

matas

Company announcement no. 31 2021/22. Allerød, 10 February 2022

Interim report

9M 2021/22

(1 April – 31 December 2021)

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

In case of discrepancies between the two versions, or in case of doubt, the Danish version prevails.



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Video conference

Matas will host a video conference for investors and analysts on **Thursday, 10 February at 11:00 a.m.** CET. The video conference and the presentation can be accessed from Matas' investor website: <https://investor.matas.dk>.

Video conference access numbers for investors and analysts:

DK: +45 78 15 01 10
 UK: +44 333 300 9268
 US: +1 631 913 1422 PIN: 53306942#

Link to webcast:

<https://streams.eventcdn.net/matasa/q3-report/>

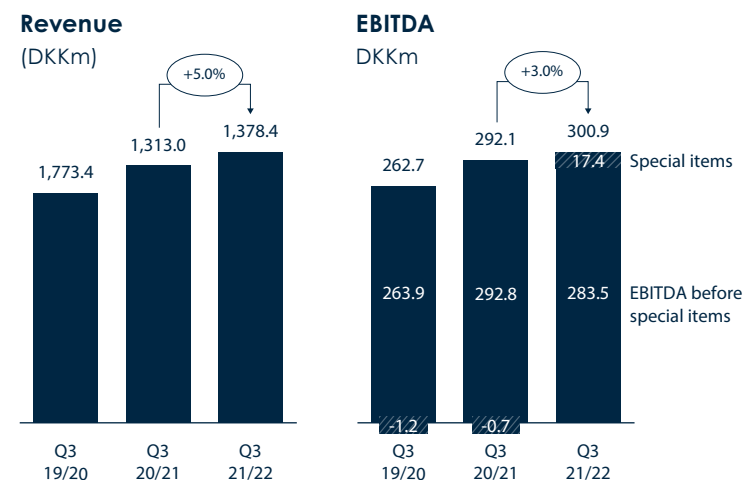
Matas accelerates the 'Growing Matas Group' strategy in record-breaking quarter

- Matas accelerates the 'Growing Matas Group' strategy in record-breaking quarter. Matas grew revenue by 5.0% to DKK 1,378 million in Q3 2021/22 – a new quarterly record – on the back of growth in both online and physical store sales. Expansion of the product range in the Professional Hair Care and Dermatological Skincare categories combined with stronger Mass Beauty sales to drive growth in spite of a slight drop in sales of COVID-19-related products.

“Customers returned to our physical stores during the Christmas season quarter, while at the same time online sales were stable at the high level witnessed last year. The record-breaking sales have given us the financial leeway to accelerate our long-term growth strategy. In the third quarter, we allocated additional resources towards reinforcing our organisation and raising a wareness of the many new products now available to our customers on matas.dk.”

Gregers Wedell-Wedellsborg, CEO of Matas A/S

- Gross profit was up by DKK 38 million, while the gross margin increased to 44.5% from 43.8% in the year-earlier period due to the recognition of a DKK 20 million payment from the Danish Tax Authorities. The underlying gross margin was down by 0.8 percentage points compared with Q3 2020/21, of which about 0.5 percentage points was attributable to Web Sundhed, which as a wholesaler operates with lower margins than the Group's other business areas.
- EBITDA was up by DKK 9 million to DKK 301 million in Q3 2021/22. Based on the strong sales growth and the extraordinary



Matas accelerates the ‘Growing Matas Group’ strategy in record-breaking quarter

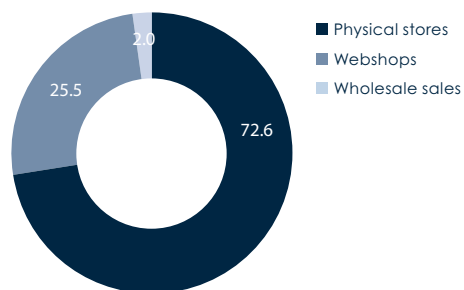
income from the Club Matas VAT case, Management decided to accelerate and intensify measures under the new five-year growth strategy, ‘Growing Matas Group’:

- About DKK 7 million was allocated towards initiatives to promote and raise awareness of the expanded product range in, among other categories, Health and Professional Hair Care and towards a branding campaign.
- Additional resources and competencies were added to the organisation for purposes of driving the planned assortment expansion and testing international sales of Matas’ house brands.
- Impacted by the stepping up of activities related to the new strategy, EBITDA before special items came to DKK 283 million, down by DKK 9 million on the year-earlier period. The EBITDA margin before special items was 20.6% against 22.3% in Q3 2020/21.
- Matas maintains its FY guidance of revenue in the DKK 4,250-4,375 million range and an EBITDA margin before special items of between 18.0% and 19.0%, as announced in the Q3 Trading Update. Matas is adjusting its overall CAPEX guidance marginally as CAPEX is

now expected in a range of DKK 215-235 million before potential M&A activity, from the previously expected range of DKK 195-215 million.

Revenue by categories

%



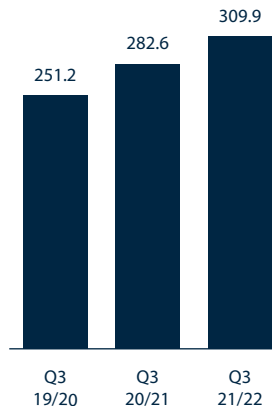
Gross margin

%



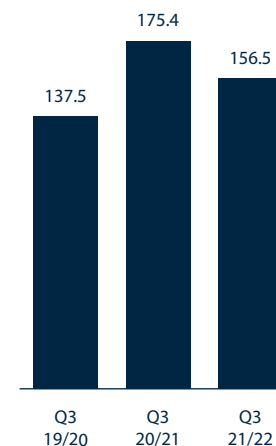
Costs

DKKm



Adjusted profit after tax

DKKm



Q3 2021/22 highlights

- Revenue grew by 5.0% to DKK 1,378 million. Retail sales in own stores and webshops were up by 3.0% to DKK 1,351 million, while the acquired activities in Web Sundhed contributed the rest of the improvement. Underlying sales were up by 2.8%.
- Up by DKK 28 million, or 2.8%, physical store sales recorded the largest absolute increase, while online sales delivered the largest relative increase, at 3.4%.
- The number of transactions increased by 7.3%, to 6.6 million, while the average basket size fell by 4.0% to DKK 204.
- Wholesale sales etc. grew by DKK 26 million, supported by a DKK 23 million contribution from the acquired activities in Web Sundhed.
- Gross profit was up by DKK 38 million, while the gross margin increased to 44.5% from 43.8% in the year-earlier period due to the recognition of a DKK 20 million payment from the Danish Tax Authorities. The DKK 20 million has been recognized in the gross profit as it was expended likewise when the Danish Tax Authorities claimed the case. The recognition impacts the gross margin positively and is categorized as a special item. The underlying gross margin was down by 0.8 percentage points compared with Q3 2020/21, of which about 0.5 percentage points was attributable to Web Sundhed, which as a wholesaler operates with lower margins than the Group's other business areas.
- EBITDA was up by DKK 9 million to DKK 301 million in Q3 2021/22. EBITDA before special items was down by DKK 9 million to DKK 283 million, taking the EBITDA margin before special items to 20.6% against 22.3% last year. Besides the underlying decline in the gross margin, the lower EBITDA margin was attributable to an increase in other external costs to 7.1% of revenue compared with 6.0% last year, while staff costs remained stable at 15.6% of revenue.
- The increase in other external costs was attributable mainly to costs related to the marketing of the expanded product range on matas.dk and variable logistics costs driven by growing sales. In addition, an extraordinary DKK 7 million was spent on marketing initiatives aimed at raising awareness of new product groups and on the "Tættere På" branding campaign.

- The stable staff costs, as a proportion of revenue, should be seen relative to the DKK 12 million recognised as extraordinary COVID-19-related trainee subsidies and the DKK 10 million paid as extraordinary bonus in Q3 2020/21. Underlying payroll costs attributable to physical stores dropped further in Q3 2021/22.
- Cash generated from operations was an inflow of DKK 320 million in Q3 2021/22 against an inflow of DKK 515 million in Q3 2020/21. The decline was attributable to an exceptional working capital improvement of DKK 221 million last year, as opposed to a DKK 17 million improvement in Q3 2021/22.



9M 2021/22 highlights

- Revenue for the first nine months was up by 5.7% to DKK 3,374 million, while underlying (like-for-like) sales grew by 3.4%. High-End Beauty sales were up by 5.2%, and Mass Beauty sales grew by 4.6%.
- Online sales via matas.dk and Firtal were up by 6.8% to DKK 821 million to account for 24.3% of 9M revenue compared with 24.1% in the same period of 2020/21.
- Physical store sales were up by 2.8% to DKK 2,480 million to account for 73.5% of 9M revenue compared with 75.6% in the same period of 2020/21.
- The gross margin was 44.4% against 43.8% for the first nine months of 2020/21, driven mainly by the recognition in the third quarter of DKK 20 million resulting from the National Tax Tribunal's decision in the Club Matas VAT case.
- Other external costs were up by 20.7% to DKK 236 million, while staff costs increased by 9.1% to DKK 612 million. Overall costs accounted for 25.1% of revenue against 23.7% in the first nine months of 2020/21.

- EBITDA before special items fell by DKK 10 million to DKK 635 million for the first nine months of 2021/22. The EBITDA margin before special items was 18.8% against 20.2% in 9M 2020/21. The declining EBITDA margin year-to-date is primarily attributable to the lower margin in Q3.
- Cash generated from operations came to DKK 537 million in 9M 2021/22 against DKK 935 million in the same period of 2020/21.

(DKKm)	2021/22 Q3	2020/21 Q3	2021/22 9M	2020/21 9M
Revenue	1,378.4	1,313.0	3,373.6	3,192.4
Gross profit	613.7	575.4	1,497.7	1,398.0
EBITDA	300.9	292.1	649.6	641.4
EBITDA before special items	283.5	292.8	634.8	645.1
EBIT	193.7	190.5	328.4	339.8
Adjusted profit after tax	156.5	175.4	296.1	315.2
Free cash flow	186.1	412.5	266.8	739.0
Revenue growth	5.0%	11.9%	5.7%	11.2%
Underlying like-for-like revenue growth	2.8%	12.8%	3.4%	11.7%
Gross margin	44.5%	43.8%	44.4%	43.8%
EBITDA margin before special items	20.6%	22.3%	18.8%	20.2%
Net interest-bearing debt/EBITDA before special items			2.1	2.2

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

- Revenue is expected in the range of DKK 4,250-4,375 million, equivalent to a growth rate of between 2% and 5%.
- The EBITDA margin before special items is expected in the range of 18.0%-19.0%.
- Overall CAPEX is adjusted by DKK 20 million to a range of DKK 215-235 million before potential M&A activity, from the previously expected range of DKK 195-215 million.



Additional information

Contacts

Gregers Wedell-Wedellsborg

CEO, tel +45 48 16 55 55

Anders Skole-Sørensen

CFO, tel +45 48 16 55 55

Klaus Fridorf

Head of Communication, tel +45 61 20 19 97

Company information

Matas A/S

Rørmosevej 1

3450 Allerød, Denmark

Tel.: +45 48 16 55 55

www.matas.dk

investor.en.matas.dk

Company reg. (CVR) no. 27 52 84 06

Financial calendar

The financial year covers the period 1 April – 31 March, and the following dates have been fixed for releases etc. in the remainder of financial year 2021/22:

16 May 2022

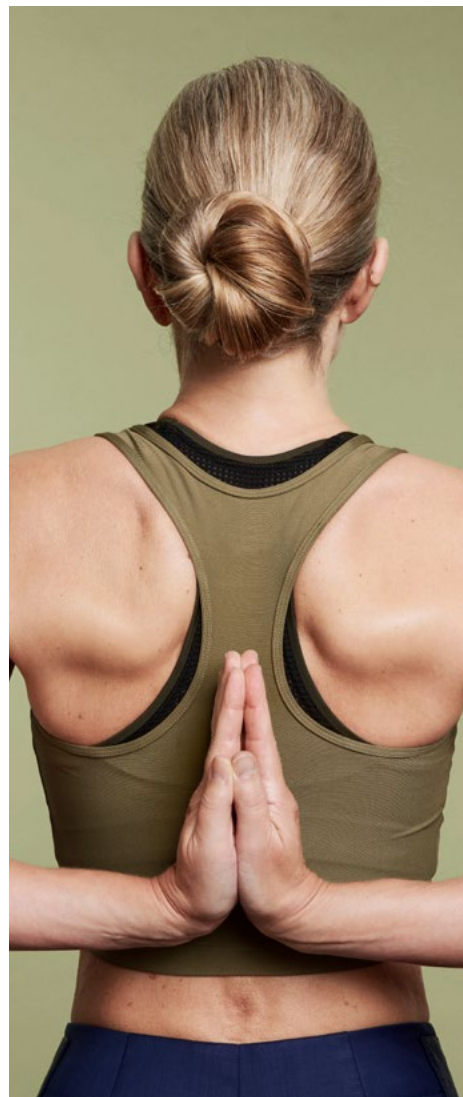
Deadline for the Company's shareholders to submit in writing requests for specific proposals to be included on the agenda for the annual general meeting

1 June 2022

Annual report 2021/22

28 June 2022

Annual general meeting for 2021/22



Forward-looking statements

This interim report contains statements relating to the future, including statements regarding Matas Group's future operating results, financial position, cash flows, business strategy and future targets. Such statements are based on Management's reasonable expectations and forecasts at the time of release of this report. Forward-looking statements are subject to risks and uncertainties and a number of other factors, many of which are beyond Matas Group's control. This may have the effect that actual results may differ significantly from the expectations expressed in the report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive conditions, supplier issues and financial and regulatory issues as well as any effects of measures to contain the spread of COVID-19 that are not specifically mentioned above.

Key financials

(DKKm)	2021/22 Q3	2020/21 Q3	2021/22 9M	2020/21 9M	(DKKm)	2021/22 Q3	2020/21 Q3	2021/22 9M	2020/21 9M
Statement of comprehensive income					Ratios				
Revenue	1,378.4	1,313.0	3,373.6	3,192.4	Revenue growth	5.0%	11.9%	5.7%	11.2%
Gross profit	613.7	575.4	1,497.7	1,398.0	Underlying like-for-like revenue growth	2.8%	12.8%	3.4%	11.7%
EBITDA	300.9	292.1	649.6	641.4	Gross margin	44.5%	43.8%	44.4%	43.8%
EBIT	193.7	190.5	328.4	339.8	EBITDA margin	21.8%	22.2%	19.3%	20.1%
Net financials	(4.2)	7.3	(25.1)	(16.0)	EBITDA margin before special items	20.6%	22.3%	18.8%	20.2%
Profit before tax	189.5	197.8	303.3	323.8	EBIT margin	14.1%	14.5%	9.7%	10.6%
Profit for the period after tax	146.7	154.5	237.2	252.7	Cash conversion	86.4%	162.1%	62.6%	128.1%
Special items	(17.4)	0.7	(14.8)	3.7	Earnings per share, DKK	3.87	4.04	6.22	6.61
EBITDA before special items	283.5	292.8	634.8	645.1	Diluted earnings per share, DKK	3.83	3.99	6.16	6.54
Adjusted profit after tax	156.5	175.4	296.1	315.2	Share price, end of period, DKK			124.5	86.4
Statement of financial position					ROIC before tax			9.7%	9.0%
Total assets			6,216.5	6,263.4	Net working capital as a percentage of LTM revenue			(2.1)%	(4.2)%
Total equity			3,107.6	3,020.8	Investments as a percentage of revenue	4.0%	3.4%	5.7%	4.3%
Net working capital			(89.5)	(167.8)	Net interest-bearing debt/EBITDA before special items			2.1	2.2
Net interest-bearing debt			1,660.5	1,702.6	Number of transactions (millions)	6.6	6.2	16.9	16.3
Statement of cash flows					Average basket size (DKK)	204.5	212.9	195.1	195.6
Cash flow from operating activities	241.2	456.6	459.0	876.8	Average no. of employees	2,250	2,261	2,167	2,166
Cash flow from investing activities	(55.1)	(44.1)	(192.2)	(137.8)					
Free cash flow	186.1	412.5	266.8	739.0					

For definitions of key financials, see pages 101-102 of the 2020/21 Annual Report.

Management's review

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

In the third quarter of 2021/22, Matas continued the roll-out of its new growth strategy, 'Growing Matas Group', and delivered its strongest Christmas season quarter performance to date, growing overall revenue by 5%.

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 range of, among others, health products. The third quarter also saw the expansion of the Professional Hair Care product range and the launch of luxury brand Kylie Skin and the new Ecooking makeup series.

As planned, additional resources were allocated towards the launch of long-term, growth-supportive measures, including intensified CSR activities, increased marketing of new strategic and tactical focus areas, such as Professional Hair Care, and the continued roll-out of the shop-in-shop concept with the focus on dermatological skincare and the introduction of trained pharmaconomists in selected stores.

Moreover, extraordinary investments were made in efforts to raise awareness of the new product groups and in a new branding campaign, 'Tættere På', on TV and in cinemas. Combined with a large number of initiatives on Matas' SoMe platforms, this will contribute to strengthening Matas' position among the younger customer segments.

Limited impact from inflation and supply chain challenges

Like the rest of the retail industry, Matas has been challenged by global inflation and the ramifications of the COVID-19 pandemic. However, the general price increases are not expected to have an adverse impact on the Group's overall gross margin in the current financial year, although Q3 earnings were negatively affected to the tune of DKK 3 million by higher heating and electricity prices.

Matas did not face any major challenges in the third quarter in relation to global logistics chain bottlenecks and had even, in order to secure its supplies, increased its inventories of a range of key products at the beginning of the quarter.

Decent growth for in-store sales despite growing COVID-19 infection numbers and staffing challenges

The coronavirus pandemic and the growing COVID-19 infection numbers during the winter months have primarily affected Matas in the form of staff shortages in the 260 physical stores with absence due to illness and the retail industry's general problems in attracting sufficient qualified labour during peak periods taking their toll. Thanks to extraordinary efforts, all stores were able to remain open throughout the quarter, however.

Even though the Christmas season quarter is the busiest period of the year, Matas continued its efforts to digitalise, optimise and consolidate its physical stores in the third quarter. A range of digitalisation projects were carried out in the stores during the quarter. In both Horsens and Aabenraa, two stores were merged into one large store under the Matas Life concept – in both cases with increased floor space and at better locations. At Rosengårdcentret in Odense, an additional shop-in-shop health destination manned by trained pharmaconomists opened in the third quarter, taking the total number of

shop-in-shop health destinations across the country to four.

matas.dk maintains its market leading position

In spite of the decent revenue growth reported by the Group's physical stores, online sales still make up more than 25% of revenue. While online growth has levelled off compared with the extremely high growth rates recorded during the coronavirus pandemic, it remains highly satisfactory viewed over a longer period of time.

In the third quarter, Matas launched a number of initiatives aimed at strengthening its online position and value proposition and enhancing the integration of online and physical store sales. Measures included a new booking system that will allow customers to book personal one-on-one consultations with health & beauty advisers when all COVID-19-related restrictions have been lifted in the retail industry.

On the Group's social media, which are primarily used to market products and services and provide inspiration for selected customer segments, the new TikTok channel

Management's review (continued)

had reached 20,000 followers by the end of Q3 2021/22. Primarily used by young people under the age of 24, TikTok is a young alternative to Instagram (100,000 followers) and Facebook (300,000 followers), where most users are in the 30+ age groups.

Club Matas Plus reaches milestone and customer satisfaction is increasing

With a membership of 1.7 million, Club Matas remains one of Denmark's largest customer clubs. By 31 December 2021, Club Matas Plus, the sister concept launched in early 2021, had reached more than 50,000 paying members – a significant milestone – each paying a monthly subscription fee of DKK 29. Membership of Club Matas Plus entails a number of benefits, including free shipping, triple points on all purchases and access to special offers.

Customer satisfaction rates increased during the third quarter, driven partially by improved customer service on the ecommerce business. The webshop at Humlebæk has adjusted its systems and processes to ensure that customers receive their online purchases quick and reliably. At the same time, customers in the Greater Copenhagen area and other large cities, i.e. approximately 50% of all customers, are offered same-day delivery. Up to one in ten online orders had same-day

delivery. In spite of periodic challenges in the form of extensive COVID-19-related absence among the staff, the speed of delivery for online orders was generally very satisfactory – even on and around Black Friday and during the period leading up to Christmas.

In August 2021, Matas announced a plan to establish a new logistics centre (MLC). Exceeding DKK 500 million, this is the Group's biggest investment to date. The process of establishing the new centre is proceeding according to plan. The local development plan has been approved by the local authorities and submitted for public consultation. MLC is still expected to affect CAPEX by less than DKK 30 million, as budgeted, in the current financial year. Scheduled to open in mid-2024, MLC is expected to have a positive impact on Matas' overall EBITDA in the range of 1.0-1.5% percentage points.

Increased focus on social responsibility

Matas stepped up its CSR efforts in the third quarter with measures including the conclusion of a new funding agreement, under which the fulfilment of a number of ESG targets will trigger a reduced interest rate. Matas' CSR efforts are generally focused on Sustainability, Health and Inclusion.



Sustainability efforts include plans to disclose overall climate impact accounts in connection with the annual report in order to 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). Matas aims to be carbon neutral by 2030. At the same time, efforts to eliminate 100 million plastic units across the Group's 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. A total amount of DKK 700,000 was raised for the Children's Heart Fund through the sale of Christmas pendants in the third quarter.

In the Inclusion area, a new nation-wide branding campaign, 'Tættene På', was launched in a collaboration with influencer and tv hostess Sofie Linde. The campaign aims to bring attention to difficult subjects such as overweight, motherhood and gender identity through, among other things, a virtual talk show, 'Tæt Talks', hosted by Sofie Linde and streamed to most customers through Club Matas.

Q3 and 9M 2021/22 performance

Revenue

Matas generated total revenue of DKK 1,378 million in Q3 2021/22, a year-on-year increase of 5.0% from DKK 1,313 million in Q3 2020/21.

Retail sales in own stores and webshops were up by 3.0% to DKK 1,351 million, while underlying sales grew by 2.8%. Relative to Q3 2019/20, revenue was up by 17.5%.

While revenue grew in all three categories, Mass Beauty was the primary growth driver in both absolute and relative terms.

Up by DKK 28 million, or 2.8%, physical store sales recorded the largest absolute increase, while online sales delivered the largest relative increase, at 3.4%.

The number of transactions increased by 7.3% to 6.6 million, while the average basket size fell by 4.0% to DKK 204. The increase in the number of transactions and the decline in the average basket size should be seen in light of the fact that during the Christmas season quarter of last year, when parts of the retail industry were under lockdown, consumers concentrated their purchases on fewer transactions and did more of their shopping online, where the average basket size is larger.

Revenue by categories and sales channels (DKKm)	2021/22 Q3	2020/21 Q3	Growth	2021/22 9M	2020/21 9M	Growth
Categories						
High-End Beauty	573.5	559.5	2.5%	1,252.1	1,190.7	5.2%
Mass Beauty	433.1	411.6	5.2%	1,119.1	1,070.1	4.6%
Health & Wellbeing	300.7	295.1	1.9%	821.3	812.1	1.1%
Other	43.9	45.9	(4.3)%	107.9	108.5	(0.6)%
Own store and webshop retail revenue	1,351.3	1,312.1	3.0%	3,300.4	3,181.4	3.7%
Retail revenue by category (%)						
High-End Beauty	42%	43%		38%	37%	
Mass Beauty	32%	31%		34%	34%	
Health & Wellbeing	22%	22%		25%	26%	
Other	3%	3%		3%	3%	
Sales channels						
Physical stores	1,000.3	972.8	2.8%	2,479.9	2,413.2	2.8%
Webshops (matas.dk and Firtal)	351.0	339.3	3.4%	820.5	768.2	6.8%
Wholesale sales (incl. Web Sundhed and Kosmolet)	27.2	0.9	2,862%	73.2	11.0	568%
Total revenue	1,378.4	1,313.0	5.0%	3,373.6	3,192.4	5.7%
Revenue by sales channel (%)						
Physical stores	72.6%	74.1%		73.5%	75.6%	
Webshops (matas.dk and Firtal)	25.5%	25.8%		24.3%	24.1%	
Wholesale sales (incl. Web Sundhed and Kosmolet)	2.0%	0.1%		2.2%	0.3%	

Q3 and 9M 2021/22 performance (continued)

Wholesale sales were up by DKK 26 million, supported by a DKK 23 million contribution from the activities acquired by Web Sundhed.

Performance by category

High-End Beauty grew sales by 2.5% with fragrances and makeup as the main drivers. Supported by the launch of the Professional Hair Care portal in Q2 2021/22, sales of professional haircare products more than doubled in the third quarter.

Mass Beauty grew sales by 5.2%, supported mainly by higher skincare sales, while sales of makeup products also maintained the strong momentum from the first half to surpass both the Q3 2020/21 level and the Q3 2019/20 level.

Health & Wellbeing reported sales up by 1.9%. The various product lines recorded highly different growth rates with sales of COVID-19-related products dropping by 30%, or DKK 4 million, whereas sales of dermatological and special skincare products recorded significant growth, supported by the launch of new Dermatological Skincare brands in September.

Wholesale sales, including wholesale sales by Web Sundhed and Kosmolet etc., grew by DKK 26 million to DKK 27 million, driven by Web Sundhed's acquired revenue of DKK 23 million, while revenue from Club Matas relating to value adjustments of Club Matas

points and B2B, which are also included in this item, contributed DKK 3 million.

Performance by sales channel

Matas' physical stores reported sales up by 2.8% or DKK 28 million to DKK 1,000 million. The number of transactions increased by 5%, while the average basket size fell by 2%. The number of Matas stores at 31 December 2021 was 260, a year-on-year decline of three. Relative to Q3 2019/20, physical store revenue grew by 2.4%.

Growing sales by 3.4% or DKK 12 million, Matas' webshops maintained the significant momentum from Q3 2020/21, during which revenue surged by 78%. The number of transactions increased by 18%, while the average basket size fell by 12%. Relative to Q3 2019/20, overall webshop revenue was up by 85%.

Categories

Matas is characterised by its wide product range 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 & 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.

Sales channels

At 31 December 2021, Matas Group consisted of 260 physical stores – 259 stores in Denmark and one in the Faroe Islands. In addition, the Group has one associated store in Greenland. 73% of Q3 2021/22 revenue was generated by the Group's 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 the Group's online channels.

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

Matas Group 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.

Developments in costs and operating performance

Costs and operating performance

Gross profit for Q3 2021/22 was DKK 614 million, against DKK 575 million in Q3 2020/21.

The Q3 2021/22 gross margin was 44.5%, up from 43.8% in Q3 2020/21. The higher gross margin was attributable mainly to the recognition of DKK 20 million resulting from the National Tax Tribunal's decision in the Club Matas VAT case. Disregarding this contribution, the underlying gross margin was down by 0.8 percentage points compared with Q3 2020/21, of which about 0.5 percentage points was attributable to Web Sundhed. The DKK 20 million from the Club Matas VAT case is categorised as special items.

Overall costs (other external costs and staff costs) amounted to 22.7% of revenue against 21.6% in the same quarter last year and were up by DKK 30 million, of which DKK 7 million was attributable to extraordinary marketing initiatives aimed at raising awareness of new product groups and the "Tætttere På" branding campaign.

Other external costs amounted to DKK 98 million in Q3 2021/22, up from DKK 79 million in Q3 2020/21. Special items in the amount of DKK 2.9 million were incurred in Q3 2021/22, while Q3 2020/21 special items amounted to DKK 0.7 million. Adjusted for this, other external costs were up by DKK 17 million year on year.

The increase in other external costs is explained as follows:

- DKK 8 million attributable to variable marketing and logistics costs as a result of continuing digital growth and the ongoing digital build-up. Matas launched a number of initiatives in the third quarter aimed at strengthening its online position and value proposition and enhancing the integration of online and physical store sales.
- Extraordinary costs of DKK 7 million related to marketing initiatives aimed at raising awareness of new product groups, including Professional Hair Care and Dermatological Skin Care, and to the "Tætttere På" branding campaign.
- DKK 2 million attributable to higher IT costs related to measures to increase digitalisation and IT security.
- DKK 3 million attributable to higher energy costs as a result of rising electricity and heating prices.
- DKK 3 million attributable to the acquisitions made by Web Sundhed, which were not included in the numbers for Q3 2020/21.

Costs, Q3 (DKKm)	2021/22 Q3	2020/21 Q3	Growth
Other external costs	98.3	78.9	24.6%
- of which special items	2.9	0.7	
As a percentage of revenue	7.1%	6.0%	
Staff costs	214.5	204.4	4.9%
- of which special items	0.0	0.0	
As a percentage of revenue	15.6%	15.6%	

Costs, 9M (DKKm)	2021/22 9M	2020/21 9M	Growth
Other external costs	236.0	195.6	20.7%
- of which special items	2.9	1.3	
As a percentage of revenue	7.0%	6.1%	
Staff costs	612.1	561.0	9.1%
- of which special items	2.6	2.4	
As a percentage of revenue	18.1%	17.6%	

- A decline in underlying other external costs of about DKK 6 million, reflecting the Group's ongoing efforts to increase operational efficiency.

Other external costs made up 7.1% of revenue in Q3 2021/22, up from 6.0% in the year-earlier period.

Q3 2021/22 staff costs amounted to DKK 215 million, up by DKK 10 million from DKK 204 million in the year-earlier period. No special payroll-related costs were incurred in Q3 2021/22 or Q3 2020/21.

Developments in costs and operating performance(continued)

The increase in payroll costs is explained as follows:

- An amount of DKK 12 million received as special COVID-19 state subsidies for trainees was recognised as income in Q3 2020/21. No such subsidies were received in Q3 2021/22. In the same period of 2020/21, an extraordinary bonus of DKK 10 million was paid, the net effect of which on staff costs accounted for DKK 2 million of the increase in staff costs in Q3 2021/22. This produced an underlying reduction in payroll costs related to physical stores in Q3 2021/22 compared with the year-earlier period. The cost reduction should be seen in light of the staffing challenges experienced by the physical stores as a result of the COVID-19 pandemic.
- Payroll costs related to the online businesses of Matas and Firtal were up by DKK 5 million, driven by continuing growth and the general digital build-up. As part of a range of strategic initiatives, the online team was expanded by a number of pharmaconomists, among others.
- DKK 5 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 implementation of efficiency-enhancement projects in physical stores.

- DKK 1 million attributable to the acquisition of Web Sundhed, which were not included in the numbers for Q3 2020/21.

Staff costs amounted to 15.6% of revenue in Q3 2021/22, in line with the level for the year-earlier period.

Q3 2021/22 staff costs included DKK 2.0 million related to the Company's long-term share compensation programme, compared with DKK 1.8 million in Q3 2020/21.

Q3 2021/22 EBITDA was DKK 301 million against DKK 292 million in Q3 2020/21. EBITDA before special items came to DKK 283 million for an EBITDA margin before special items of 20.6% against 22.3% in Q3 2020/21.

Amortisation, depreciation and impairment

Total amortisation, depreciation and impairment charges were up by DKK 5.6 million to DKK 107 million in Q3 2021/22, driven by increased depreciation of investments made as part of Matas' growth strategy.

Net financials

Relative to Q2 2021/22, net financial expenses were down by DKK 6.1 million to DKK 4.2 million in Q3 2021/22. The decline was attributable to a DKK 5 million interest allowance received from the tax authorities in Q3 2021/22 in connection with their decision in the Club Matas VAT case.

Relative to Q3 2020/21, net financial expenses were up by DKK 11 million, which should be seen in light of the refund in Q3 2020/21 of excess interest charged by the tax authorities in connection with the payment made by Matas in October 2013 in relation to the proceedings concerning withholding tax on interest instituted by the tax authorities.

Profit for the period

The effective tax rate was 22.6% in Q3 2021/22, equivalent to a tax expense of DKK 43 million. Profit for the period was DKK 147 million after tax, and adjusted profit after tax was DKK 156 million against DKK 175 million in Q3 2020/21.

Statement of financial position

Total assets amounted to DKK 6,217 million at 31 December 2021, down from DKK 6,263 million at 31 December 2020.

Current assets totalled DKK 1,124 million, a year-on-year increase of DKK 37 million that was mainly due to an increase in inventories.

Inventories were DKK 41 million larger at the end of Q3 2021/22 than at the end of Q3 2020/21. COVID-19-related stocks amounted to DKK 6 million at 31 December 2021 against DKK 34 million at 31 December 2020.

Inventories accounted for 22.1% of LTM revenue at 31 December 2021 compared with 22.9% at 31 December 2020 and 20.8% at the end of financial year 2020/21.

Trade receivables increased by DKK 22 million to DKK 42 million, driven mainly by the addition of Web Sundhed, while trade payables increased by DKK 47 million year on year.

Net working capital excluding deposits was minus DKK 90 million at 31 December 2021 against minus DKK 168 million at 31 December 2020, a difference of DKK 78 million that was mainly due to the following factors:

- An increase in trade receivables due to the acquisition of the Web Sundhed activities

Developments in costs and operating performance(continued)

- An increase in other receivables related to the receivable from the tax authorities occurring as a result of the decision in the Club Matas VAT case
- A decline in other payables, which were exceptionally high at 31 December 2020 due to the postponed payment of payroll taxes under the government's COVID-19 relief packages.

Cash and cash equivalents amounted to DKK 43 million, down from DKK 106 million the year before.

Equity was DKK 3,108 million at 31 December 2021, compared with DKK 3,021 million at 31 December 2020.

Net interest-bearing debt was DKK 1,661 million at 31 December 2021, a year-on-year decline of DKK 42 million – equalling 2.1 times LTM EBITDA before special items, which is below the long-term target of a gearing ratio between 2.5 and 3. Lease liabilities were down by DKK 93 million.

Gross interest-bearing debt stood at DKK 1,704 million at 31 December 2021, including lease liabilities of DKK 568 million.

At 31 December 2021, 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. After disposing of 14,359 shares in the period under review in connection with the exercise of the 2018/19 incentive programme and acquiring 618,001 shares under the 2021 share buyback programme, which has now been completed, Matas held 626,585 treasury shares at 31 December 2021. The treasury shares are held partly to meet certain obligations to deliver shares under Matas Group's long-term incentive programme, while it is expected that a proposal will be made at the next annual general meeting to cancel the remaining part of the shares.

Statement of cash flows

Cash generated from operations was an inflow of DKK 320 million in Q3 2021/22 against an inflow of DKK 515 million in Q3 2020/21. The DKK 195 million drop was attributable to a less favourable working capital development than in the same quarter of last year, driven primarily by to the fact that more suppliers than last year were paid before the end of the year because of this year's earlier stock building. Moreover, cash flows were adversely

Cash flows (DKKm)	2021/22 Q3	2020/21 Q3	2021/22 9M	2020/21 9M
Cash generated from operations	319.6	514.6	537.4	934.7
Free cash flow	186.1	412.5	266.8	739.0
Free cash flow net of acquisitions	186.1	412.5	315.4	739.0
Cash flows from financing activities	(169.3)	(333.3)	(264.2)	(739.3)

impacted by normalised payments of payroll taxes etc. compared with Q3 2020/21.

For Q3 2021/22, cash flows from investing activities were an outflow of DKK 55 million against an outflow of DKK 39 million in Q3 2020/21. The increase in investments was attributable mainly to an increase in digital investments and, to a lesser extent, investments made in connection with the MLC project.

The Q3 2021/22 free cash flow was an inflow of DKK 186 million, compared with an inflow of DKK 412 million in Q3 2020/21. The decline was driven mainly by the working capital developments referred to above.

Return on invested capital

The return on LTM invested capital before tax was 9.7% at 31 December 2021 against 9.0% at 31 December 2020.

Significant risks

Matas Group is exposed to operational risks affecting the retail industry in general and the Health & Beauty industry in particular. If the COVID-19 pandemic leads to a substantial increase in infection rates, additional supply difficulties or labour shortages, Matas' business could suffer. In addition, Matas is to some extent exposed to financial risk such as interest rate, liquidity and credit risk.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and approved the interim report of Matas A/S for the period 1 April to 31 December 2021.

The interim report, which has been neither audited nor reviewed by the Company's auditors, has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

In our opinion, the interim report gives a true and fair view of the Group's assets and liabilities and financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the period 1 April to 31 December 2021.

Furthermore, in our opinion, the management's review includes a fair review of the development and performance of the business, the results for the period and of the Group's financial position in general and describes the principal risks and uncertainties that the Group faces.

Allerød, 10 February 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

Kenneth Melchior

Birgitte Nielsen



Statement of comprehensive income

(DKKm)	2021/22 Q3	2020/21 Q3	2021/22 9M	2020/21 9M
Revenue	1,378.4	1,313.0	3,373.6	3,192.4
Cost of goods sold	(764.7)	(737.6)	(1,875.9)	(1,794.4)
Gross profit	613.7	575.4	1,497.7	1,398.0
Other external costs	(98.3)	(78.9)	(236.0)	(195.6)
Staff costs	(214.5)	(204.4)	(612.1)	(561.0)
Amortisation, depreciation and impairment	(107.2)	(101.6)	(321.2)	(301.6)
EBIT	193.7	190.5	328.4	339.8
Share of profit or loss after tax of associates	0.0	0.2	(0.2)	0.5
Financial income	5.1	17.3	5.2	17.4
Financial expenses	(9.3)	(10.2)	(30.0)	(33.9)
Profit before tax	189.5	197.8	303.3	323.8
Tax on profit for the period	(42.8)	(43.3)	(66.2)	(71.1)
Profit for the period	146.7	154.5	237.2	252.7
Other comprehensive income				
Value adjustment of hedging instrument	0.0	0.4	1.7	0.8
Tax on value adjustment	0.0	(0.1)	(0.4)	(0.2)
Total other comprehensive income	0.0	0.3	1.3	0.6
Total comprehensive income	146.7	154.8	238.5	253.3
Distributed as follows:				
Shareholders of Matas A/S	146.7	154.8	238.5	253.3
Minority shareholders	0.0	0.0	0.0	0.0
	146.7	154.8	238.5	253.3
Earnings per share				
Earnings per share, DKK	3.87	4.04	6.22	6.61
Diluted earnings per share, DKK	3.83	3.99	6.16	6.54



Statement of cash flows

(DKKm)	2021/22 Q3	2020/21 Q3	2021/22 9M	2020/21 9M
Profit before tax	189.5	197.8	303.3	323.8
Adjustment for non-cash operating items etc.:				
Amortisation, depreciation and impairment	107.2	101.6	321.2	301.6
Other non-cash operating items, net	2.1	1.7	(18.5)	3.6
Share of profit or loss after tax of associates	0.0	(0.2)	0.2	(0.6)
Financial income	(5.1)	(17.3)	(5.1)	(17.4)
Financial expenses	9.3	10.2	30.0	33.9
Cash generated from operations before changes in working capital	303.0	293.8	631.1	644.9
Changes in working capital	16.6	220.8	(93.7)	289.8
Cash generated from operations	319.6	514.6	537.4	934.7
Interest received	0.1	0.2	0.1	0.2
Income tax paid	(78.5)	(58.2)	(78.5)	(58.2)
Cash flow from operating activities	241.2	456.6	459.0	876.8
Acquisition of intangible assets	(39.6)	(25.4)	(104.4)	(60.1)
Acquisition of property, plant and equipment	(15.5)	(13.7)	(39.6)	(48.2)
Acquisition of investments in associates	0.0	0.0	0.0	(5.5)
Disposal of investments in subsidiaries	0.0	0.0	0.4	0.0
Acquisition of subsidiaries and operations	0.0	(5.0)	(48.6)	(24.0)
Cash flow from investing activities	(55.1)	(44.1)	(192.2)	(137.8)
Free cash flow	186.1	412.5	266.8	739.0

(DKKm)	2021/22 Q3	2020/21 Q3	2021/22 9M	2020/21 9M
Debt raised with credit institutions	0.0	0.0	745.5	0.0
Debt settled with credit institutions	(67.5)	(312.6)	(708.4)	(675.0)
Interest receivable received	0.0	29.3	0.0	29.3
Amount received from former parent company	0.0	0.0	0.0	64.4
Interest paid	(6.6)	(7.6)	(23.3)	(30.3)
Repayment of lease liabilities	(41.8)	(42.4)	(126.4)	(127.7)
Dividend paid	0.0	0.0	(76.6)	0.0
Acquisition of treasury shares	(53.4)	0.0	(75.0)	0.0
Cash flow from financing activities	(169.3)	(333.3)	(264.2)	(739.3)
Net cash flow from operating, investing and financing activities	16.8	79.2	2.6	(0.3)
Cash and cash equivalents, beginning of period	26.5	27.1	40.7	106.6
Cash and cash equivalents, end of period	43.3	106.3	43.3	106.3

Assets

(DKKm)	31/12/2021	31/12/2020	31/03/2021
NON-CURRENT ASSETS			
Goodwill	3,993.7	3,930.6	3,930.6
Trademarks and trade names	80.9	164.5	143.6
Other intangible assets	185.1	114.8	130.3
Total intangible assets	4,259.7	4,209.9	4,204.5
Property, plant and equipment			
Lease assets	545.5	646.4	651.8
Land and buildings	88.0	91.5	90.8
Other fixtures and fittings, tools and equipment	91.3	111.5	103.2
Leasehold improvements	40.7	57.7	51.5
Plant in progress	7.8	0.0	0.0
Total property, plant and equipment	773.3	907.1	897.3
Investments in associates	11.8	12.3	12.4
Deposits	47.0	46.0	44.1
Other securities and equity investments	0.6	0.6	0.6
Total other non-current assets	59.4	58.9	57.1
Total non-current assets	5,092.4	5,175.9	5,158.9
Current assets			
Inventories	958.9	918.2	866.7
Trade receivables	41.9	19.7	15.2
Income tax receivable	24.8	4.9	19.4
Other receivables	22.6	3.7	4.6
Prepayments	32.6	34.7	37.6
Cash and cash equivalents	43.3	106.3	40.7
Total current assets	1,124.1	1,087.5	984.2
Total assets	6,216.5	6,263.4	6,143.1

Equity and liabilities

(DKKm)	31/12/2021	31/12/2020	31/03/2021
Equity			
Share capital	95.7	95.7	95.7
Hedging reserve	0.0	(1.5)	(1.3)
Translation reserve	0.3	0.3	0.3
Treasury share reserve	(76.0)	(2.6)	(2.6)
Retained earnings	3,087.2	2,928.9	2,870.2
Dividend proposed for the financial year	0.0	0.0	76.6
Matas A/S's share of equity	3,107.2	3,020.8	3,038.9
Minority interests	0.4	0.0	0.0
Total equity	3,107.6	3,020.8	3,038.9
Liabilities			
Deferred tax	197.0	183.9	199.2
Lease liabilities	389.1	496.1	495.5
Provisions	28.0	27.6	27.7
Credit institutions	1,055.7	1,147.9	0.0
Other payables	34.6	59.4	59.2
Total non-current liabilities	1,704.4	1,914.9	781.6
Credit institutions	79.9	0.0	1,098.3
Lease liabilities	179.1	164.9	174.1
Prepayments from customers	196.8	198.1	158.6
Trade payables	728.7	681.7	692.4
Other payables	220.0	283.0	199.2
Total current liabilities	1,404.5	1,327.7	2,322.6
Total liabilities	3,108.9	3,242.6	3,104.2
Total equity and liabilities	6,216.5	6,263.4	6,143.1

Statement of changes in equity

(DKKm)	Share capital	Hed- ging reserve	Trans- lation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total	Minority 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 period	0.0	0.0	0.0	0.0	0.0	237.2	237.2	0.0	237.2
Total comprehensive income	0.0	1.3	0.0	0.0	0.0	237.2	238.5	0.0	238.5
Transactions with owners									
Dividend transferred to other payables	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 minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
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	6.5	6.5	0.0	6.5
Total transactions with owners	0.0	0.0	0.0	(73.4)	(76.6)	(20.2)	(170.2)	0.4	(169.8)
Equity at 31 December 2021	95.7	0.0	0.3	(76.0)	0.0	3,087.2	3,107.2	0.4	3,107.6

Statement of changes in equity (continued)

(DKKm)	Share capital	Hedging reserve	Trans-lation reserve	Treasury share reserve	Retained earnings	Total
Equity at 1 April 2020	95.7	(2.1)	0.3	(11.8)	2,681.9	2,764.0
Value adjustment of hedging instrument	0.0	0.8	0.0	0.0	0.0	0.8
Tax on value adjustment	0.0	(0.2)	0.0	0.0	0.0	(0.2)
Other comprehensive income	0.0	0.6	0.0	0.0	0.0	0.6
Profit for the period	0.0	0.0	0.0	0.0	252.7	252.7
Total comprehensive income	0.0	0.6	0.0	0.0	252.7	253.3
Transactions with owners						
Exercise of incentive programme	0.0	0.0	0.0	9.2	(10.3)	(1.1)
Share-based payment	0.0	0.0	0.0	0.0	4.7	4.7
Total transactions with owners	0.0	0.0	0.0	9.2	(5.6)	3.6
Equity at 31 December 2020	95.7	(1.5)	0.3	(2.6)	2,928.9	3,020.8



Notes

Note 1 – Accounting policies

The interim report is presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

Except as set out below, the accounting policies are consistent with the accounting policies applied in the consolidated financial statements for 2020/21, to which reference is made.

Changes of accounting policies

Matas has implemented the latest IFRS amendments, which took effect on 1 April 2021 and have been approved by the EU.

None of those amendments have significantly affected recognition and measurement, nor are they expected to have a material effect on Matas in the near future.

Note 2 – Accounting estimates and judgments

The preparation of interim financial statements requires Management to make accounting judgments and estimates that affect the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical accounting estimates and judgments are consistent with those applied in the consolidated financial statements for 2020/21.

Note 3 – Seasonality

The Group's activities in the interim period were affected by Christmas shopping, which is material to the Group's overall financial performance.

Note 4 – Revenue

(DKKm)	2021/22 Q3	2020/21 Q3	2021/22 9M	2020/21 9M
Retail sales, own stores	1,000.3	972.8	2,479.9	2,413.2
Retail sales, webshops (matas.dk and Firtal)	351.0	339.3	820.5	768.2
Wholesale sales etc. (incl. Kosmolet and Web Sundhed)	27.2	0.9	73.2	11.0
Total revenue	1,378.4	1,313.0	3,373.6	3,192.4

In Q3 2021/22, 25.5% of Matas Group's revenue was generated by its webshops, compared with 25.8% in the year-earlier period.

Revenue breaks down by product groups as follows:

(DKKm)	2021/22 Q3	2020/21 Q3	2021/22 9M	2020/21 9M
High-End Beauty	573.5	559.5	1,252.1	1,190.7
Mass Beauty	433.1	411.6	1,119.1	1,070.1
Health & Wellbeing	300.7	295.1	821.3	812.1
Other	43.9	45.9	107.9	108.5
Wholesale sales etc. (incl. Kosmolet and Web Sundhed)	27.2	0.9	73.2	11.0
Total revenue	1,378.4	1,313.0	3,373.6	3,192.4

Notes

Note 4 – Revenue continued

The product groups are 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 & 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). Other revenue.
- 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.

(DKKm)	2021/22 Q3	2020/21 Q3	2021/22 9M	2020/21 9M
Sale of goods	1,378.4	1,313.0	3,373.6	3,192.4
Sale of services	0.0	0.0	0.0	0.0
Total revenue	1,378.4	1,313.0	3,373.6	3,192.4

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 63.7 million at 31 December 2021 (31 December 2020: DKK 58.7 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 December 2021 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 > 98%.

Notes

Note 5 – Acquisition of subsidiaries and contingent consideration

Contingent consideration of DKK 20.0 million concerning the acquisition of Firtal Group was paid in Q1 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 Q1 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 58.4 million and EBITDA of DKK (1.1) 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 60.3 million and EBITDA to DKK (1.1) million.

The preliminary opening balance sheet was restated at 31 December 2021 to the effect that the preliminary 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 26.2 million, including trade payables of DKK 21.2 million and deferred tax liabilities of DKK 4.0 million.

The fair value of acquired net assets is DKK 7.5 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 73.5 million, and goodwill arising on the acquisition was thus DKK 65.8 million.

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 during the first nine months of 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	65.8	0.0
Disposal relating to retail network changes	(2.7)	0.0
Goodwill at 31 December	3,993.7	3,930.6

Notes

Note 6 – Leases

Matas' lease assets are as follows:

(DKKm)	31/12/2021	31/12/2020	31/03/2021
Store leases	480.8	589.5	594.7
Administration and warehouse buildings etc.	62.6	54.4	53.4
Cars and other leases	2.1	2.5	3.7
Total lease assets	545.5	646.4	651.8

Matas' lease liabilities are as follows:

(DKKm)	31/12/2021	31/12/2020	31/03/2021
Non-current liabilities	389.1	496.1	495.5
Current liabilities	179.1	164.9	174.1
Total lease liabilities	568.2	661.0	669.6

Most store leases are evergreen contracts as defined in the Danish Business Lease Act and are consequently subject to terms of notice of 3-12 months.

Depreciation as set out below is recognised in the statement of comprehensive income:

(DKKm)	9M 2021/22	9M 2020/21
Store leases etc.	119.6	121.5
Administration and warehouse buildings etc.	9.2	8.5
Cars and other leases	3.1	2.9
Total depreciation of lease assets	131.9	132.9

Lease payments in the amount of DKK 135.1 million were made in 9M 2021/22 (9M 2020/21: DKK 137.6 million).

Interest in the amount of DKK 8.1 million was expensed in 9M 2021/22 (9M 2020/21: DKK 9.4 million).

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

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 2.9 million.

A total amount of DKK 3.5 million was recognised in the statement of comprehensive income for 9M 2021/22 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 December 2021.

Notes

Note 7 – Other payables

(DKKm)	31/12/2021	31/12/2020	31/03/2021
Other non-current payables			
Contingent consideration and deferred purchase price	34.6	0.0	0.0
Frozen holiday pay	0.0	59.4	59.2
Total other non-current payables	34.6	59.4	59.2
Other current payables			
VAT payable	88.8	84.2	38.6
Holiday pay obligations etc.	97.4	51.7	56.7
Pay-related liabilities (A tax/social security contributions)	33.8	101.7	75.2
Contingent consideration	0.0	18.7	19.4
Other creditors	0.0	26.7	9.3
Total other current payables	220.0	283.0	199.2

Note 8 – Transactions with related parties

Pursuant to Matas A/S' Remuneration Policy, a total of 222,549 Performance Share Units (PSUs) related to the Company's long-term incentive programme (LTIP) for 2018 vested at 22 June 2021.

The PSUs vested in the form of 3,953 shares and a cash amount of DKK 9.9 million being granted to CEO Gregers Wedell-Wedellsborg, 2,080 shares and a cash amount of DKK 5.2 million being granted to CFO Anders T. Skole-Sørensen and 8,326 shares and a cash amount of DKK 10.0 million being granted to the rest of the executive team, including resigned managers.

The PSUs were granted free of charge to vest in the form of shares in Matas A/S.

PSUs vested at 150% of the original grant. Based on a closing price at 22 June 2021 of DKK 106.9, the total value of vested PSUs was DKK 23.8 million.

In early 2021/22, Matas sold 20% of the share capital in Firtal Tech ApS to the subsidiary's CEO at a price of DKK 0.4 million.

PSUs have been granted under the long-term incentive programme for 2021. A total of 44,293 PSUs were granted to CEO Gregers Wedell-Wedellsborg and a total of 16,614 to CFO Anders T. Skole-Sørensen.

Note 9 – Events after the date of the statement of financial position

No significant events have occurred after the date of the statement of financial position.

Interim financial highlights

(DKKm)	2021/22 Q3	2021/22 Q2	2021/22 Q1	2020/21 Q4	2020/21 Q3	(DKKm)	2021/22 Q3	2021/22 Q2	2021/22 Q1	2020/21 Q4	2020/21 Q3
Statement of comprehensive income						Key performance indicators					
Revenue	1,378.4	973.9	1,021.3	971.2	1,313.0	Number of transactions (millions)	6.6	5.2	5.1	4.7	6.2
Gross profit	613.7	430.9	453.1	443.2	575.4	Average basket size (DKK)	204.5	181.9	196.4	203.9	212.9
EBITDA	300.9	163.0	185.7	146.6	292.1	Total retail floor space (thousands of square metres)	53.3	53.4	53.8	53.7	53.5
EBIT	193.7	56.7	78.0	40.6	190.5	Avg. revenue per square metre (DKK thousands) – LTM	79.5	78.7	78.5	77.7	74.8
Net financials	(4.2)	(10.3)	(10.5)	(11.1)	7.3	Like-for-like growth	2.8%	1.8%	5.9%	19.8%	12.8%
Profit before tax	189.5	46.4	67.5	29.5	197.8						
Profit for the period	146.7	36.4	54.1	16.3	154.5						
Statement of financial position						Adjusted figures					
Total assets	6,216.5	6,204.9	6,243.5	6,143.1	6,263.4	EBITDA	300.9	163.0	185.7	146.6	292.1
Total equity	3,107.6	3,012.2	2,993.5	3,038.9	3,020.8	Special items	(17.4)	2.6	0.0	5.4	0.7
Net working capital	(89.5)	(76.2)	(113.1)	(126.1)	(167.8)	EBITDA before special items	283.5	165.6	185.7	152.0	292.8
Net interest-bearing debt	1,660.5	1,766.0	1,739.5	1,727.2	1,702.6	Depreciation and amortisation of software	(77.5)	(75.5)	(78.2)	(79.7)	(75.5)
Statement of cash flows						EBITA	206.0	90.1	107.5	72.3	217.3
Cash flow from operating activities	241.2	129.6	88.2	75.1	456.6	Adjusted profit after tax	156.5	62.5	77.2	42.3	175.4
Cash flow from investing activities	(55.1)	(43.5)	(93.6)	(40.1)	(44.1)	Gross margin	44.5%	44.2%	44.4%	45.6%	43.8%
Free cash flow	186.1	86.1	(5.4)	35.0	412.5	EBITDA margin	21.8%	16.7%	18.2%	15.1%	22.2%
Net cash flow from operating, investing and financing activities	16.8	(9.2)	(5.0)	(65.6)	79.2	EBITDA margin before special items	20.6%	17.0%	18.2%	15.6%	22.3%
						EBITA margin	14.9%	9.3%	10.5%	7.4%	16.5%
						EBIT margin	14.1%	5.8%	7.6%	4.2%	14.5%

matas

Matas A/S

Rørmosevej 1
DK-3450 Allerød

Tel.: 48 16 55 55
www.matas.dk
investor.matas.dk
CVR no. 27 52 84 06