

## Interim report – Q1 2016/17 (1 April – 30 June 2016)

### Growing revenue – guidance confirmed – new share buyback programme

Q1 2016/17 revenue was up by 2.6% year on year to DKK 848.1 million. The underlying like-for-like growth rate in store sales was 2.9% in Q1 2016/17.

EBITA was DKK 136.9 million in Q1 2016/17, equivalent to an EBITA margin of 16.1%, down from 16.7% in the year-earlier period.

The guidance for 2016/17 is unchanged: a like-for-like increase in revenue by 1-3% and an EBITA margin slightly below 17%.

Due to substantial cash generation, a new share buyback programme will be initiated for DKK 150 million in accordance with the company's capital structure policy. The programme will commence on 1 September 2016.

Statement by Terje List, Chief Executive Officer: *“Although we are pleased with the quite positive revenue growth rate in the quarter, the sales growth was mainly attributable to more business days during the quarter and a better sun season in the early part of the summer. During the quarter, we continued to roll out a number of strategic initiatives in order to boost long-term growth in Matas's revenue and earnings and, not least, we relaunched Club Matas, so customers can now choose individualised benefits that match their buying behaviour. The initiation of another share buyback programme underlines that Matas is a highly cash generating company focused on ongoing returns to our shareholders.”*

- Q1 2016/17 revenue grew 2.6% year on year to DKK 848.1 million. The like-for-like growth rate was 2.9%. Revenue was favourably affected by the number of business days and, to a lesser extent, developments in seasonal sales compared with the year-earlier period.
- Q1 2016/17 gross profit was DKK 401.1 million, equivalent to a gross margin of 47.3%, which was an improvement of 0.6 percentage point compared to 46.7% in Q1 2015/16.
- EBITA was DKK 136.9 million in Q1 2016/17, equivalent to an EBITA margin of 16.1%, against 16.7% in the year-earlier period.
- Profit after tax for the period was DKK 84.6 million, and adjusted profit after tax net of amortisation not related to software was DKK 99.4 million (Q1 2015/16: DKK 100.9 million).
- Cash generated from operations decreased to DKK 86.5 million in Q1 2016/17 (Q1 2015/16: DKK 199.5 million). The free cash flow in Q1 2016/17 was an inflow of DKK 25.7 million (Q1 2015/16: DKK 177.5 million). (The lower cash flow in the quarter was the result of the acquisition of four associated stores, investment in the stores and the deliberate build-up of inventories to reduce the number of stock-out situations.)
- Gross debt stood at DKK 1,534.2 million as at 30 June 2016. The target of a gross debt of DKK 1,600-1,800 million remains unchanged. Net interest-bearing debt was DKK 1,428.1 million at 30 June 2016, equivalent to 2.2x LTM EBITDA before exceptional items as compared to 2.5x at the end of Q1 2015/16.

- The annual general meeting held on 29 June 2016 passed a resolution to pay a dividend of DKK 6.30 per share of DKK 2.50, equivalent to a total dividend of DKK 254 million, which was paid out at the beginning of Q2 2016/17.
- Club Matas sustained the net membership growth in Q1 2016/17, retaining its position as the largest customer club in Denmark. Towards the end of the quarter, Club Matas was relaunched with additional customer benefits that are individualised and based on factors such as the customer's purchase history.
- Matas's online store continued its high growth rate in the quarter.
- After the end of the quarter, Matas has signed a letter of intent with Estée Lauder Company for the roll-out of a number of shops-in-shops with the internationally recognised make-up brand M·A·C, initially in the five StyleBox stores and in one Matas store.
- An agreement has been signed for the first shop-in-shop pharmacy at a Matas store in Sønderborg.
- Matas took over four associated stores in the quarter: one in Skagen, one in Haderslev and two in Sønderborg.

## Outlook for 2016/17

The financial targets for the Group for 2016/17 are unchanged:

- Like-for-like revenue is expected to grow by 1-3%.
- The EBITA margin is expected to be slightly below 17%.
- Investments(CapEx), excluding acquisitions of stores, is expected to be at the level of DKK 90-100 million.

## Conference call

Matas will host a conference call for investors and analysts on Tuesday, 16 August at 12:30 a.m.

The conference call and presentation will be available on our investor website: [investor.en.matas.dk](http://investor.en.matas.dk).

Conference call access numbers for investors and analysts:

DK	+45 3271 1660
UK:	+44 (0)20 3427 1904
US:	+1 646 254 3388
Event code:	2054771

## Contacts

Terje List  
CEO, tel +45 4816 5555

Søren Mølbak  
Head of Investor Relations, tel +45 4816 5548

Anders T. Skole-Sørensen  
CFO, tel +45 4816 5555

Henrik Engberg Johannsen  
Information Manager, tel +45 2171 2474

## Forward-looking statements

*This interim report contains statements relating to the future, including statements regarding Matas A/S's future operating results, financial position, cash flows, business strategy and plans for the future. The statements can be identified by the use of words such as "believes", "expects", "estimates", "projects", "plans", "anticipates", "continues" and "intends" or any variations of such words or other words with similar meaning. The statements are based on management's reasonable expectations and forecasts at the time of the disclosure of the report. Any such statements are subject to risks and uncertainties, and a number of different factors, many of which are beyond Matas A/S's control, could mean that actual performance and actual results will differ significantly from the expectations expressed in this interim report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive matters, supplier issues and financial issues.*

# Key financials

(DKK millions)	2016/17 Q1	2015/16 Q1
<b>Statement of comprehensive income</b>		
Revenue	848.1	826.5
Gross profit	401.1	386.0
EBITDA	152.6	152.4
Operating profit	117.9	118.7
Profit before tax	108.4	113.1
Profit for the period	84.6	86.4
EBITA	136.9	137.7
Adjusted profit after tax	99.4	100.9
<b>Statement of financial position</b>		
Total assets	5,443.7	5,474.4
Total equity	2,468.2	2,472.9
Net working capital	(105.5)	(122.6)
Net interest-bearing debt	1,428.1	1,645.1
<b>Statement of cash flows</b>		
Cash flow from operating activities	77.4	189.3
Cash flow from investing activities	(51.7)	(11.8)
Free cash flow	25.7	177.5
<b>Ratios</b>		
Revenue growth	2.6%	(0.1)%
<i>Like-for-like growth</i>	2.9%	0.4%
Gross margin	47.3%	46.7%
EBITDA margin	18.0%	18.4%
<i>EBITA margin</i>	16.1%	16.7%
EBIT margin	13.9%	14.4%
Cash conversion	44.5%	125.3%
Earnings per share, DKK	2.17	2.16
Diluted earnings per share, DKK	2.15	2.15
Share price, end of period, DKK	113.5	142.5
ROIC, pre-tax	14.2%	14.7%
ROIC, pre-tax and excluding goodwill	133.4%	130.7%
Net working capital as a percentage of revenue	-3.0%	-3.6%
Investments as a percentage of revenue	6.1%	1.4%
Net interest-bearing debt/Adjusted EBITDA	2.2	2.5
Average number of employees	2,138	2,112

For definitions of key financials, see page 76 of the 2015/16 Annual Report.

# Management's review

## Revenue in Q1 2016/17

Matas generated revenue of DKK 848.1 million in Q1 2016/17, equivalent to a year-on-year increase of 2.6%.

Growth in sales to stores operated by the Group in both Q1 2016/17 and Q1 2015/16 (like-for-like growth) was 2.9%. The number of transactions grew slightly during the period, but a minor decline was seen when adjusted for acquired stores. The average basket size showed growth. The high year-on-year growth rates in online sales continued.

Sales in Matas's own retail stores grew by 3.2% year on year in Q1 2015/16. The consolidation of acquired operations lifted revenue from Matas's own retail stores by approximately DKK 3.8 million year on year. Wholesale sales to associated Matas stores were down by 13.2%, partly as a result of the acquisition of associated stores during the intermediate period.

### REVENUE BY SALES CHANNEL

(DKK millions)	2016/17 Q1	2015/16 Q1	Growth
Beauty	606.0	589.3	2.8%
Vital	92.2	84.1	9.6%
Material	74.4	74.0	0.6%
MediCare	47.0	46.0	2.1%
Other including Sweden	5.1	6.1	(17.2)%
<b>Total revenue from own retail stores</b>	<b>824.7</b>	<b>799.5</b>	<b>3.2%</b>
Sales of goods to associated stores, etc.	23.4	27.0	(13.3)%
<b>Total revenue</b>	<b>848.1</b>	<b>826.5</b>	<b>2.6%</b>

Note: Product sales from StyleBox are included in Beauty, while sales of services are included in Other.

The Beauty Shop offers everyday and luxury beauty products and personal care products, including cosmetics, fragrances, skincare and hair-care products. Overall, revenue from the Beauty Shop increased by 2.8% year on year. Sales of high-end beauty products showed fair growth at the rate of 4.7%, while sales of Mass Beauty products showed a lower growth rate of 1.4%.

The Beauty segment's share of total revenue from Matas's own retail stores was down marginally in Q1 2016/17 to 73.5% from 73.7% in the year-earlier period.

The Vital Shop segment, which consists of vitamins, minerals, supplements and health foods, continued the positive trend, and revenue grew by 9.6% in Q1 2016/17. A strengthened focus on this area in the stores and a positive market contributed to the growth, and an extra campaign in the quarter supported the solid growth.

Revenue from the Material Shop segment, which comprises products for handling complex household issues as well as footcare, sports and other products, showed a marginal year-on-year improvement of 0.6%, primarily driven by additional sales from the acquired stores.

The MediCare segment, which offers OTC medicine and healthcare products, recorded a 2.1% increase in revenue in Q1 2016/17.

The number of members of the Club Matas loyalty programme continued to grow in Q1 2016/17. In the quarter, a new and more individualised version of Club Matas was rolled out, offering customers additional benefits based on the individual customer's buying behaviour. The partner programme ClubM currently has 20 external partners.

As at 30 June 2016, the Matas chain had 291 retail stores, divided into 275 own physical retail stores, one online store and 15 associated stores. Matas took over four associated stores in the quarter: one in Skagen, one in Haderslev and two in Sønderborg. In StyleBox, the number of stores was unchanged at five plus a shop-in-shop and one online store.



Matas continually monitors the market competition, including a parallel import concept within certain Matas product categories. Matas's analysis of sales data from stores exposed to competition in their vicinity from stores under the parallel concept continued to show a very low adverse sales impact during the period shortly after the opening of the parallel import stores, and that the impact fades after the initial period. Matas therefore continue to believe that the primary impact on the market from this relatively new concept has been to increase the already intense price competition in the market, to expand the total market, and that supermarket competitors are losing market share in this field.

In Q1 2016/17, Matas launched an update of its strategy under the name of "The Ultimate Difference". The ambition of the strategy is to increase Matas's revenue to more than DKK 4 billion by 2020/21, and it encompasses two main tracks: Customer Centricity and Digital Leadership. The goal is to further strengthen Matas as the customers' preferred destination for beauty and health products through increased customer focus, an enhanced shopping experience, a more efficient price and discount structure, omnichannel leadership and, to an even greater extent, exploitation of the potential of Club Matas.

After the end of the quarter, Matas has signed a letter of intent with Estée Lauder Company for the roll-out of a number of shops-in-shops for the internationally recognised make-up brand M·A·C, including at the five StyleBox stores. All details of the agreement have not yet been finally negotiated, but it is expected that the first M·A·C shops-in-shops can be rolled out in the course of the second half of the calendar year 2016.

Because of the low number of remaining associated stores, the agreement regulating trading with those stores has lapsed. Matas has initiated discussions with the owners of the remaining associated stores regarding a new agreement. It is expected that negotiations regarding an agreement can be concluded in the course of 2016/17. Moreover, talks are currently ongoing about acquisitions of additional stores.

An agreement has been signed for the first shop-in-shop pharmacy at a Matas store in Sønderborg, which is expected to be opened sometime in the autumn.

## Costs and operating profit

Gross profit in Q1 2016/17 was DKK 401.1 million (Q1 2015/16: DKK 386.0 million).

The gross margin for Q1 2016/17 was 47.3% (Q1 2015/16: 46.7%). The improved gross profit performance in Q1 2016/17 can consequently be attributed to the positive trends in both revenue and gross margin. The improved gross margin was the result of better procurement bonuses in connection with a higher purchasing volume from suppliers, a positive impact on the gross margin from sales at a retail margin on the consolidation of the four acquired stores and marginally improved earnings from the partner programme ClubM.

Other external costs rose by DKK 8.3 million year on year in Q1 2016/17. Other external costs as a percentage of revenue rose to 9.1% in Q1 2016/17 from 8.4% in the year-earlier period, which was mainly due to increased marketing costs, including DKK 4.3 million in connection with the relaunch of Club Matas and that net marketing costs were extraordinarily low in the comparative quarter (Q1 2015/16).

Staff costs rose by DKK 6.6 million year on year in Q1 2016/17 to DKK 170.9 million. The increase was due to higher payroll costs at head office in connection with the execution of Matas's strategic initiatives, general salary increases as of 1 April 2016 and a small increase in the number of staff in the stores, partly as a consequence of the acquisition of stores. As a percentage of revenue, staff costs rose to 20.2% in Q1 2016/17 from 19.9% in the year-earlier period. Q1 2016/17 staff costs include DKK 0.7 million related to the company's long-term share compensation programme.

## DEVELOPMENTS IN COSTS

(DKK millions)	2016/17 Q1	2015/16 Q1	Growth
Other external costs	77.6	69.3	12.0%
As a percentage of revenue	9.1%	8.4%	
Staff costs	170.9	164.3	4.0%
As a percentage of revenue	20.2%	19.9%	

EBITDA was DKK 152.6 million in Q1 2016/17, representing a year-on-year increase of 0.1%. This brought the EBITDA margin to 18.0%, representing a decline by 0.4 percentage point.

EBIT was DKK 117.9 million in Q1 2016/17. EBITA was down by 0.6% to DKK 136.9 million, equivalent to an EBITA margin of 16.1% (Q1 2015/16: 16.7%). The decrease in margin was attributable to the increase in external costs, including net marketing costs.

## DEVELOPMENTS IN EBITA

(DKK millions)	2016/17 Q1	2015/16 Q1	Growth
<b>Operating profit</b>	117.9	118.7	(0.7)%
Amortisation of intangible assets	19.0	19.0	
<b>EBITA</b>	136.9	137.7	(0.6)%
EBITA margin	16.1%	16.7%	

## Financials

Total financial expenses were up by DKK 3.9 million in Q1 2016/17 to DKK 9.5 million.

In Q1 2016/17, an expense of DKK 0.3 million was recognised in respect of a fair value adjustment of an interest rate swap (Q1 2015/16: DKK 5.3 million). Net interest expenses excluding fair value adjustments were DKK 9.8 million, which represented a year-on-year decline of DKK 1.1 million.

## DEVELOPMENTS IN NET INTEREST EXPENSES

(DKK millions)	2016/17 Q1	2015/16 Q1
Net interest expenses	9.5	5.6
Fair value adjustment of interest rate swap	0.3	5.3
Net interest expenses, adjusted for swap	9.8	10.9

## Profit for the period

The effective tax rate in Q1 2016/17 was 22.0%, equivalent to a tax expense of DKK 23.8 million. Profit for the period after tax was DKK 84.6 million, and adjusted profit after tax was DKK 99.4 million, representing a year-on-year decline of 1.5% from DKK 100.9 million in the prior-year period.

## Statement of financial position

Total assets stood at DKK 5,443.7 million at 30 June 2016 (30 June 2015: DKK 5,474.4 million).

Current assets totalled DKK 1,027.9 million, representing a year-on-year decline of DKK 1.2 million. Inventories were 9% higher at the end of Q1 2016/17 than at the end of Q1 2015/16 including additions from acquired operations and store openings and closures. Inventories accounted for 22.2% of LTM revenue at the end of Q1 2016/17 compared to 20.6% a year earlier, and 19.3% at the end of Q4 2015/16. The increase in inventories in Q1 was due to the normal

build-up of inventories ahead of the summer season, the aim to reduce the number of stock-out situations, and a DKK 12.9 million effect of acquired operations.

Trade receivables were down by DKK 3.3 million to DKK 27.9 million. Trade payables increased by DKK 65.3 million relative to 30 June 2015, partly as a result of the increase in inventories and a number of arbitrary timing differences in payments of outstanding amounts at the end of the quarter.

Net working capital excluding deposits stood at minus DKK 105.5 million at 30 June 2016 (30 June 2015: minus DKK 122.6 million). Net working capital accounted for minus 3.0% of revenue for the past 12 months, as compared with minus 3.6% last year.

The change in net working capital was partly attributable to the higher inventory level and to Matas paying out dividend in early Q2 this year. In 2015, dividend was paid out at the end of Q1 and in compliance with Danish legislation, tax withheld on shareholders' dividends had not yet been settled with the tax authorities by the balance sheet date, i.e. 30 June 2015.

Cash and cash equivalents stood at DKK 106.1 million (30 June 2015: DKK 191.2 million).

Equity stood at DKK 2,468.2 million at 30 June 2016 (30 June 2015: DKK 2,472.9 million).

Interest-bearing gross debt stood at DKK 1,534.2 million at 30 June 2016.

Net interest-bearing debt was DKK 1,428.1 million at 30 June 2016, representing a year-on-year decline of DKK 217.0 million. Net interest bearing debt represents 2.2x LTM EBITDA before exceptional items.

The Group held a total of 1,261,948 treasury shares at 30 June 2016. After the balance sheet date, 1,000,000 treasury shares, equivalent to 2.5% of the share capital, have been cancelled following a resolution adopted at the annual general meeting held on 29 June 2016. The share capital thereafter consists of 39,291,492 shares of DKK 2.50 each, of which treasury shares total 261,948. The treasury shares are held partly to meet certain obligations to deliver shares under the Group's long-term incentive programme.

## Statement of cash flows

Cash generated from operations was an inflow of DKK 86.5 million in Q1 2016/17 (Q1 2015/16: an inflow of DKK 199.5 million). As described above, the difference was mainly driven by the cash flow relating to the change in working capital, which was an outflow in Q1 2016/17, whereas it was an inflow in Q1 2015/16.

The cash flow from operating activities was an inflow of DKK 77.4 million in Q1 2016/17 (Q1 2015/16: an inflow of DKK 189.3 million).

The cash flow from investing activities was an outflow of DKK 51.7 million in Q1 2016/17 (Q1 2015/16: an outflow of DKK 11.8 million), the increase being mainly attributable to the acquisition of four associated stores.

The free cash flow was DKK 25.7 million in Q1 2016/17 (Q1 2015/16: DKK 177.5 million).

## Return on invested capital

The return on invested capital before tax in the past 12 months was 14.2%, as compared to 14.7% a year earlier.

## Events after the balance sheet date of the interim report

No significant events have occurred after the balance sheet date of the interim report.

## Significant risks

As stated in the 2015/16 Annual Report, no significant operational risks are deemed to exist other than what is normal for the industry. Matas is to some extent exposed to different types of financial risk such as interest-rate, liquidity and credit risk. See note 29 to the consolidated financial statements for 2015/16 for additional information on such risk.

# Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and adopted the interim report of Matas A/S for the period 1 April to 30 June 2016.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets and liabilities and financial position at 30 June 2016 and of the results of the Group's operations and cash flows for the period 1 April to 30 June 2016.

Furthermore, in our opinion, the management 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 it faces.

Allerød, 16 August 2016

## Executive Management

Terje List  
Chief Executive Officer

Anders T. Skole-Sørensen  
Chief Financial Officer

## Board of Directors

Lars Vinge Frederiksen  
Chairman

Lars Frederiksen  
Deputy Chairman

Ingrid Jonasson Blank

Christian Mariager

Birgitte Nielsen





## Additional information

### Financial calendar

The financial year covers the period 1 April – 31 March, and the following dates have been fixed for releases etc. in the financial year 2016/17:

9 November 2016	H1 interim report 2016/17
10 January 2017	Trading update for the period 1 October 2016 to 31 December 2016
8 February 2017	Q3 interim report 2016/17
30 May 2017	Annual report 2016/17
29 June 2017	Annual general meeting

### Company information

Matas A/S  
Rørmosevej 1  
DK-3450 Allerød, Denmark

Tel.: +45 4816 5555  
[www.matas.dk](http://www.matas.dk)  
[investor.en.matas.dk](http://investor.en.matas.dk)  
Company reg. (CVR) no. 27 52 84 06

# Statement of comprehensive income

(DKK millions)	2016/17 Q1	2015/16 Q1
Revenue	848.1	826.5
Cost of goods sold	(447.0)	(440.5)
<b>Gross profit</b>	<b>401.1</b>	<b>386.0</b>
Other external costs	(77.6)	(69.3)
Staff costs	(170.9)	(164.3)
Amortisation, depreciation and impairment losses	(34.7)	(33.7)
<b>Operating profit</b>	<b>117.9</b>	<b>118.7</b>
Financial income	0.3	0.0
Financial expenses	(9.8)	(5.6)
<b>Profit before tax</b>	<b>108.4</b>	<b>113.1</b>
Tax on profit for the period	(23.8)	(26.7)
<b>Profit for the period</b>	<b>84.6</b>	<b>86.4</b>
<b>Other comprehensive income</b>		
Other comprehensive income after tax	0.0	0.0
<b>Total comprehensive income</b>	<b>84.6</b>	<b>86.4</b>
<b>Earnings per share</b>		
Earnings per share, DKK	2.17	2.16
Diluted earnings per share, DKK	2.15	2.15

# Statement of cash flows

(DKK millions)	2016/17 Q1	2015/16 Q1
Profit before tax	108.4	113.1
Adjustment for non-cash operating items:		
Amortisation, depreciation and impairment losses	34.7	33.7
Other non-cash operating items, net	0.7	2.1
Financial income	(0.3)	0.0
Financial expenses	9.8	5.6
<b>Cash generated from operations before changes in working capital</b>	<b>153.3</b>	<b>154.5</b>
Changes in working capital	(66.8)	45.0
<b>Cash generated from operations</b>	<b>86.5</b>	<b>199.5</b>
Interest received	0.0	0.0
Interest paid	(9.1)	(10.2)
Corporation tax paid	0.0	0.0
<b>Cash flow from operating activities</b>	<b>77.4</b>	<b>189.3</b>
Acquisition of intangible assets	(9.2)	(5.3)
Acquisition of property, plant and equipment	(8.7)	(6.4)
Acquisition of subsidiaries and operations	(33.8)	(0.1)
<b>Cash flow from investing activities</b>	<b>(51.7)</b>	<b>(11.8)</b>
<b>Free cash flow</b>	<b>25.7</b>	<b>177.5</b>
Debt raised from and settled with banks	40.0	229.7
Dividend paid	0.0	(232.0)
Purchase and sale of treasury shares	(29.5)	(25.5)
<b>Cash flow from financing activities</b>	<b>10.5</b>	<b>(27.8)</b>
<b>Net cash flow from operating, investing and financing activities</b>	<b>36.2</b>	<b>149.7</b>
Cash and cash equivalents at 1 April	69.9	41.6
<b>Cash and cash equivalents at 30 June</b>	<b>106.1</b>	<b>191.2</b>

# Assets

(DKK millions)	30.06 2016	30.06 2015	31.03 2016
<b>NON-CURRENT ASSETS</b>			
Goodwill	3,724.8	3,691.0	3,691.0
Trademarks and trade names	417.3	491.2	435.7
Shares in co-operative property	3.9	3.9	3.9
Other intangible assets	40.7	38.2	37.2
<b>Total intangible assets</b>	<b>4,186.7</b>	<b>4,224.3</b>	<b>4,167.8</b>
<b>Property, plant and equipment</b>			
Land and buildings	95.9	98.2	96.5
Plant and machinery	65.9	53.1	67.3
Leasehold improvements	10.3	11.9	10.0
<b>Total property, plant and equipment</b>	<b>172.1</b>	<b>163.2</b>	<b>173.8</b>
Deferred tax assets	18.8	20.6	16.0
Deposits	37.3	36.3	36.9
Other securities and investments	0.9	0.9	0.9
<b>Total other non-current assets</b>	<b>57.0</b>	<b>57.8</b>	<b>53.8</b>
<b>Total non-current assets</b>	<b>4,415.8</b>	<b>4,445.3</b>	<b>4,395.4</b>
<b>CURRENT ASSETS</b>			
Inventories	766.0	705.4	662.8
Trade receivables	27.9	31.2	29.5
Corporation tax receivable	99.6	75.0	129.5
Other receivables	7.0	3.4	4.5
Prepayments	21.3	22.9	23.7
Cash and cash equivalents	106.1	191.2	69.9
<b>Total current assets</b>	<b>1,027.9</b>	<b>1,029.1</b>	<b>919.9</b>
<b>TOTAL ASSETS</b>	<b>5,443.7</b>	<b>5,474.4</b>	<b>5,315.3</b>

## Equity and liabilities

(DKK millions)	30.06 2016	30.06 2015	31.03 2016
<b>EQUITY</b>			
Share capital	100.7	101.9	100.7
Share premium	1,787.3	1,787.3	1,787.3
Translation reserve	0.3	0.3	0.3
Treasury share reserve	(165.3)	(111.2)	(137.4)
Retained earnings	745.2	694.6	653.6
Proposed dividend for the financial year	0.0	0.0	253.8
<b>Total equity</b>	<b>2,468.2</b>	<b>2,472.9</b>	<b>2,658.3</b>
<b>LIABILITIES</b>			
Deferred tax	245.3	256.9	248.2
Banks	1,534.2	1,836.3	1,493.5
Other payables, long-term	22.5	22.8	22.8
<b>Total non-current liabilities</b>	<b>1,802.0</b>	<b>2,116.0</b>	<b>1,764.5</b>
Prepayments from customers	146.7	138.2	149.8
Trade payables	624.8	559.5	584.2
Dividends	245.8	0.0	0.0
Other payables	156.2	187.8	158.5
<b>Total current liabilities</b>	<b>1,173.5</b>	<b>885.5</b>	<b>892.5</b>
<b>Total liabilities</b>	<b>2,975.5</b>	<b>3,001.5</b>	<b>2,657.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,443.7</b>	<b>5,474.4</b>	<b>5,315.3</b>

# Statement of changes in equity

(DKK millions)	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
<b>Equity at 1 April 2016</b>	<b>100.7</b>	<b>1,787.3</b>	<b>0.3</b>	<b>(137.4)</b>	<b>253.8</b>	<b>653.6</b>	<b>2,658.3</b>
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	0.0	84.6	84.6
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>84.6</b>	<b>84.6</b>
<b>Transactions with owners</b>							
Dividend transferred to liabilities	0.0	0.0	0.0	0.0	(245.8)	0.0	(253.8)
Dividend on treasury shares	0.0	0.0	0.0	0.0	(8.0)	8.0	0.0
Acquisition of treasury shares	0.0	0.0	0.0	(29.7)	0.0	0.0	(29.7)
Exercise of share options	0.0	0.0	0.0	1.8	0.0	(1.7)	0.1
Share-based payment	0.0	0.0	0.0	0.0	0.0	0.7	0.7
<b>Total transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(27.9)</b>	<b>(253.8)</b>	<b>7.0</b>	<b>(274.7)</b>
<b>Equity at 30 June 2016</b>	<b>100.7</b>	<b>1,787.3</b>	<b>0.3</b>	<b>(165.3)</b>	<b>0.0</b>	<b>745.2</b>	<b>2,468.2</b>

(DKK millions)	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
<b>Equity at 1 April 2015</b>	<b>101.9</b>	<b>1,787.3</b>	<b>0.3</b>	<b>(85.7)</b>	<b>236.5</b>	<b>603.2</b>	<b>2,643.5</b>
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	0.0	86.4	86.4
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>86.4</b>	<b>86.4</b>
<b>Transactions with owners</b>							
Dividend paid	0.0	0.0	0.0	0.0	(232.0)	0.0	(232.0)
Dividend on treasury shares	0.0	0.0	0.0	0.0	(4.5)	4.5	0.0
Acquisition of treasury shares	0.0	0.0	0.0	(25.5)	0.0	0.0	(25.5)
Share-based payment	0.0	0.0	0.0	0.0	0.0	0.5	0.5
<b>Total transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(25.5)</b>	<b>(236.5)</b>	<b>5.0</b>	<b>(257.0)</b>
<b>Equity at 30 June 2015</b>	<b>101.9</b>	<b>1,787.3</b>	<b>0.3</b>	<b>(111.2)</b>	<b>0.0</b>	<b>694.6</b>	<b>2,472.9</b>

# Notes to the financial statements

## Note 1 – Accounting policies

The interim report is presented in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and Danish disclosure requirements for listed companies.

Except as stated below, the accounting policies are unchanged from the accounting policies applied in the consolidated financial statements for 2015/16, to which reference is made.

Matas A/S has implemented the standards and interpretations taking effect for 2016/17. None of the new standards and interpretations have significantly affected recognition and measurement.

## 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 in the consolidated financial statements for 2015/16.

## Note 3 – Seasonality

The Group’s activities in the interim period were only to a limited extent affected by seasonal or cyclical fluctuations.

## Note 4 – Acquisition of subsidiaries and operations

Matas acquired four associated stores in Q1 at a total consideration of DKK 41.3 million, including goodwill of DKK 33.8 million.

The acquired associated stores are included in revenue for the period at DKK 3.8 million and EBITDA for the period at DKK 0.4 million. As a consequence of the continuing settlement of contracts with the sellers, the acquisitions recognised are subject to change. No transaction costs were incurred.

# Interim financial highlights

(DKK millions)	2016/17 Q1	2015/16 Q4	2015/16 Q3	2015/16 Q2	2015/16 Q1
<b>Statement of comprehensive income</b>					
Revenue	848.1	764.9	1,051.5	783.2	826.5
Gross profit	401.1	364.1	487.5	366.9	386.0
EBITDA	152.6	117.7	243.6	138.4	152.4
Operating profit	117.9	81.7	209.2	104.0	118.7
Net interest expenses	(9.5)	(10.6)	(9.9)	(10.4)	(5.6)
Profit before tax	108.4	71.1	199.3	93.6	113.1
Profit for the period	84.6	53.9	152.9	71.3	86.4
<b>Statement of financial position</b>					
Total assets	5,443.7	5,315.3	5,481.8	5,369.1	5,474.4
Total equity	2,468.2	2,658.3	2,663.1	2,545.4	2,472.9
Net working capital	(105.5)	(172.0)	(152.9)	(27.4)	(122.6)
Net interest-bearing debt	1,428.1	1,423.6	1,426.0	1,627.2	1,645.1
<b>Statement of cash flows</b>					
Cash flow from operating activities	77.4	92.0	252.1	33.5	189.3
Cash flow from investing activities	(51.7)	(29.4)	(14.2)	(14.9)	(11.8)
Free cash flow	25.7	62.6	237.9	18.6	177.5
Net cash flow from operating, investing and financing activities	36.2	(146.8)	116.9	(91.4)	149.7
<b>Key performance indicators</b>					
Number of transactions (in millions)	5.6	5.2	6.4	5.5	5.6
Average basket size (in DKK)	145.4	140.1	156.4	136.0	141.4
Total retail floor space (in thousands of square metres)	51.0	50.6	50.8	50.8	50.8
Avg. revenue per square metre (in DKK thousands) - LTM	64.8	64.7	64.6	64.3	64.3
Like-for-like growth	2.9%	(1.3)%	1.5%	0.2%	0.4%
<b>Adjusted figures</b>					
EBITDA	152.6	117.7	243.6	138.4	152.4
Depreciation and amortisation of software	(15.7)	(17.0)	(15.4)	(15.4)	(14.7)
EBITA	136.9	100.7	228.2	123.0	137.7
Adjusted profit after tax	99.4	68.5	167.4	85.8	100.9
Gross margin	47.3%	47.6%	46.4%	46.8%	46.7%
EBITDA margin	18.0%	15.4%	23.2%	17.7%	18.4%
EBIT margin	13.9%	10.7%	19.9%	13.3%	14.4%
EBITA margin	16.1%	13.2%	21.7%	15.7%	16.7%