to auditors appointed by the shareholders in general meeting	2.4	1.4

(DKKm)	2021/22	2020/21
Audit	1.6	1.3
Other assurance engagements	0.1	0.1
Tax and VAT assistance	0.0	0.0
Other services	0.7	0.0
Total fees to auditors appointed by the shareholders in general meeting	2.4	1.4

Matas has adopted a policy for non-audit services provided by the auditors appointed by the shareholders in general meeting. The policy regulates when services must be approved by the Audit Committee and which services are permitted and not permitted.

Notes to the financial statements

Note 7 – Staff costs

(DKKm)	2021/22	2020/21
Wages and salaries	780.3	711.9
Defined contribution plans	52.2	48.8
Share-based payment	11.8	6.2
Other staff costs	19.1	14.5
Total staff costs	863.4	781.4

(DKKm)	2021/22	2020/21
Staff costs in statement of comprehensive income	824.1	751.8
Intangible assets	39.3	29.5
Total staff costs	863.4	781.3
Average number of employees	2,164	2,152

Over the past financial years, Matas Group has made investments in the implementation of the Company's strategy for purposes of developing concepts and digitalising Matas Group's activities using its own staff.

Note 8 – Depreciation, amortisation and impairment

(DKKm)	2021/22	2020/21
Amortisation, intangible assets	170.1	150.3
Depreciation, property, plant and equipment	73.7	76.0
Depreciation of lease assets	172.4	177.2
Loss on disposal of intangible assets	3.5	0.0
Loss on disposal of property, plant and equipment	1.6	4.2
Selling price on disposal of property, plant and equipment	0.0	(0.1)
Total depreciation, amortisation and impairment	421.3	407.6

Note 9 – Share of profit or loss after tax of associates

The share of profit or loss after tax of associates was a loss of DKK 4.6 million for 2021/22 against a profit of DKK 0.7 million in 2020/21. The 2021/22 loss primarily concerned the investment in MILD A/S.

Note 10 – Financial income

(DKKm)	2021/22	2020/21
Interest allowance from Danish tax authorities	5.1	17.3
Other	0.2	0.2
Total financial income	5.3	17.5
Interest from financial assets measured at amortised cost amounts to	0.0	0.0

Note 11 – Financial expenses

(DKKm)	2021/22	2020/21
Interest, credit institutions	17.4	26.2
Interest, lease liabilities	10.3	12.3
Interest, contingent consideration	4.8	2.3
Interest, holiday pay obligation	0.5	0.8
Amortisation of financing costs	2.6	1.7
Amortisation, CAP	1.7	1.7
Other	0.6	0.2
Total financial expenses	37.9	45.2
Interest on financial liabilities measured at amortised cost amounts to	32.5	40.8

Notes to the financial statements

Note 12 – Tax

(DKKm)	2021/22	2020/21
Tax on the profit for the year breaks down as follows:		
Tax on the profit for the year	74.6	84.4
Total tax	74.6	84.4
Tax on the profit for the year has been calculated as follows:		
Current tax	80.0	95.7
Deferred tax	(5.1)	(10.8)
Current tax regarding previous years	(0.3)	(0.5)
Total	74.6	84.4
Tax on profit for the year can be explained as follows:		
Computed 22.0% tax on profit before tax	77.2	77.7
Incentive programmes	(6.5)	0.0
Current payments, discounting	0.9	0.0
Limitation of right to deduct interest	0.1	0.0
Other	2.7	5.5
Transaction costs	0.2	1.2
Tax regarding previous years	0.0	0.0
Total tax	74.6	84.4
Effective tax rate	21.2%	23.9%

Note 13 – Earnings per share

(DKKm)	2021/22	2020/21
Profit for the year (the Group's share)	276.5	269.0
Average number of shares	38,291,492	38,291,492
Average number of treasury shares	(275,091)	(38,884)
Average number of outstanding shares	38,016,401	38,252,608
Average dilutive effect of outstanding PSUs	400,077	384,917
Diluted average number of outstanding shares	38,416,478	38,637,525
Earnings per share of DKK 2.50	7.27	7.04
Diluted earnings per share of DKK 2.50	7.20	6.96

Note 14 – Dividend per share

Based on the highly satisfactory financial results, the Board of Directors proposes that DKK 76.6 million, equivalent to 21% of Matas' adjusted profit for 2021/22, be distributed as dividends, equivalent to DKK 2.00 per share.

Notes to the financial statements

Note 15 – Intangible assets

(DKKm)	Goodwill	Trademarks and trade names	Other intangible assets	Total
Cost at 1 April 2021	3,930.6	1,203.9	451.5	5,586.0
Additions on acquisitions	65.7	0.0	18.7	84.4
Additions	0.0	0.0	132.9	132.9
Disposals	(2.7)	0.0	(1.0)	(3.7)
Cost at 31 March 2022	3,993.6	1,203.9	602.1	5,799.6
Amortisation and impairment at 1 April 2021	0.0	1,060.3	321.2	1,381.5
Amortisation	0.0	75.8	94.3	170.1
Disposals	0.0	0.0	(0.2)	(0.2)
Amortisation and impairment at 31 March 2022	0.0	1,136.1	415.3	1,551.4
Carrying amount at 31 March 2022	3,993.6	67.8	186.8	4,248.2
Cost at 1 April 2020	3,930.6	1,203.9	376.3	5,510.8
Additions	0.0	0.0	97.9	97.9
Disposals	0.0	0.0	(22.7)	(22.7)
Cost at 31 March 2021	3,930.6	1,203.9	451.5	5,586.0
Amortisation and impairment at 1 April 2020	0.0	976.7	277.2	1,253.9
Amortisation	0.0	83.6	66.7	150.3
Disposals	0.0	0.0	(22.7)	(22.7)
Amortisation and impairment at 31 March 2021	0.0	1,060.3	321.2	1,381.5
Carrying amount at 31 March 2021	3,930.6	143.6	130.3	4,204.5
Amortised over	-	15 years	3-10 years	

Other intangible assets comprise software, customer lists and shares in co-operative property as well as other intangible assets acquired in business combinations. Except for goodwill, all intangible assets are considered to have a limited useful life.

Note 16 – Impairment testing

Goodwill

Goodwill increased by DKK 65.7 million in 2021/22 as a result of the acquisition of Web Sundhed in April 2021. As at 31 March 2022, Management tested the carrying amount of goodwill for impairment at individual CGU level, defined as the Matas chain, Firtal Group, Kosmolet and Web Sundhed.

Goodwill has been allocated as follows between individual CGUs:

(DKKm)	2021/22	2020/21
Matas chain	3,729.0	3,731.7
Firtal Group	119.5	119.5
Kosmolet	79.4	79.4
Web Sundhed	65.7	0.0
Goodwill at 31 March	3,993.6	3,930.6

Management monitors goodwill on the basis of the overall group of CGUs, and the annual impairment testing of goodwill is thus performed for the Matas chain, Firtal Group, Kosmolet and Web Sundhed.

Recoverable amounts are in each individual case calculated as the higher of the value in use and the fair value less costs to sell. The descriptions below set out the value on which the recoverable amount is based.

Matas chain

As regards the Matas chain, the recoverable amount is based on the value in use, which is determined using expected net cash flows on the basis of the 2022/23 budget approved by the Board of Directors and a projection for the remaining forecast period (the years 2023/24-2026/27).

For the terminal period, an expected EBITDA growth rate of 1.5% p.a. (31 March 2021: 1.5% p.a.) has been used.

In the longer term, demand is expected to be affected by changes in the demographics, mix of consumers and consumer behaviour that support health and beauty trends in Denmark, and by developments in product prices. In addition, the level of innovation among manufacturers as well as product launches will affect demand. Matas' underlying growth is expected to be positive. In the shorter term, growth will depend partly on general economic

Notes to the financial statements

Note 16 – Impairment testing continued

trends. Matas anticipates long-term market growth within its product areas of an average 1.5% p.a., assuming stable economic growth.

Growth will also depend on inflationary trends and on whether economic growth translates into increased consumer spending.

Earnings during the forecast period are based on the EBITDA level indicated in the 2022/23 budget and expected investments based on Management's strategic forecasts.

In performing the impairment test, Management used a discount factor (WACC) after tax of 7.1% (2020/21: 6.8%), a discount factor before tax of 8.6% (2020/21: 8.3%).

The weighted average growth rate used to extrapolate future net cash flows for the years after 2026/27 is estimated at 1.5% (31 March 2021: 1.5%). The growth rate is not assessed to exceed the long-term average growth rate within the Matas chain's markets.

Based on the impairment test performed for the Matas chain at 31 March 2022, there is no current evidence of impairment. In Management's assessment, likely changes in the basic assumptions described above will not lead to the carrying amount exceeding the recoverable amount.

The WACC before tax may increase by 1.3 percentage point or terminal period EBITDA may decrease by 15% before there is need for impairment.

Firtal Group

As regards Firtal Group, the recoverable amount is based on the value in use, which is determined using expected net cash flows on the basis of the 2021/22 budget approved by the Board of Directors and a projection for the remaining forecast period (the years 2023/24-2026/27).

For the terminal period, an expected EBITDA growth rate of 1.5% p.a. (31 March 2021: 1.5% p.a.) has been used.

Firtal Group was acquired in autumn 2018. Firtal Group, which operates a number of webshops focused on well-defined niche segments, has grown faster than was anticipated at the time of the acquisition and is expected to continue to report strong growth in the years ahead.

Earnings during the forecast period are based on the EBITDA level indicated in the 2022/23 budget and expected investments based on Management's strategic forecasts.

In performing the impairment test, Management used a discount factor (WACC) after tax of 8.8% (2020/21: 8.4%), a discount factor before tax of 10.9% (2020/21: 10.7%).

The weighted average growth rate used to extrapolate future net cash flows for the years after 2026/27 is estimated at 1.5% (31 March 2021: 1.5%).

Based on the impairment test performed for Firtal Group at 31 March 2022, there is no current evidence of impairment. In Management's assessment, likely changes in the basic assumptions described above will not lead to the carrying amount exceeding the recoverable amount.

The WACC before tax may increase by 2.9 percentage point or terminal period EBITDA may decrease by 32% before there is need for impairment.

Kosmolet

As regards Kosmolet, the recoverable amount is based on the value in use, which is determined using expected net cash flows on the basis of the 2022/23 budget approved by the Board of Directors and a projection for the remaining forecast period (the years 2023/24-2026/27).

For the terminal period, an expected EBITDA growth rate of 1.5% p.a. has been used.

Kosmolet, the owner of the Danish makeup brand Nilens Jord, was acquired in June 2019. Management believes Nilens Jord was the most popular Danish makeup brand in financial year 2021/22 and expects it to retain this position in the years ahead.

Earnings during the forecast period are based on the EBITDA level indicated in the 2022/23 budget and expected investments based on Management's strategic forecasts.

In performing the impairment test, Management used a discount factor (WACC) after tax of 8.8% (2020/21: 8.7%), a discount factor before tax of 11.0% (2020/21: 11.2%).

The weighted average growth rate used to extrapolate future net cash flows for the years after 2025/26 is estimated at 1.5% (31 March 2021: 1.5%).

Based on the impairment test performed for Kosmolet at 31 March 2022, there is no current evidence of impairment. In Management's assessment, likely changes in the basic

Notes to the financial statements

Note 16 – Impairment testing continued

assumptions described above will not lead to the carrying amount exceeding the recoverable amount.

The WACC before tax may increase by 3.7 percentage point or terminal period EBITDA may decrease by 50% before there is need for impairment.

Web Sundhed

As regards Web Sundhed, the recoverable amount is based on the value in use, which is determined using expected net cash flows on the basis of the 2022/23 budget approved by the Board of Directors and a projection for the remaining forecast period (the years 2023/24-2026/27).

For the terminal period, an expected EBITDA growth rate of 1.5% p.a. has been used.

Web Sundhed was acquired in April 2021 and consists of the companies Apo IT ApS and Web-Apo ApS. The activities of the acquired businesses comprise sourcing, IT, logistics and marketing services.

In performing the impairment test, Management used a discount factor (WACC) after tax of 8.8%, a discount factor before tax of 10.6%.

The weighted average growth rate used to extrapolate future net cash flows for the years after 2025/26 is estimated at 1.5% (31 March 2021: 1.5%).

Based on the impairment test performed for Web Sundhed at 31 March 2022, there is no current evidence of impairment. In Management's assessment, likely changes in the basic assumptions described above will not lead to the carrying amount exceeding the recoverable amount.

The WACC before tax may increase by 1.6 percentage point or terminal period EBITDA may decrease by 15% before there is need for impairment.

Note 17 – Property, plant and equipment

(DKKm)	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Assets in progress	Total
Cost at 1 April 2021	134.9	322.9	225.4	0.0	683.2
Additions on acquisitions	0.0	1.7	0.0	0.0	1.7
Additions	1.4	30.4	9.1	9.6	50.5
Disposals	0.0	(3.6)	(2.3)	0.0	(5.9)
Cost at 31 March 2022	136.3	351.4	232.2	9.6	729.5
Depreciation and impairment at 1 April 2021	44.1	219.7	173.9	0.0	437.7
Depreciation	5.6	48.6	19.5	0.0	73.7
Disposals	0.0	(3.6)	(1.5)	0.0	(5.1)
Depreciation and impairment at 31 March 2022	49.7	264.7	191.9	0.0	506.3
Carrying amount at 31 March 2022	86.6	86.7	40.3	9.6	223.2
Cost at 1 April 2020	130.3	320.0	217.2	0.0	667.5
Additions	4.6	34.2	11.7	0.0	50.5
Disposals	0.0	(31.3)	(3.5)	0.0	(34.8)
Cost at 31 March 2021	134.9	322.9	225.4	0.0	683.2
Depreciation and impairment at 1 April 2020	38.9	202.7	153.8	0.0	395.4
Depreciation	5.2	47.6	23.2	0.0	76.0
Disposals	0.0	(30.6)	(3.1)	0.0	(33.7)
Depreciation and impairment at 31 March 2021	44.1	219.7	173.9	0.0	437.7
Carrying amount at 31 March 2021	90.8	103.2	51.5	0.0	245.5
Depreciated over:	10-75 years	1-7 years	2-8 years	-	

Notes to the financial statements

Note 18 – Treasury shares

(DKKm)	Number of shares of DKK 2.5		% of share capital	
	2021/22	2020/21	2020/21	2019/20
1 April	22,943	103,977	0.06%	0.27%
Disposed of in connection with exercise of LTIP 2017/18	0	(81,034)	0.00%	(0.21)%
Disposed of in connection with exercise of LTIP 2018/19	(14,359)	0	(0.04)%	0.00%
Share buyback programme 2021/22	618,001	0	1.61%	0.00%
Treasury shares at 31 March	626,585	22,943	1.64%	0.06%

A total of 14,359 treasury shares were assigned in connection with the exercise of LTIP 2018/19. Reference is made to note 31 for a description of the Group's incentive programmes.

For an overview of outstanding incentive programmes, see note 31.

Note 19 – Inventories

(DKKm)	2021/22	2020/21
Goods for resale	890.1	854.6
Carrying amount of inventories recognised at net selling price	0.0	12.1
Inventories at 31 March	890.1	866.7

Note 20 – Trade receivables

Trade receivables primarily relate to wholesale sales. Provisions for expected losses on trade receivables, included in the carrying amount of trade receivables, have developed as follows:

Expected loss on trade receivables based on an estimated loss rate:

(DKKm)	2021/22	2020/21
1 April	0.5	0.5
Impairment in the year	0.0	0.0
Realised in the year	0.0	0.0
Impairment at 31 March	0.5	0.5

Moreover, the following trade receivables which were overdue but not impaired at 31 March are included:

(DKKm)	2021/22	2020/21
Maturity:		
Up until 30 days	0.3	0.4
Between 30 and 90 days	0.1	0.1
More than 90 days	1.8	0.2
Impairment at 31 March	2.2	0.7

Notes to the financial statements

Note 21 – Equity

Share capital

The nominal value of the share capital is DKK 95,728,730 divided into shares of DKK 2.50, equivalent to 38,291,492 shares and 38,291,492 votes. The shares are not divided into share classes.

Capital structure

The Group's capital structure must at all times ensure the financial flexibility required to implement the strategic objectives announced.

The financial gearing ratio, measured as net interest-bearing debt to EBITDA before special items, may under exceptional circumstances, such as major strategic initiatives, temporarily exceed 3.

Going forward, specifically towards the end of the strategy period, the Group expects to generate a substantial free cash flow once more. The free cash flow will, in order of priority, be used to bring down debt if the financial gearing target has not been met; for investing for profitable growth within the existing business; and for distribution to the shareholders by way of dividends and, possibly, share buybacks.

The ratio of equity to total equity and liabilities was 52.0% at 31 March 2022 (31 March 2021: 49.5%).

Note 22 – Deferred tax

(DKKm)	2021/22	2020/21
Deferred tax at 1 April	199.2	210.0
Additions on acquisitions	(1.3)	0.0
Deferred tax for the year, recognised in profit for the year	(5.1)	(10.8)
Deferred tax at 31 March	192.8	199.2
Deferred tax is recognised as follows in the statement of financial position:		
Deferred tax (asset)	0.0	0.0
Deferred tax (liability)	192.8	199.2
Deferred tax at 31 March, net	192.8	199.2
Deferred tax relates to:		
Intangible assets	185.5	200.9
Property, plant and equipment	11.3	5.1
Inventories	(0.3)	(1.0)
Other assets and liabilities	(3.7)	(5.8)
Deferred tax at 31 March, net	192.8	199.2

Unrecognised deferred tax assets which are not expected to be utilised against future earnings amount to DKK 10.7 million (2020/21: DKK 10.8 million).

Notes to the financial statements

Note 22 – Deferred tax continued

Changes in temporary differences during the year:

(DKKm)	Balance at 1 April	Additions on acquisitions	Recognised in profit for the year, net	Balance at 31 March
2021/22				
Intangible assets	200.9	(0.9)	(14.5)	185.5
Property, plant and equipment	5.1	(0.4)	6.5	11.2
Inventories	(1.0)	0.0	0.7	(0.3)
Other assets	(5.8)	0.0	2.2	(3.6)
Total	199.2	(1.3)	(5.1)	192.8

(DKKm)	Balance at 1 April	Additions on acquisitions	Recognised in profit for the year, net	Balance at 31 March
2020/21				
Intangible assets	205.3	0.0	(4.4)	200.9
Property, plant and equipment	9.8	0.0	(4.7)	5.1
Inventories	0.4	0.0	(1.4)	(1.0)
Other assets	(5.5)	0.0	(0.3)	(5.8)
Total	210.0	0.0	(10.8)	199.2

Note 23 – Prepayments from customers

Prepayments from customers comprise performance obligations regarding issued gift vouchers and the Club Matas customer loyalty programme. Prepayments relating to gift vouchers are recognised at the date of issue.

For the Club Matas customer loyalty programme, performance obligations are recognised at the date of recognition of the sale triggering the allocation of Club Matas points. The performance obligation is measured at the estimated fair value of the Club Matas points allocated. The estimated fair value is inherently subject to some uncertainty with respect to actual future redemption and considering the flexibility of the customer loyalty programme.

Notes to the financial statements

Note 24 – Amounts owed to credit institutions

(DKKm)	2021/22	2020/21
Amounts owed to credit institutions are recognised in the statement of financial position as follows:		
Non-current liabilities	996.1	0.0
Current liabilities	157.9	1,098.3
Total	1,154.0	1,098.3
Nominal value	1,157.9	1,100.0
Falls due more than 5 years after the reporting date, nominal value		
	0.0	0.0
Fair value	1,157.9	1,100.0

The fair value of financial liabilities is determined as the present value of expected future instalments and interest payments. The current interest rate for similar loan periods in Matas Group is used as discount rate.

In August 2021, Matas concluded a new funding agreement in replacement of the former agreement.

The previous interest rate hedging instrument, a CAP, was not renewed on expiry at 31 March 2022. No new interest-rate hedging instrument has been acquired.

Amounts owed to credit institutions carry variable interest at an initial margin in the range of 55-110 basis points above CIBOR (however, at least 0% for the main part of the debt) and include a margin ratchet dependent on the level of leverage. At 31 March 2022, the effective interest rate on the net debt was 0.4-1.1% p.a. (31 March 2021: 0.2-1.4% p.a.).

Matas Group's credit facility is subject to special covenants. Matas Group has complied with these covenants since raising the facility.

Note 25 – Other payables

(DKKm)	2021/22	2020/21
Included in current liabilities:		
VAT payable	32.4	38.6
Holiday pay obligation	66.9	56.7
Pay-related liabilities	50.7	75.2
Contingent consideration	0.0	19.4
Other creditors	0.1	9.3
Total other payables, current liabilities	150.1	199.2

Note 26 – Changes in working capital

(DKKm)	2021/22	2020/21
Change in inventories	(23.4)	95.8
Change in deposits and receivables	(7.7)	13.4
Change in trade payables and other payables	(150.5)	116.2
Total changes in working capital	(181.6)	225.4

Changes in working capital are exclusive of acquisitions of subsidiaries.

Notes to the financial statements

Note 26 – Changes in working capital continued

(DKKm)	1/4 2021	Cash flows	Non-cash changes	31/3 2022
2021/22				
Credit institutions	1,100.0	57.9	0.0	1,157.9
Lease liabilities	669.6	(167.7)	21.1	523.0
Liabilities from financing activities	1,769.6	(109.8)	21.1	1,680.9

(DKKm)	1/4 2020	Cash flows	Non-cash changes	31/3 2021
2020/21				
Credit institutions	1,825.0	(725.0)	0.0	1,100.0
Lease liabilities	784.4	(168.8)	54.0	669.6
Liabilities from financing activities	2,609.4	(893.8)	54.0	1,769.6

Note 27 – Acquisition of subsidiaries and contingent consideration

Contingent consideration of DKK 20.0 million concerning the acquisition of Firtal Group was paid at the beginning of financial year 2021/22.

On 12 April 2021, Matas Group acquired all shares and voting rights in the companies Apo IT ApS and Web-Apo ApS. The companies were acquired through the newly established subsidiary Web Sundhed ApS. The activities of the acquired businesses comprise sourcing, IT, logistics and marketing services.

The total purchase price amounted to DKK 73.4 million, of which DKK 42.1 million was paid upfront. Up to DKK 20 million of the purchase price is contingent on certain milestones being reached, while DKK 25.0 million, recognised at a fair value of DKK 31.3 million at the acquisition date, has been deferred. Cash and cash equivalents amount to DKK 13.5 million, and the net cash consideration is DKK 28.6 million.

Transaction costs in the amount of DKK 5.1 million were paid in 2021/22 in connection with the acquisition. The transaction costs were recognised in financial year 2020/21 under other external costs.

For the period since the acquisition, revenue of DKK 79.4 million and EBITDA of DKK (1.5) million has been recognised in relation to the companies. If the companies had been recognised at 1 April 2021, revenue would have amounted to DKK 81.5 million and EBITDA to DKK (1.5) million.

The pre-acquisition balance sheet contains assets of a fair value of DKK 33.7 million, including customer contracts (other intangible assets) of DKK 9.9 million, IT development projects of DKK 7.3 million and cash and cash equivalents of DKK 13.5 million.

Liabilities amount to DKK 26.3 million, including trade payables of DKK 21.2 million and deferred tax liabilities.

The fair value of acquired net assets is DKK 7.7 million.

Management expects the conditions for the payment of contingent consideration, relating primarily to revenue and earnings, to be met. If the conditions are met, the contingent consideration becomes payable in March 2024 (up to DKK 10.0 million) and March 2025 (up to DKK 10.0 million), respectively. The deferred purchase price of DKK 25.0 million becomes payable in March 2024.

The total consideration amounts to DKK 73.4 million, and goodwill arising on the acquisition was DKK 65.7 million.

Notes to the financial statements

Note 27 – Acquisition of subsidiaries and contingent consideration continued

Goodwill represents the value of the existing employees and know-how as well as expected synergies from the combination with Matas Group. The goodwill recognised is not tax-deductible.

Management has based its fair value measurement on assumptions not observable in the market, which corresponds to level 3 measurement in the fair value hierarchy.

The carrying amount of goodwill developed as follows in financial year 2021/22:

(DKKm)	2021/22	2020/21
Goodwill at 1 April	3,930.6	3,930.6
Addition on Web Sundhed ApS' acquisition of Apo-Web ApS and Apo IT ApS	65.7	-
Disposal relating to retail network changes	(2.7)	-
Goodwill at 31 March	3,993.6	3,930.6

Note 28 – Contingent liabilities and security

Matas Group is a party to a number of minor disputes that are not expected to affect its financial position or future earnings to any significant extent.

In addition, Matas has, in the normal course of business, provided security in the form of bank guarantees to store lessors for a total amount of DKK 16 million (2020/21: DKK 20 million).

Note 29 – Financial risks and financial instruments

The Group's risk management policy

As a consequence of its financing, Matas Group is exposed to changes in the level of interest rates. Matas Group has limited exposure to changes in foreign currencies. Matas Group does not engage in active speculation in financial risks. The Group's financial management is thus aimed solely at controlling the financial risks which are a direct result of the Group's operations and financing.

For a description of the accounting policies and methods applied, including recognition criteria and measurement basis, see the accounting policies.

There are no changes in the Group's risk exposure or risk management compared with previous years.

Interest rate risks

It is Matas Group policy to hedge interest rate risks on its loans when it is assessed attractive. Hedging is usually made by means of interest rate swaps or the like, through which floating-rate loans are converted into loans with a fixed interest rate.

The previous interest rate hedging instrument, a CAP, was not renewed on expiry at 31 March 2022. No new interest-rate hedging instrument has been acquired.

Due to Matas Group's floating-rate cash and cash equivalents and debt to credit institutions, a drop in interest rates of 1% p.a. relative to the actual level of interest rates would, other things being equal, have a positive effect on the profit for the year of DKK 11 million (2020/21: DKK 5 million) and on year-end equity of DKK 11 million (31 March 2021: DKK 5 million).

Sensitivity analysis assumptions

Sensitivities are calculated on the basis of financial assets and liabilities recognised at 31 March. No adjustments have been made for instalments, raising of loans, etc. during the course of the year.

Estimated fluctuations are based on the current market situation and expectations for developments in the interest rate level.

Currency risk

The Group's currency risk is primarily related to its purchases in EUR. The Group has not entered into any foreign exchange contracts.

Notes to the financial statements

Note 29 – Financial risks and financial instruments continued

Liquidity risk

The Group's liquidity reserve consists of cash and cash equivalents and unutilised credit facilities and amounted to DKK 812 million at 31 March 2022 (31 March 2021: DKK 970 million). The Group aims to maintain sufficient cash resources for, among other things, strategic investments. The Group's financial liabilities fall due as follows:

(DKKm)	Carrying amount	Contractual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
2021/22						
Non-derivative financial instruments						
Credit institutions	1,154.0	1,157.9	157.9	1,000.0	0.0	0.0
Lease liabilities	523.0	537.6	181.4	205.5	139.8	10.9
Trade payables	662.9	662.9	662.9	0.0	0.0	0.0
Contingent consideration and deferred purchase price	37.7	45.0	0.0	45.0	0.0	0.0
Financial liabilities at 31 March 2022	2,377.6	2,403.4	1,002.2	1,250.5	139.8	10.9

(DKKm)	Carrying amount	Contractual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
2020/21						
Non-derivative financial instruments						
Credit institutions	1,098.3	1,114.9	1,114.9	0.0	0.0	0.0
Lease liabilities	669.6	693.8	177.1	301.5	142.0	73.2
Trade payables	692.4	692.4	692.4	0.0	0.0	0.0
Contingent consideration	19.4	20.0	20.0	0.0	0.0	0.0
Financial liabilities at 31 March 2021	2,479.7	2,521.1	2,004.4	301.5	142.0	73.2

Maturity analysis assumptions

The maturity analysis is based on all undiscounted cash flows including estimated interest payments. The estimates of interest payments are based on current market conditions.

On the basis of the Group's expectations regarding future operations and its current cash resources, no significant liquidity risks have been identified.

Credit risk

The Group's credit risks are related to receivables and cash and cash equivalents. The maximum credit risk related to financial assets corresponds to the values recognised in the statement of financial position.

The Group is not exposed to any significant risks regarding any one individual customer or partner. Accordingly, trade receivables are not insured. The Group has no significant overdue receivables and has therefore only recognised minor loss allowances, see note 19.

(DKKm)	Carrying amount 2021/22	Fair value 2021/22	Carrying amount 2020/21	Fair value 2020/21
Deposits	46.8	46.8	44.1	44.1
Trade receivables	26.6	26.6	15.2	15.2
Other receivables	7.1	7.1	4.6	4.6
Cash and cash equivalents	28.2	28.2	40.7	40.7
Loans and receivables	108.7	108.7	104.6	104.6
<i>Non-current financial liabilities</i>				
Credit institutions	996.1	1,000.0	0.0	0.0
Lease liabilities	348.4	348.4	495.5	495.5
<i>Current financial liabilities</i>				
Credit institutions	157.9	157.9	1,098.3	1,100.0
Lease liabilities	179.5	179.5	174.1	174.1
Suppliers	662.9	662.9	692.4	692.4
Financial liabilities at amortised cost	2,344.8	2,348.7	2,460.3	2,462.0

The methods applied are unchanged from 2020/21.

Notes to the financial statements

Note 29 – Financial risks and financial instruments continued

Derivative financial instruments

Matas Group uses derivative financial instruments to partially hedge the interest rate risk on the Company's loans. Matas Group does not actively speculate in the interest rate development.

In 2018, Matas Group entered into an agreement concerning an interest rate hedging instrument, a CAP, with a principal amount of DKK 550 million for partial hedging of interest rate risks on the Company's loans. The agreement expired at 31 March 2022.

(DKKm)	Notional amount	Fair value adjustment recognised through profit or loss	Fair value	Term to maturity (months)
2021/22				
<i>Interest rate risk</i>				
CAP	0.0	0.0	0.0	0.0
2020/21				
<i>Interest rate risk</i>				
CAP	550.0	0.0	0.0	12.0

Note 30 – Leases

Matas' lease assets are as follows:

(DKKm)	2021/22	2020/21
Store leases etc.	437.4	594.7
Administration and warehouse buildings etc.	60.1	53.4
Cars and other leases	2.7	3.7
Total lease assets	500.2	651.8

Matas Group's lease liabilities may be specified as follows:

(DKKm)	2021/22	2020/21
Non-current liabilities	343.5	495.5
Current liabilities	179.5	174.1
Total lease liabilities	523.0	669.6

Matas Group's retail leases are subject to a notice of termination of between 3 and 12 months as they are mostly evergreen contracts as defined in the Danish Business Rent Act.

The following amounts have been recognised in the statement of comprehensive income:

(DKKm)	2021/22	2020/21
Store leases	155.9	163.4
Administration and warehouse buildings etc.	12.5	9.7
Cars and other leases	4.0	4.1
Total depreciation of lease assets	172.4	177.2

In 2021/22, Matas made lease payments concerning recognised assets of DKK 178.6 million (2020/21: DKK 181.6 million).

Matas is the lessee of a limited number of premises. For some of these leases, the full rent is based on revenue, while for others, rent is partially based on revenue.

Notes to the financial statements

Note 30 – Leases continued

Revenue-based rent is not comprised by IFRS 16 and is therefore not included in the above tables. Revenue-based rent is, as before, recognised under other external costs and amounted to DKK 3.7 million.

A total amount of DKK 4.5 million (2020/21: DKK 4.5 million) was recognised in the statement of comprehensive income regarding short-term leases and leases of low-value assets. Lease liabilities relating to non-recognised short-term leases and leases of low-value assets amounted to DKK 1.9 million at 31 March 2022 (2020/21: DKK 1.9 million).

Note 31 – Management's remuneration, share options and shareholdings

At the annual general meeting held on 29 June 2021, it was resolved to increase committee fees to the effect that the chairman and the members of the Audit Committee will receive DKK 150,000 and DKK 75,000, respectively, the chairman and the members of the Nomination Committee will receive DKK 75,000 and DKK 37,500, respectively, and the chairman and the members of the Remuneration Committee will receive DKK 75,000 and DKK 37,500, respectively, in addition to the fixed annual fee for their committee work. No separate remuneration is paid for board meetings held in another country than the board member's country of residence, but travel expenses are reimbursed.

The fixed salary of the members of the Executive Management consists of a salary, pension contributions and other employee benefits. In addition, the members of the Executive Management are eligible to receive a short-term bonus subject to achievement of certain financial targets. The CEO is eligible to receive a bonus of up to 70% of his annual base salary, whilst the CFO is eligible to receive up to 60% of his annual base salary.

Moreover, the members of the Executive Management are eligible to receive share options or other rights such as PSUs (Performance Share Units) at a value of up to 100% of their annual base salary excluding pension contributions as at the date of grant. A breakdown of management compensation included in staff costs (see note 7) appears as follows:

Note 31 – Management's remuneration, share options and shareholdings continued

(DKKm)	Fixed salary incl. benefits	Pension contributions	Short-term bonus ¹⁾	Total	PSUs ²⁾	Total, including PSUs
2021/22						
Gregers Wedell-Wedellsborg	5.2	0.5	3.2	9.0	3.8	12.8
Anders Skole-Sørensen	2.8	0.3	1.4	4.4	1.4	5.9
Executive Management, total	8.0	0.8	4.7	13.4	5.3	18.7
Executive Management, termination benefit,						
Anders Skole-Sørensen	7.4	-	-	7.4	-	7.4
Other executives, total	16.8	1.1	2.2	20.1	5.4	25.5
Lars Vinge Frederiksen	0.9	-	-	0.9	-	0.9
Lars Frederiksen	0.5	-	-	0.5	-	0.5
Henrik Taudorf Lorensen	0.4	-	-	0.4	-	0.4
Mette Maix	0.4	-	-	0.4	-	0.4
Signe Trock Hilstrøm ³⁾	0.1	-	-	0.1	-	0.1
Birgitte Nielsen	0.4	-	-	0.4	-	0.4
Kenneth Melchior ⁴⁾	0.3	-	-	0.3	-	0.3
Board of Directors, total	2.9	-	-	2.9	-	2.9
Total	35.1	1.9	6.8	43.8	10.6	54.4

1) Paid in 2021/22 concerning 2020/21. 2) Granted in the year. 3) Resigned on 29 June 2021. 4) Joined on 29 June 2021.

Matas A/S may terminate an employment relationship with a member of the Executive Management by giving up to 24 months' notice. A member of the Executive Management may terminate the employment relationship by giving at least four months' notice. Termination benefits cannot exceed the aggregate compensation paid to the member of the Executive Management during the last 24 months.

Notes to the financial statements

Note 31 – Management's remuneration, share options and shareholdings continued

Two executives resigned in financial year 2021/22.

In addition, Matas has signed a severance agreement with CFO Anders Skole-Sørensen, who will resign on 1 June 2022. Under the severance agreement, ordinary remuneration, including participation in the ordinary LTIP and STIP programmes, will be paid until the end of financial year 2022/23. In addition, in accordance with the Danish Salaried Employees Act, Anders Skole-Sørensen will receive one month's termination benefits in connection with his last monthly salary. Lastly, as he is considered a good leaver, Anders Skole-Sørensen is entitled to retain already granted PSUs and to exercise them under the terms and conditions of the incentive programme. A total of DKK 7.4 million relating to this severance agreement was recognised in financial year 2021/22.

(DKKm)	Fixed salary incl. benefits	Pension contributions	Short-term bonus ¹⁾	Total	PSUs ²⁾	Total, including PSUs
2020/21						
Gregers Wedell-Wedellsborg	4.9	0.5	2.8	8.1	2.5	10.6
Anders Skole-Sørensen	2.7	0.2	1.3	4.2	1.3	5.5
Executive Management, total	7.5	0.7	4.1	12.3	3.7	16.1
Other executives, total	13.7	1.0	3.3	18.0	2.9	20.9
Lars Vinge Frederiksen	0.8	-	-	0.8	-	0.8
Lars Frederiksen	0.5	-	-	0.5	-	0.5
Christian Mariager ³⁾	0.1	-	-	0.1	-	0.1
Henrik Taudorf Lorensen	0.2	-	-	0.2	-	0.2
Mette Maix	0.3	-	-	0.3	-	0.3
Signe Trock Hilstrøm	0.3	-	-	0.3	-	0.3
Birgitte Nielsen	0.4	-	-	0.4	-	0.4
Board of Directors, total	2.5	-	-	2.5	-	2.5
Total	23.7	1.7	7.4	32.8	6.7	39.4

1) Paid in 2020/21 concerning 2019/20. 2) Granted in the year. 3) Resigned on 30 June 2020.

Two executives resigned in financial year 2020/21.

In accordance with Matas A/S' overall guidelines on incentive pay, Matas in 2021/22 granted a total of 123,082 PSUs to purchase shares in Matas A/S, consisting of 60,907 PSUs to members of the Executive Management and 62,175 PSUs to key employees. Depending on the achievement of two KPIs, which are each weighted 50%, the number of PSUs granted may at vesting vary between 75% and 150% of the number originally granted. One KPI is based on the EBITDA before special items performance and the other on the revenue performance in the period up to and including financial year 2023/24. The PSUs are granted free of charge, and provided that the PSUs vest and do not lapse, each PSU entitles the holder to receive one Matas share at the time of vesting. Provided that the KPIs described above are achieved, the PSUs granted will vest after publication of the annual report for 2023/24.

Assuming minimum and maximum achievement, respectively, of the KPIs by the end of financial year 2023/24, the PSUs represent a value of DKK 10.6 million and DKK 21.2 million, respectively.

Programme	Number of employees	Number of PSUs granted	Market value at grant (DKKm)
2019/20	12	182,583	7.1 - 14.2
Adjustment relating to retired employees	(5)	(46,277)	(1.8) - (3.6)
2019/20, adjusted	7	136,356	5.3 - 10.6
2020/21	10	129,356	6.7 - 13.3
Adjustment relating to retired employees	(2)	(15,787)	(0.8) - (1.6)
2020/21, adjusted	8	113,569	5.9 - 11.7
2021/22	11	123,082	10.6 - 21.2
Adjustment relating to retired employees	(2)	(15,164)	(1.3) - (2.6)
2021/22, adjusted	9	107,918	9.3 - 18.6

Notes to the financial statements

Note 31 – Management's remuneration, share options and shareholdings continued

Movements in outstanding PSUs:

(No.)	Gregers Wedell-Wedellsborg	Anders Skole-Sørensen	Executive Management, total	Executives	Total	Market value at grant (DKKm)
Outstanding at 1 April 2021	166,444	87,593	254,037	133,449	387,486	17.3 - 34.5
PSUs vested in 2021/22	(57,561)	(30,292)	(87,853)	(39,009)	(126,862)	(5.8) - (11.6)
PSUs granted in 2021/22	44,293	16,614	60,907	62,175	123,082	10.6 - 21.2
Retired employees	-	-	-	(25,863)	(25,863)	(1.6) - (3.2)
Outstanding at 31 March 2022	153,176	73,915	227,091	130,752	357,843	20.5 - 40.9

The number of outstanding PSUs under all ongoing programmes totals 435,021 including resigned employees.

In 2021/22, the cost recognised relating to PSUs was DKK 11.8 million, including DKK 4.2 million relating to retired/retiring employees.

Shareholdings

Shareholdings of the Board of Directors and the Executive Management in Matas A/S and changes in shareholdings in 2021/22:

	Shareholding at 1 April 2021	Purchase/sale in the period	Shareholding at 31 March 2022	Market value at 31 March 2022
	No.	No.	No.	(DKKm)
Board of Directors				
Lars Vinge Frederiksen, Chairman	19,095	0	19,095	1.8
Lars Frederiksen	8,269	0	8,269	0.8
Birgitte Nielsen	3,439	0	3,439	0.3
Henrik Taudorf Lorensen	2,000	0	2,000	0.2
Signe Trock Hilstrøm ¹⁾	400	(400)	0	0
Mette Maix	1,700	0	1,700	0.2
Kenneth Melchior ²⁾	0	0	0	0
Executive Management				
Gregers Wedell-Wedellsborg	48,242	3,953	52,195	5.0
Anders Skole-Sørensen	115,936	2,080	118,016	11.4

1) Resigned on 29 June 2021. 2) Joined on 29 June 2021.

Notes to the financial statements

Note 32 – Related parties

Matas Group's related parties with significant influence comprise the companies' boards of directors and executive boards and their related family members. Further, related parties comprise companies in which the above-mentioned persons have significant interests as well as associates.

Following the acquisition of the Group in 2007, leases were entered into with former store owners as landlords for approximately 57 of the Group's current leased stores, including board member Lars Frederiksen, who indirectly owns one leased store. Rent for the retail lease was DKK 0.8 million (2020/21: DKK 0.7 million).

Management's remuneration is disclosed in note 31.

Note 33 – Events after the date of the statement of financial position

No subsequent events have occurred that materially affect Matas Group's financial position.

Note 34 – New financial reporting regulation

Standards and interpretations that have been issued but not yet entered into force will be implemented when they come into force. As of the date of release of this annual report for 2021/22, the ISAB has issued the following new and amended financial reporting standards and interpretations which are not mandatory for Matas A/S in the preparation of the annual report for 2021/22:

- IAS 1 Presentation of Financial Statements – Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Deferral of Effective Date)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IAS 1 Presentation of Financial Statements – Amendments to IAS 1 and IFRS Practice 2: Disclosure of Accounting Policies
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Annual Improvements to IFRSs 2018-2020 Cycle.

Matas Group

	Domicile	Ownership
Parent company		
Matas A/S	Denmark	
Denmark		
Subsidiaries		
Matas Operations A/S	Denmark	100%
Matas Property A/S	Denmark	100%
Firtal Group ApS	Denmark	100%
Firtal Web A/S	Denmark	100%
Firtal Tech ApS	Denmark	74%
Firtal Distribution ApS	Denmark	100%
Kosmolet A/S	Denmark	100%
Web Sundhed ApS	Denmark	100%
Web-Apo ApS	Denmark	100%
Apo-IT ApS	Denmark	100%
Associates		
Geniads ApS	Denmark	50%
Miild A/S	Denmark	40%
Other countries		
Matas Torshavn P/F	Faroe Islands	100%
Matas Sverige AB (dormant)	Sweden	100%



Parent company financial statements

- ▷ Income statement
- ▷ Cash flow statement
- ▷ Balance sheet
- ▷ Statement of changes in equity
- ▷ Summary of notes to the financial statements
- ▷ Notes to the financial statements

Income statement

(DKKm)	Note	2021/22	2020/21
Other operating income	3	11.3	10.4
Other external costs		(4.0)	(3.9)
Staff costs	4	(33.4)	(20.5)
EBIT		(26.1)	(14.1)
Financial income	5	0.0	17.3
Financial expenses	6	(1.0)	0.0
Profit/loss before tax		(27.1)	3.3
Tax on profit/loss for the year	7	13.0	(0.5)
Profit/loss for the year		(14.1)	2.8
Other comprehensive income			
Other comprehensive income after tax		0.0	0.0
Total comprehensive income for the year		(14.1)	2.8
Proposed appropriation of profit			
Proposed dividend: DKK 2.00 per share (2020/21: DKK 2.00 per share)		76.6	76.6
Retained earnings		(14.1)	(73.8)
Total		(90.7)	2.8

Cash flow statement

(DKKm)	Note	2021/22	2020/21
Profit/loss before tax		(27.1)	3.3
Financial income	5	0.0	(17.3)
Financial expenses	6	1.0	0.0
Non-cash operating items etc.		(13.4)	6.2
Cash generated from operations before changes in working capital		(39.5)	(7.8)
Changes in working capital	10	0.2	0.6
Cash generated from operations		(39.3)	(7.2)
Interest received	5	0.0	17.3
Corporation tax paid		(109.2)	(84.0)
Cash flow from operating activities		(148.5)	(73.9)
Change in receivables from group entities		0.0	46.9
Cash flow from investing activities		0.0	46.9
Free cash flow		(148.5)	(27.0)
Dividend paid		(76.6)	0.0
Share buyback programme		(75.1)	0.0
Interest paid		1.0	0.0
Interest receivable received		0.0	29.3
Amount received from former parent company		0.0	50.3
Debt raised/settled with group entities		299.2	(52.6)
Cash flow from financing activities		148.5	27.0
Net cash flow from operating, investing and financing activities		0.0	0.0
Cash and cash equivalents at 1 April		0.0	0.0
Cash and cash equivalents at 31 March		0.0	0.0

Balance sheet

at 31 March

(DKKm)	Note	2021/22	2020/21
ASSETS			
Non-current assets			
Investments in subsidiaries	8	2,036.3	2,036.3
Deferred tax assets		7.1	2.5
Total non-current assets		2,043.4	2,038.8
Current assets			
Receivables from group entities	12	0.0	52.4
Corporation tax receivable	7	56.8	31.7
Other receivables		0.6	0.0
Prepayments		0.0	0.5
Total current assets		57.4	84.6
Total assets		2,100.8	2,123.4

(DKKm)	Note	2021/22	2020/21
EQUITY AND LIABILITIES			
Equity and liabilities			
Share capital	9	95.7	95.7
Treasury share reserve		(76.0)	(2.6)
Retained earnings		1,846.5	1,952.1
Dividend proposed for the financial year		76.6	76.6
Total equity		1,942.8	2,121.8
Liabilities			
Payables to group entities	12	156.5	0.0
Trade payables	12	1.5	1.6
Total current liabilities		158.0	1.6
Total liabilities		158.0	1.6
Total equity and liabilities		2,100.8	2,123.4

Statement of changes in equity

(DKKm)	Share capital	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity at 1 April 2021	95.7	(2.6)	76.6	1,952.1	2,121.8
Other comprehensive income	0.0	0.0	0.0	0.0	0.0
Profit/loss for the year	0.0	0.0	76.6	(90.7)	(14.1)
Total comprehensive income	0.0	0.0	76.6	(90.7)	(14.1)
Transactions with owners					
Share buyback programme	0.0	(75.0)	0.0	0.0	(75.0)
Dividend paid	0.0	0.0	(76.6)	0.0	(76.6)
Exercise of incentive programme	0.0	1.6	0.0	(26.7)	(25.1)
Share-based payment	0.0	0.0	0.0	11.8	11.8
Total transactions with owners	0.0	(73.4)	(76.6)	(14.9)	(164.9)
Equity at 31 March 2022	95.7	(76.0)	(76.6)	1,846.5	1,942.8
Equity at 1 April 2020					
Equity at 1 April 2020	95.7	(11.8)	0.0	2,030.0	2,113.9
Other comprehensive income	0.0	0.0	0.0	0.0	0.0
Profit/loss for the year	0.0	0.0	76.6	(73.8)	2.8
Total comprehensive income	0.0	0.0	76.6	(73.8)	2.8
Transactions with owners					
Exercise of incentive programme	0.0	9.2	0.0	(10.3)	(1.1)
Share-based payment	0.0	0.0	0.0	6.2	6.2
Total transactions with owners	0.0	9.2	0.0	(4.1)	5.1
Equity at 31 March 2021	95.7	(2.6)	76.6	1,952.1	2,121.8



Summary of notes to the financial statements

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Notes to the financial statements

Note 1 – Accounting policies

The separate financial statements of the parent company are incorporated in the annual report because the Danish Financial Statements Act requires separate parent company financial statements for companies reporting under IFRS.

The financial statements of the parent company are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

The accounting policies are consistent with those of last year.

Description of accounting policies

The parent company's accounting policies differ from the accounting policies applied in the consolidated financial statements (see note 1 to the consolidated financial statements) in the following respects:

Financial income

Dividend in subsidiaries is recognised in the parent company's statement of comprehensive income in the financial year in which the dividend is declared. An impairment test is performed if more than the comprehensive income of a subsidiary is distributed.

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent company's financial statements. Cost includes the purchase consideration calculated at fair value plus direct acquisition costs.

If there is an indication of impairment, an impairment test is performed as described in the accounting policies applied in the consolidated financial statements. Where the carrying amount exceeds the recoverable amount, the investment is written down to this lower value.

When distributing other reserves than retained earnings in subsidiaries, the distribution reduces the cost of the investments if the distribution is in the nature of a repayment of the parent company's investment.

Tax

Matas A/S is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Matas A/S is the administration company in respect of the joint taxation and accordingly settles all corporation taxes with the tax authorities. Joint taxation contributions to/from subsidiaries are recognised under tax on the profit for the year. Tax payable and tax receivable is recognised under current assets/liabilities. Joint taxation contributions payable and receivable are recognised in the statement of financial position under receivables from and payables to group entities.

Companies using the tax losses of other entities pay a joint taxation contribution to the parent company at an amount corresponding to the tax base of the tax losses used. Companies whose tax losses are used by other entities receive joint taxation contributions from the parent company corresponding to the tax base of the losses used (full distribution).

Notes to the financial statements

Note 2 – Accounting estimates and judgments

Estimation uncertainty

The determination of the carrying amount of certain assets and liabilities requires estimates as to how future events will affect the value of such assets and liabilities at the date of the statement of financial position. Estimates material to the parent company's financial reporting are made, *inter alia*, by reviewing investments in subsidiaries for impairment.

The estimates used are based on assumptions which Management believes to be reliable, but which are inherently subject to uncertainty. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties that may cause the actual results to differ from these estimates. The financial risks affecting the Matas Group are described in note 2 to the consolidated financial statements.

The notes to the financial statements comprise disclosures on assumptions of future events and other estimation uncertainties at the date of the statement of financial position involving a considerable risk of changes that could lead to a material adjustment of the carrying amount of assets or liabilities in the coming financial year.

Note 3 – Other operating income

(DKKm)	2021/22	2020/21
Management fee from group entities	11.3	10.4
Total	11.3	10.4

Note 4 – Staff costs

Remuneration of the parent company's Board of Directors and Executive Management is recognised in profit or loss.

Fees to the Board of Directors are recognised in the amount of DKK 2.9 million (2020/21: DKK 2.5 million).

The remuneration of the Executive Management is recognised in profit or loss in the amount of DKK 13.4 million (2020/21: DKK 11.8 million).

Share-based payment is recognised in the amount of DKK 11.8 million (2020/21: DKK 6.2 million) for the Executive Management and other executives.

The item also includes termination benefits for the Company's CFO.

For additional information on remuneration of the Board of Directors and the Executive Management, see note 31 to the consolidated financial statements.

Note 5 – Financial income

(DKKm)	2021/22	2020/21
Interest allowance from the Danish tax authorities	0.0	17.3
Total financial income	0.0	17.3

Note 6 – Financial expenses

(DKKm)	2021/22	2020/21
Interest, group entities	1.0	0.0
Total financial expenses	1.0	0.0

Notes to the financial statements

Note 7 – Tax

(DKKm)	2021/22	2020/21
Tax on the profit/loss for the year breaks down as follows:		
Tax on the profit/loss for the year	(13.0)	0.5
Total	(13.0)	0.5
Tax on the profit/loss for the year has been calculated as follows:		
Joint taxation contributions	(7.9)	0.7
Deferred tax	(4.6)	(0.3)
Prior-year tax adjustment	(0.5)	0.1
Total	(13.0)	0.5
Tax on the profit/loss for the year is explained as follows:		
Computed 22.0% tax on profit/loss before tax	(6.0)	0.7
Cash settlement of LTIP 2018/19 through equity	(8.6)	0.0
Provisions	0.9	
Other	0.7	(0.2)
Total	(13.0)	0.5
Effective tax rate	(48.0)%	15.4%

Note 8 – Investments in subsidiaries

(DKKm)	2021/22	2020/21
Cost at 1 April	2,036.3	2,036.3
Carrying amount at 31 March	2,036.3	2,036.3

The Company's equity investment in Matas Operations A/S was 100% at 31 March 2022 (31 March 2021: ownership interest 100%).

Note 9 – Equity and treasury shares

Share capital

The nominal value of the share capital is DKK 95,728,730 divided into shares of DKK 2.50, equivalent to 38,291,492 shares and 38,291,492 votes. The shares are not divided into share classes.

Capital structure

The Company regularly assesses the need for adjustment of the capital structure. The capital is managed for the Group as a whole.

The ratio of equity to total equity and liabilities was 92.5% at 31 March 2022 (31 March 2021: 100%).

Treasury shares

See note 18 to the consolidated financial statements.

Notes to the financial statements

Note 10 – Changes in working capital

(DKKm)	2021/22	2020/21
Change in receivables, prepayments and deferred income	(0.1)	(0.1)
Change in trade payables and other payables	(0.1)	0.7
Total	(0.2)	0.6

(DKKm)	1/4 2021	Cash flows	31/3 2022
2021/22			
Group entities	52.4	(208.9)	(156.5)
Receivables/payables, financing activities	52.4	(208.9)	(156.5)

(DKKm)	1/4 2020	Cash flows	31/3 2021
2020/21			
Group entities	(41.7)	94.1	52.4
Receivables from financing activities	(41.7)	94.1	52.4

Note 11 – Contingent liabilities and security

The parent company is jointly taxed with the other Danish companies of the Matas Group. As the administration company, the Company has unlimited and joint and several liability with the other entities participating in the joint taxation for Danish corporation tax payable by the jointly taxed entities. Corporation tax payable amounted to DKK 0 at 31 March 2022 (31 March 2021: DKK 0). Any adjustments to the taxable joint taxation income may cause the parent company's liability to increase.

The parent company and a number of Matas Group's Danish subsidiaries are jointly and severally liable for the joint registration of VAT.

Security

The Company has guaranteed all debt raised under the agreement with credit institutions.

Debts to credit institutions raised by the Company's subsidiaries stood at DKK 1,158 million at 31 March 2022 (31 March 2021: DKK 1,100 million).

Notes to the financial statements

Note 12 – Financial risks and financial instruments

The Company has no activity and no direct foreign currency risks.

Liquidity risk

The Company's financial liabilities fall due as follows:

(DKKkM)	Carrying amount	Contractual cash flows	Within 1 year	2 to 3 years	4 to 5 years	After 5 years
2021/22						
<i>Non-derivative financial instruments</i>						
Payables to group entities	156.5	156.5	156.5	0.0	0.0	0.0
Trade payables	1.5	1.5	1.5	0.0	0.0	0.0
31 March 2022	158.0	158.0	158.0	0.0	0.0	0.0
2020/21						
<i>Non-derivative financial instruments</i>						
Trade payables	1.6	1.6	1.6	0.0	0.0	0.0
31 March 2021	1.6	1.6	1.6	0.0	0.0	0.0

Maturity analysis assumptions

The maturity analysis is based on all undiscounted cash flows including estimated interest payments. The estimates of interest payments are based on current market conditions.

On the basis of the Company's expectations regarding future operations and the Company's current cash resources, no significant liquidity risks have been identified.

Credit risk

The maximum credit risk related to financial assets corresponds to the values recognised in the statement of financial position.

The Company has no material credit risk.

(DKKkM)	Carrying amount 2021/22	Fair value 2021/22	Carrying amount 2020/21	Fair value 2020/21
Receivables from group entities	0.0	0.0	0.0	0.0
Loans and receivables	0.0	0.0	0.0	0.0
Payables to group entities	156.5	156.5	0.0	0.0
Suppliers	1.5	1.5	1.6	1.6
Financial liabilities at amortised cost	158.0	158.0	1.6	1.6

Financial liabilities measured at amortised cost have a short credit period and are deemed to have a fair value that is equivalent to the carrying amount.

Notes to the financial statements

Note 13 – Related parties

In addition to the disclosures in note 32 to the consolidated financial statements, the parent company's related parties comprise subsidiaries, see note 7 to the parent company's financial statements.

Matas A/S is jointly taxed with its subsidiaries. Joint taxation contributions from subsidiaries amounted to DKK (7.9) million in 2021/22 (2020/21: DKK 0.7 million).

Matas A/S has set up a management fee scheme with its subsidiaries, see note 3, and a cash pool scheme.

No other transactions were made during the year with members of the Board of Directors, members of the Executive Management, significant shareholders or other related parties with the exception of management remuneration. For additional information, see note 4 to the parent company's financial statements and note 31 to the consolidated financial statements.

Note 14 – New standards and interpretations

The description in note 34 to the consolidated financial statements of new standards not yet in force also fully covers the parent company.

Other

- Definitions of key financials
- Interim financial highlights



Definitions of key financials

The financial ratios shown in the list of key financials in the consolidated financial statements have been calculated in accordance with the guidelines of the Danish Finance Society.

Revenue growth	Revenue for the year less last year's revenue/last year's revenue
Gross margin	Gross profit as a percentage of revenue
Earnings per share	Profit for the year attributable to shareholders of Matas A/S divided by average number of shares
Diluted earnings per share	Profit for the year attributable to shareholders of Matas A/S divided by diluted average number of shares
Dividend per share	Proposed dividend per share

In the annual report, Matas applies the following non-GAAP measures:

Underlying (like-for-like) revenue growth	Growth reported by retail stores included in two comparable periods
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment
EBITDA margin	EBITDA as a percentage of revenue
EBITDA before special items	EBIT plus amortisation, depreciation and impairment losses plus specific costs/income which Management does not consider part of normal operations
EBITDA margin before special items	EBITDA margin before special items as a percentage of revenue
EBITA	EBIT plus amortisation of trademarks and other intangible assets except software plus any impairment losses in respect of goodwill and other intangible assets plus specific costs/income which Management does not consider part of normal operations
EBITA margin	EBITA as a percentage of revenue
EBIT	Earnings before interest and tax
EBIT margin	EBIT as a percentage of revenue
Adjusted profit after tax	Profit after tax for the year plus the tax-adjusted effect of amortisation of intangible assets except software and impairment losses and specific costs/income which are not considered part of normal operations

Cash conversion	EBITDA before special items plus change in net working capital less capital expenditure divided by EBITDA before special items
Net working capital	The sum of inventories, trade receivables, other receivables and prepayments less the sum of prepayments from customers, trade payables and other current liabilities
Free cash flow	Cash flow from operating activities less net capital expenditure including acquisitions of subsidiaries and operations
Net interest-bearing debt	Debt to credit institutions and other interest-bearing debt less cash and cash equivalents
Net interest-bearing debt to EBITDA before special items (gearing)	Ratio of net interest-bearing debt at year-end to LTM EBITDA before special items
Invested capital	The sum of property, plant and equipment, intangible assets and net working capital less parts of deferred tax
Return on invested capital (ROIC) before tax	EBITA as a percentage of average invested capital
Return on invested capital (ROIC) before tax, excluding goodwill	EBITA as a percentage of average invested capital excluding goodwill
Investments as a percentage of revenue	The year's addition of intangible assets and property, plant and equipment, including acquisitions of subsidiaries and operations as a percentage of revenue

Interim financial highlights

(Unaudited)

(DKKm)	2021/22				2020/21			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Statement of comprehensive income								
Revenue	970.6	1,378.4	973.9	1,021.3	971.2	1,313.0	932.6	946.8
Gross profit	468.3	613.7	430.9	453.1	443.2	575.4	402.4	420.2
EBITDA	160.0	300.9	163.0	185.7	146.6	292.1	178.0	171.3
EBIT	59.9	193.7	56.7	78.0	40.6	190.5	77.2	72.1
Net financials	(2.2)	(4.2)	(10.3)	(10.5)	(11.1)	7.3	(11.0)	(12.2)
Profit before tax	47.7	189.5	46.4	67.5	29.5	197.8	66.2	59.9
Profit for the period	39.3	146.7	36.4	54.1	16.3	154.5	51.5	46.7
Statement of financial position								
Assets	6,055.3	6,216.5	6,204.9	6,243.5	6,143.1	6,263.4	6,276.0	6,460.8
Equity	3,152.3	3,107.6	3,012.2	2,993.5	3,038.9	3,020.8	2,864.3	2,812.0
Net working capital	(12.2)	(89.5)	(76.2)	(113.1)	(126.1)	(167.8)	49.4	(1.4)
Net interest-bearing debt	1,648.8	1,660.5	1,766.0	1,739.5	1,727.2	1,702.6	2,136.9	2,281.6
Statement of cash flows								
Cash flow from operating activities	51.5	241.2	129.6	88.2	75.1	456.6	119.2	301.1
Cash flow from investing activities	(39.4)	(55.1)	(43.5)	(93.6)	(40.1)	(44.1)	(29.4)	(64.3)
Free cash flow	12.1	186.1	86.1	(5.4)	35.0	412.5	89.8	236.8
Net cash flow from operating, investing and financing activities	(15.1)	16.8	(9.2)	(5.0)	(65.6)	79.2	(9.7)	(69.8)
Key performance indicators								
Number of transactions (millions)	5.1	6.6	5.2	5.1	4.7	6.2	5.3	4.9
Average basket size (DKK)	182.7	204.5	181.9	196.4	203.9	212.9	176.8	194.1
Total retail floor space (thousands of square metres)	53.3	53.3	53.4	53.8	53.7	53.5	53.3	53.2
Avg. revenue per square metre (DKK thousands) - LTM	79.3	79.5	78.7	78.5	77.7	74.8	72.1	69.8
Like-for-like growth	(2.3)%	2.8%	1.8%	5.9%	19.8%	12.8%	13.6%	8.4%
Adjusted figures								
EBITDA	160.0	300.9	163.0	185.7	146.6	292.1	178.0	171.3
Special items	7.8	(17.4)	2.6	0.0	5.4	0.7	1.6	1.5
EBITDA before special items	167.8	283.5	165.6	185.7	152.0	292.8	179.6	172.8
Depreciation of property, plant and equipment	(79.5)	(77.5)	(75.5)	(78.2)	(79.7)	(75.5)	(75.5)	(74.2)
EBITA	88.3	206.0	90.1	107.5	72.3	217.3	104.1	98.6
Adjusted profit after tax	61.4	156.5	62.5	77.2	42.3	175.4	72.5	67.4
Gross margin	48.2%	44.5%	44.2%	44.4%	45.6%	43.8%	43.1%	44.4%
EBITDA margin	16.5%	21.8%	16.7%	18.2%	15.1%	22.2%	19.1%	18.1%
EBITDA margin before special items	17.3%	20.6%	17.0%	18.2%	15.6%	22.3%	19.3%	18.3%
EBITA margin	9.1%	14.9%	9.3%	10.5%	7.4%	16.5%	11.2%	10.4%
EBIT margin	6.2%	14.1%	5.8%	7.6%	4.2%	14.5%	8.3%	7.6%

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