Announcement no. 19/2013
Allerød, 28 August 2013

Interim report - Q1 2013/14

(1 April – 30 June 2013)

Matas continued its good performance in the first three months of FY 2013/14

Q1 2013/14 revenue grew 3.7% to DKK 803.0 million, reflecting 2.5% growth on a like-for-like basis. EBIT was DKK 88.6 million and was affected by non-recurring IPO-related costs of DKK 28.1 million. Net of these non-recurring costs and amortisation of trademarks, the adjusted EBIT margin rose to 16.9% from 16.7% last year.

"The successful flotation of the company's shares on NASDAQ OMX Copenhagen in Q1 2013/14 was an important milestone in Matas history. We are proud of the great interest shown in our company, and we thank our employees for their great commitment which has taken us to where we are today," said Matas CEO Terje List.

- Revenue in Q1 2013/14 rose 3.7% to DKK 803.0 million year on year. The like-for-like growth rate in stores trading in Q1 of both this year and last year was 2.5%.
- Gross profit was DKK 374.1 million, corresponding to a gross margin of 46.6% (Q1 2012/13: 45.4%). The improvement in the gross margin is among other things related to higher profitability in the new distribution structure within high-end beauty.
- EBIT was DKK 88.6 million and was affected by non-recurring IPO-related costs of DKK 28.1 million. Net of these non-recurring costs and amortisation of trademarks, adjusted EBIT grew by 4.7% to DKK 135.8 million, corresponding to an adjusted EBIT margin of 16.9% (Q1 2012/13: 16.7%).
- Profit after tax for the period was DKK 42.6 million. Net of IPO-related costs and amortisation of trademarks, adjusted profit after tax was DKK 81.7 million (Q1 2012/13: DKK 78.1 million).
- The free cash flow was DKK 3.2 million (Q1 2012/13: DKK 89.7 million), which was primarily attributable to temporary larger inventories of DKK 50-60 million as a result of the new central warehouse for High-end Beauty products and inventories taken over in connection with acquisitions and investments to acquire stores.
- Net interest bearing debt was DKK 1,776 million at 30 June 2013, equivalent to 2.9x LTM Adjusted EBITDA. The Group's debt was refinanced in connection with the IPO through the establishment of a five-year loan agreement.
- All the shares of Esthetique Danmark A/S and its nine leased stores were acquired in connection with the launch of the new StyleBox retail concept. Two of the new StyleBox stores opened in mid-June 2013. Matas in Ringkøbing, Denmark, was also taken over in Q1 2013/14.
- In Q1, a heads of agreement was entered into with the associated stores concerning certain changes to and a concurrent extension of the existing terms of trading and the acquisition of up to six identified associated stores.

- An employee share offering of 43,475 shares will be made in September 2013 at 80% of the average share price quoted on NASDAQ OMX Copenhagen during the period from 28 August 2013 to 10 September 2013 inclusive.

- The company's shares were admitted to trading on NASDAQ OMX Copenhagen on 28 June 2013.

Outlook for 2013/14

The outlook for revenue growth and adjusted EBIT margin for 2013/14 is unchanged from the guidance stated in the offering circular dated 13 June 2013. Revenue growth, excluding StyleBox and any acquisitions of associated stores, is expected to be slightly higher than the 3.3% revenue growth in 2012/13, primarily because of an expected improvement of like-for-like growth.

Moreover, the adjusted EBIT margin, which excludes non-recurring IPO-related costs and operating costs related to StyleBox and Esthetique, is expected to be on a level with or slightly higher than the adjusted EBIT margin in 2012/13 of 17.1%.

Operating costs in connection with the start-up of StyleBox are now expected to be in the range of DKK 7-10 million instead of the previous guidance of DKK 3-7 million. This is primarily attributable to slightly higher ongoing operating losses in the Esthetique stores taken over.

Conference call

Matas will host a conference call for investors and analysts on Wednesday, 28 August 2013 at 10:00 a.m. The conference call and presentation will be available on our investor website investor.en.matas.dk.

Conference call access numbers for investors and analysts:

DK	+45 3272 8018
UK (intenational)	+44 (0) 1452 555131
US:	+1 866 682 8490

Contacts

Terje List
CEO, tel +45 4816 5555

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

Jesper Breitenstein
Head of Investor Relations, tel +45 4816 5548

Henrik Engberg Johannsen
Information Manager, tel. +45 2171 2474

Forward-looking statements

The interim report contains statements relating to the future, including statements regarding Matas A/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 interim report. Any such statements are subject to risks and uncertainties, and a number of different factors, of which many are beyond Matas A/S' control, can mean that the actual development and the actual results will differ significantly from the expectations contained in the interim report. Without being exhaustive, such factors include general economics and commercial factors, including market and competitive matters, supplier issues and financial issues.

Key financials

DKK millions	Q1 2013/14	Q1 2012/13
Statement of comprehensive income		
Revenue	803.0	774.7
Gross profit	374.1	351.8
EBITDA	122.4	139.5
EBIT	88.6	106.7
Profit before tax	54.7	84.3
Profit for the period	42.6	59.8
Adjusted EBITDA 1)	150.5	143.7
Adjusted EBIT 2)	135.8	129.7
Adjusted profit after tax 3)	81.7	78.1
Statement of financial position		
Total assets	5,518.2	5,605.0
Equity	2,387.0	2,156.2
Net working capital	9.8	-16.5
Net interest bearing debt	1,775.8	1,973.0
Statement of cash flows		
Cash flow from operating activities	30.3	101.7
Cash flow from investing activities	-27.1	-12.0
Free cash flow	3.2	89.7
Ratios		
Revenue growth	3.7%	2.3%
Like-for-like growth 4)	2.5%	2.1%
Gross margin	46.6%	45.4%
EBITDA margin	15.2%	18.0%
Adjusted EBITDA margin	18.7%	18.5%
EBIT margin	11.0%	13.8%
Adjusted EBIT margin	16.9%	16.7%
Cash conversion 5)	38.3%	81.3%
Earnings per share, DKK	1.04	1.47
Diluted earnings per share, DKK	1.04	1.47
Share price, end of period, DKK	119	-
Return on invested capital, pre-tax (LTM) (6)	12.9%	12.5%
Return on invested capital, pre-tax and excluding goodwill (LTM)	76.6%	68.1%
Net working capital as a percentage of revenue	0.6%	-0.5%
Investments as a percentage of revenue	3.4%	1.5%
Net interest bearing debt / Adjusted EBITDA (LTM)	2.9	3.3
Average number of employees	2,026	1,967

(1) Adjusted EBITDA is IFRS operating profit plus amortisation, depreciation and impairment plus specific external costs which the company believes are not part of normal operations. In Q1 2013/14, these costs include IPO-related costs of DKK 28.1 million.
(2) Adjusted EBIT is operating profit plus amortisation of intangibles plus impairment losses in respect of goodwill and other intangibles plus specific external costs which the company believes are not part of normal operations
(3) Adjusted profit after tax is IFRS profit for the year plus the tax-adjusted impact of amortisation of intangibles and impairment losses and specific external costs which the company believes are not part of normal operations
(4) The like-for-like growth comprises stores that have been trading throughout both periods.
(5) Adjusted EBITDA plus change in net working capital less capital expenditure divided by adjusted EBITDA.
(6) Pre-tax return on invested capital (including goodwill) represents Adjusted EBIT divided by Average Invested Capital, where Invested Capital means total property plant and equipment, plus total intangible assets plus net working capital minus deferred tax on trademarks

MANAGEMENT'S REVIEW

Revenue in Q1 2013/14

Matas revenue in Q1 2013/14 grew 3.7% year on year to DKK 803.0 million.

Sales in Matas' own retail stores grew 4.9% year on year, while wholesale sales to associated stores were down by 10.9% because the stores in Viborg, Hvidovre and Ringkøbing were taken over during the period. Adjusted for these takeovers, wholesale revenue from associated stores declined slightly in Q1 2013/14.

Sales to stores operated by the Group in both Q1 2012/13 and Q1 2013/14 grew by 2.5%. To this should be added the positive effects of associated stores in Hvidovre, Viborg and Ringkøbing taken over during the period, the new store in Ringkøbing, and the aggregate revenue from Esthetique and StyleBox, all of which lifted sales by a total of 2.4%.

Like-for-like growth in the quarter was supported by an underlying positive trend in the number of transactions and basket size, a minor positive calendar effect and continuing growth in online sales.

Revenue by sales channel

DKK million	**2013/14 Q1**	**2012/13 Q1**	**Growth**
Beauty	552.1	527.8	4.6%
Vital	76.4	72.1	6.0%
Material	68.4	64.8	5.6%
MediCare	44.8	43.7	2.5%
Other including Sweden	6.8	4.9	38.8%
Total revenue from own retail stores	**748.5**	**713.4**	**4.9%**
Sales of goods to associated stores	54.5	61.2	-10.9%
Total revenue	**803.0**	**774.7**	**3.7%**

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

Sales in all product areas were favourably affected by increased business volume as well as by the acquisition of operations.

The Beauty segment offers everyday and luxury beauty products and personal care products, including cosmetics, fragrance, skincare and hair-care products. Revenue from the Beauty segment grew by 4.6% in Q1, of which the acquisition of Esthetique and converted stores accounted for approximately 1 percentage point. The Mass Beauty subsegment (everyday beauty products) showed consistent growth in spite of a minor negative impact of lower year-on-year sales of sunscreen products. The High-end Beauty subsegment (luxury beauty products) saw a minor decline in sales which was partly attributable to timing differences in campaigns compared to the same period of last year. Due to the relatively weaker sales performance in the High-end Beauty segment, the Beauty segment's share of total revenue from own retail stores was down marginally to 73.8% from 74.0% in the same quarter of last year.

The Vital Shop, which consists of vitamins, minerals and supplements, generated 6.0% revenue growth, which was favourably affected by fair growth in the sale of vitamin products.

Revenue from the Material Shop, which comprises products for handling complex issues in the household as well as footcare, sports, etc., grew by 5.6%, and the growth was broadly founded across product categories.

MediCare, comprising over-the-counter medicine and nursing products, generated 2.5% revenue growth.

Average revenue per square metre grew by approximately 3%, which was primarily attributable to an increase in the number of transactions and basket size. Including the new Matas store opened in Ringkøbing in the former Esthetique premises and the takeover of the associated store in Ringkøbing in Q1, the Matas chain in Denmark consisted of 259 own retail stores and 35 associated stores at 30 June 2013.

Costs and operating profit

Gross profit in Q1 2013/14 was DKK 374.1 million (Q1 2012/13: DKK 351.8 million).

The increase was due to revenue growth and the increase in gross margin to 46.6% from 45.4% in Q1 2012/13. The transition to the new central warehouse for High-end Beauty products had a positive impact on the gross margin, but the relocation resulted in a minor increase in capacity costs that partly offset positive impact on earnings.

EBIT was DKK 88.6 million including non-recurring IPO-related costs of DKK 28.1 million, composed of DKK 18.0 million of other external costs and DKK 10.1 million of staff costs related to an IPO bonus to the executive management and key employees.

EBIT adjusted for amortisation of trademarks and IPO-related costs grew by 4.7% to DKK 135.8 million, corresponding to an adjusted EBIT margin of 16.9% compared to 16.7% in Q1 2012/13.

Adjusted EBIT

DKK millions	**2013/14 Q1**	**2012/13 Q1**	**Growth**
EBIT	88.6	106.7	-17.0%
Non-recurring items	28.1	4.2	
Amortisation on intangible assets	19.1	18.8	
Adjusted EBIT	135.8	129.7	4.7%
Adjusted EBIT margin	16.9%	16.7%	

The higher adjusted EBIT margin was mainly attributable to the improved gross margin, whereas other external costs adjusted for IPO-related costs grew by DKK 5.2 million year on year.

Underlying staff costs, excluding an IPO bonus of DKK 10.1 million to the executive management and key employees, were DKK 6 million higher than in the same period of last year. The ratio of staff costs to revenue was largely unchanged. Amortisation and depreciation was up by DKK 1 million to DKK 33.8 million.

EBITDA was DKK 122.4 million, while adjusted EBITDA was DKK 150.5 million, representing a year-on-year increase of DKK 6.8 million or 4.7%.

Financial items and tax

Net interest expenses were up by DKK 11.5 million to DKK 33.9 million. This includes expensing of DKK 18.5 million of previously capitalised financing costs in respect of the old loan facility. Excluding these financing costs, net interest expenses were down by DKK 7.0 million, which was attributable to the lower net debt.

The adoption of a bill to lower the corporate tax rate in Denmark in 2014-16 will change the Group's deferred tax equivalent to a positive impact on the effective tax rate of approximately 8 percentage points in 2013/14.

As a result, the effective tax rate in Q1 2013/14 was 22%, equivalent to a tax expense of DKK 12.1 million.

Profit for the period

Adjusted profit after tax was DKK 42.6 million. Adjusted profit after tax was DKK 81.7 million, which was 4.6% higher than in Q1 2012/13.

Statement of financial position

Total assets stood at DKK 5,518 million at 30 June 2013 (30 June 2012: DKK 5,605 million).

Current assets totalled DKK 1,021 million, representing a year-on-year decline of DKK 53 million.

Inventories were approximately 19% higher than at the end of Q1 2013/14 as a result of the new central warehouse for High-end Beauty products and inventories taken over in connection with acquisitions.

The change to distribution of High-end Beauty products to stores via the central warehouse from direct distribution by suppliers will enhance efficiency at store level, but it has temporarily resulted in larger inventories. The goal is to reduce these larger inventories over the coming quarters.

Trade receivables rose DKK 4 million to DKK 97.1 million.

Cash and cash equivalents stood at DKK 211.3 million compared to DKK 395.2 million last year. The decline was attributable to the cash repayment of part of the outstanding bank debt.

Net working capital stood at DKK 9.8 million at 30 June 2013, which was DKK 26.3 million higher than at 30 June 2012. Working capital accounted for approximately 1% of revenue over the past 12 months.

Equity stood at DKK 2,387.0 million at 30 June 2013 (30 June 2012: DKK 2,156.2 million).

No dividends were declared or paid out during the period.

Gross debt stood at DKK 1,987.1 million at 30 June 2013. A new loan agreement was signed with the Group's banks on 30 May 2013 to refinance its existing loan agreement, and the aggregate bank debt is therefore recognised in current liabilities at 30 June 2013. The transition to the new loan agreement was completed on 3 July 2013 and will result in lower interest payments.

Net interest bearing debt was DKK 1,775.8 million at 30 June 2013, representing a year-on-year reduction of DKK 197.2 million. Net interest bearing debt represents 2.9x LTM Adjusted EBITDA.

The Group held 140,467 treasury shares at 30 June 2013, of which 130,435 shares were acquired in connection with the IPO to cover the announced employee share offering and to meet certain obligations to deliver shares to the participants in the Group's long-term incentive plan.

Cash flows

Cash flows from operating activities totaled DKK 30.3 million (Q1 2012/13: DKK 101.7 million). The decline was mainly due to the increase in inventories. The IPO-related costs had no impact on cash flows from operating activities in Q1 2013/14as they were not paid for until Q2 2013/14.

Cash flows from investing activities totaled DKK 27.1 million, which was attributable to maintenance investments in the store network, IT investments and the acquisition of Esthetique Danmark A/S and a store in Ringkøbing.

The free cash flow for the period was DKK 3.2 million.

In Q1, debt repaid to credit institutions amounted to DKK 329 million.

Return on invested capital

The return on invested capital before tax in the past 12 months was 12.9% (76.6% excluding goodwill), representing an increase from 12.5% a year earlier.

Events after the balance sheet date of the interim report

As stated in the offering circular and in accordance with Matas' Overall Guidelines on Incentive Pay adopted at the extraordinary general meeting held on 10 June 2013, Matas granted a total of 82,770 options on 7 August 2013, consisting of 54,320 options to members of the Executive Management and 28,450 options to key employees, to purchase shares in Matas A/S pursuant to the new long-term incentive plan.

The stock options in this initial grant are subject to the fulfilment of two KPIs, weighted at 50% each: one based on EBITDA growth rate and one based on the Group's total shareholder return. Upon fulfilment of the KPIs, vesting will take place in three equal tranches after each of the financial years 2013/14, 2014/15 and 2015/16, and the KPI targets will be defined for each of these periods.

Employee share offering

As stated in the offering circular, the Board of Directors of Matas A/S has resolved to make an employee share offering. The offering will include a maximum of 43,475 shares.

The price of the shares will be determined as the average share price during the period from 28 August 2013 to 10 September 2013 inclusive less 20%. The offering will be covered by treasury shares, and the proceeds to the company will depend on the price determined.

The costs of the offering are expected to be in the region of DKK 1 million, which will be recognised in staff costs in Q2 2013/14.

A lock-up period of one year has been agreed for the employee shares.

Strategic priorities for 2013/14

Matas' vision is to build upon its strong brand and unique, leading position in the Danish health, beauty and personal care market to create a platform from which to further grow its business.

In order to strengthen this platform, management has identified a number of strategic objectives whose attainment is management's main priority in 2013/14, while also ensuring a high level of profitability and value creation in Matas.

1. Enhancing and increasing the value of the Club Matas loyalty programme

The continuing development of the Club Matas loyalty programme is an area of key strategic management focus in the current financial year. The loyalty programme continues to grow, and the number of Club Matas members had reached 1.3 million at 30 June 2013.

Management believes there is a substantial potential for increasing the value of the loyalty programme to the company as well as to customers through more targeted marketing based on their historical purchasing behaviour. Management moreover believes that more targeted and relevant communications with Club Matas members will help increase the number of transactions and the average basket size.

At the end Q1 2013/14, ClubM had eleven retail partners.

2. Expanding the Matas chain of retail stores and the heads of agreement with the associated stores

The takeover of the associated Matas store in Ringkøbing and the opening of a new Matas store in the former Esthetique premises in Ringkøbing in Q1 2013/14 resulted in a marginal increase in retail floor space in the quarter.

The heads of agreement entered into with the associated stores on 31 May 2013 to extend the framework for the collaboration between the Matas Group and the associated stores until 2025 includes an agreement on the potential acquisition by Matas of up to six associated stores at attractive locations. The negotiations with the associated stores are currently under preparation, and as previously announced they are expected to be completed by October 2013.

3. Continued growth in online sales

Matas online sales continued to grow strongly year on year in Q1 with a growth rate of approximately 70%. Based on Matas' strong position in the market and the continuing growth in Club Matas membership, management expects the strong growth in online sales to continue, although it must be expected that the growth rate will be lower as revenue grows.

4. StyleBox

StyleBox, the Group's new retail concept that sells professional products within hair care, make-up and nail care and offers in-store related treatments, was launched towards the end of the quarter. This store concept is considered to be attractive and to complement the Matas chain well.

The first two stores opened in mid-June in the Copenhagen-area shopping centres Lyngby Storcenter and Fields. An additional two to three stores are scheduled to open during the autumn. As both the stores and the concept are brand new, it is still too early to comment on the underlying growth.

5. Potential expansion into the pharmacy market

Matas continually evaluates opportunities to grow its business into complementary areas. One of the potential future growth avenues could be pharmacy operations with distribution of prescription medicine. However, this is contingent on regulatory developments as the current restrictive regime prevents Matas from establishing pharmacy operations.

Outlook for 2013/14

The outlook for revenue growth and adjusted EBIT margin for 2013/14 is unchanged from the guidance stated in the offering circular dated 13 June 2013. Revenue growth, excluding StyleBox and any acquisitions of associated stores, is expected to be slightly higher than the 3.3% revenue growth in 2012/13, primarily because of an expected improvement of like-for-like growth.

Moreover, the adjusted EBIT margin, which excludes non-recurring IPO-related costs and operating costs related to StyleBox and Esthetique, is expected to be on a level with or slightly higher than the adjusted EBIT margin in 2012/13 of 17.1%.

Operating costs in connection with the start-up of StyleBox are now expected to be in the range of DKK 7-10 million instead of the previous guidance of DKK 3-7 million. This is primarily attributable to slightly higher ongoing operating losses in the Esthetique stores taken over.

Significant risks

As stated in the 2012/13 annual report, no significant operational risks are deemed to exist due to the strong market position of the Matas chain. Moreover, the Group's suppliers are deemed to be stable.

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 2013.

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 2013 and of the results of the Group's operations and cash flows for the period 1 January–30 June 2013.

Furthermore, in our opinion the Management's report 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, 28 August 2013

Executive Management

Terje List Chief Executive Officer	Anders T. Skole-Sørensen Chief Financial Officer

Board of Directors

Lars Vinge Frederiksen Chairman	Søren Vestergaard-Poulsen Deputy Chairman	
Ingrid Jonasson Blank	Lars Frederiksen	Birgitte Nielsen

Additional information

Financial calendar
The financial year covers the period 1 April 2013 – 30 March 2014, and the following dates have been fixed for releases etc. in FY 2013/14:

27 November 2013	Q2 interim report 2013/14
21 February 2014	Q3 interim report 2013/14
6 June 2014	Annual report 2013/14
30 June 2014	Annual general meeting

Company information
Matas A/S
Rørmosevej 1
DK-3450 Allerød

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

Statement of comprehensive income

DKK millions	Q1 2013/14	Q1 2012/13
Revenue	803.0	774.7
Cost of goods sold	-428.9	-422.9
Gross profit	374.1	351.8
Other external costs	-90.9	-67.7
Staff costs	-160.8	-144.6
Amortisation, depreciation and impairment losses	-33.8	-32.8
Other operating costs	0.0	0.0
Operating profit	88.6	106.7
Financial income	0.0	2.9
Financial expenses	-33.9	-25.3
Profit before tax	54.7	84.3
Tax on profit for the period	-12.1	-24.5
Profit for the period	42.6	59.8
Other comprehensive income		
Other comprehensive income after tax	0.0	0.0
Total comprehensive income	42.6	59.8
Earnings per share		
Earnings per share, DKK	1.04	1.47
Diluted earnings per share, DKK	1.04	1.47

Statement of financial position

DKK millions	**30.06 2013**	**30.06 2012**	**31.03.2013**
Non-current assets			
Intangible assets			
Goodwill	3,586.1	3,558.3	3,580.3
Trademarks and trade names	639.0	712.9	657.5
Shares in co-operative dwellings	3.9	5.8	3.9
Other intangible assets	17.0	5.1	4.6
Total intangible assets	4,246.0	4,282.1	4,246.3
Property, plant and equipment			
Land and buildings	101.1	102.9	101.1
Plant and machinery	73.2	65.7	69.7
Leasehold improvements	26.5	36.0	28.6
Total property, plant and equipment	200.8	204.6	199.4
Other non-current assets			
Deferred tax	17.8	14.0	15.7
Deposits	31.9	29.8	31.0
Other securities and investments	1.1	1.1	1.1
Total other non-current assets	50.8	44.9	47.8
Total non-current assets	4,497.6	4,531.6	4,493.5
Current assets			
Inventories	683.4	574.7	601.8
Trade receivables	97.1	93.4	89.7
Income tax	6.8	0.0	26.1
Other receivables	9.8	2.0	1.5
Prepayments	12.2	8.1	21.1
Cash and cash equivalents	211.3	395.2	536.6
Total current assets	1,020.6	1,073.4	1,276.8
TOTAL ASSETS	5,518.2	5,605.0	5,770.3

Statement of financial position

DKK millions	30.06 2013	30.06 2012	31.03.2013
EQUITY AND LIABILITIES			
Equity			
Share capital	101.9	101.7	101.7
Share premium	1,786.2	1,786.4	1,786.4
Translation reserve	0.5	0.5	0.5
Treasury share reserve	-15.1	-0.1	-0.1
Retained earnings	513.5	267.7	470.9
Total equity	2,387.0	2,156.2	2,359.4
Liabilities			
Non-current liabilities			
Deferred tax	351.4	365.3	356.4
Banks	0.0	2,168.9	2,057.2
Other payables	1.6	1.6	1.6
Total non-current liabilities	353.0	2,535.8	2,415.2
Current liabilities			
Banks	1,985.5	197.7	226.7
Prepayments from customers	98.0	78.1	96.8
Trade payables	535.3	486.1	535.9
Other payables	159.4	130.5	136.3
Income tax	0.0	20.6	0.0
Total current liabilities	2,778.2	913.0	995.7
Total liabilities	3,131.2	3,448.8	3,410.9
TOTAL EQUITY AND LIABILITIES	5,518.2	5,605.0	5,770.3

Statement of changes in equity

	Share capital	Share premium	Translation reserve	Treasury share reserve	Retained earnings	Total
Equity at 1 April 2013	**101.7**	**1,786.4**	**0.5**	**-0.1**	**470.9**	**2,359.4**
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	42.6	42.6
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**42.6**	**42.6**
Transactions with owners						
Bonus shares	0.2	-0.2	0.0	0.0	0.0	0.0
Acquisition of treasury shares	0.0	0.0	0.0	-15.0	0.0	-15.0
Transactions with owners, total	**0.2**	**-0.2**	**0.0**	**-15.0**	**0.0**	**-15.0**
Equity at 30 June 2013	**101.9**	**1,786.2**	**0.5**	**-15.1**	**513.5**	**2,387.0**

	Share capital	Share premium	Translation reserve	Treasury share reserve	Retained earnings	Total
Equity at 1 April 2012	**101.7**	**1,786.4**	**0.5**	**-0.1**	**207.9**	**2,096.4**
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	59.8	59.8
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**59.8**	**59.8**
Equity at 30 June 2012	**101.7**	**1,786.4**	**0.5**	**-0.1**	**267.7**	**2,156.2**

Statement of cash flows

DKK millions	Q1 2013/14	Q1 2012/13
Profit before tax	54.7	84.2
Amortisation, depreciation and impairment losses	33.8	32.8
Financial income	0.0	-2.9
Financial expenses	33.9	25.3
Changes in net working capital	-76.8	-15.3
Cash generated from operations	45.6	124.1
Interest received	0.0	0.4
Interest paid	-15.3	-22.7
Income tax paid	0.0	-0.1
Cash flow from operating activities	30.3	101.7
Acquisition of intangible assets	-0.1	-0.4
Acquisition of property, plant and equipment	-16.1	-11.6
Acquisition of subsidiaries and activities	-10.9	0.0
Cash flow from investing activities	-27.1	-12.0
Free cash flow	3.2	89.7
Settlement of debt to banks	-328.5	-86.8
Cash flow from financing activities	-328.5	-86.8
Net cash flow from operating , investing and fin. activities	-325.3	2.9
Cash and cash equivalents at 1 April	536.6	392.3
Foreign exchange adj. of cash and cash equivalents	0.0	0.0
Cash and cash equivalents at 30 June	211.3	395.2

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. The accounting polices are consistent with those of the consolidated and parent company financial statements for 2012, to which we refer for a comprehensive description of the accounting policies applied.

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 judgements are consistent with those in the consolidated finanacial statements for 2012/13.

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 – Incentive programme

In accordance with Matas A/S' Overall Guidelines on Incentive Pay, adopted at the extraordinary general meeting held on 10 June 2013, Matas granted a total of 82,770 options on 7 August 2013, consisting of 54,320 options to members of the Executive Management and 28,450 options to key employees, to purchase shares in Matas A/S pursuant to the new long-term incentive plan as described in the offering circular published by Matas A/S on 13 June 2013.

The stock options in this initial grant are subject to the fulfillment of two KPIs, weighted at 50% each: one based on EBITDA growth rate and one based on the Group's total shareholder return. Upon fulfillment of the KPIs, vesting will take place in three equal tranches after each of the financial years 2013/14, 2014/15 and 2015/16, and the KPI targets will be defined for each of these periods.

The stock options that are covered by this initial grant and vest upon fulfillment of the two KPIs will not become available for exercise until after the release of the annual report for the financial year 2015/16 and participants have a subsequent period of two years to exercise the stock options. Each vested stock option entitles the holder to purchase one share in Matas A/S at a strike price per share of DKK 5.93.

Provided that 100% of the 82,770 granted stock options vest, their theoretical value will be DKK 7.2 million calculated according to the Black-Scholes formula, assuming a strike price of DKK 5.93, an average technical term of 5 years, a technical volatility of 35%, a technical dividend yield of 5% and a technical interest rate of 1%.

Note 5 – Acquisition of subsidiaries and activities

On 1 May 2013, Matas acquired 100% of the shares in Esthetique Danmark A/S, formerly a Norwegian-owned retail chain in the High-end Beauty segment. The acquisition of Esthetique and the takeover of its nine stores in prime locations in Denmark are part of the Group's new StyleBox retail concept. Two of the acquired stores have already been converted into StyleBox stores, and of the remaining seven stores, up to five are expected to be converted to the StyleBox concept. One of the acquired stores has been closed down, and one has been converted into a Matas store.

In addition, the Ringkøbing store was acquired at 1 June 2013.

The total consideration for the acquired operations was DKK 12.9 million.

Acquired operations were recognised in revenue for the period at DKK 6.8 million and in EBITDA for the period at a negative amount of DKK 2.0 million.

Calculation of fair value at date of acquisition

DKK millions	
Intangible assets	13.0
Financial assets	0.5
Inventories	13.3
Receivables	3.1
Cash at bank and in hand	0.6
Banks	-11.5
Other liabilities	-11.9
Acquired net assets	**7.1**
Goodwill	5.8
Acquisition cost	**12.9**
Of which cash and cash equivalents	-0.6
Non-paid acquisition cost	-1.3
Cash acquisition cost	**12.2**

Note 6 – Contingent liabilities

As described in the offering circular published by Matas A/S on 13 June 2013, the Danish tax authorities have challenged the tax deductibility of transaction costs incurred in relation to the acquisition of the Group in 2007. A hearing took place in the Danish National Tax Tribunal on 21 August after which it is expected that the National Tax Tribunal will send its final decision in the cases within two to three weeks of the hearing. If the National Tax Tribunal finds against Matas, the company expects to appeal the decision.

Matas is also involved in discussions with the Danish tax authorities in relation to certain withholding taxes on interest payments made in the income years 2006 to 2009 to Svenska Mholding 1 AB. The Danish tax authorities have yet to make a final decision, but are expected to do so within 1 to 2 months.

Sales distribution by channel and by product category

Revenue by sales channel

DKK millions	2013/14 Q1	2012/13 Q1	Growth
Sale of goods from own retail stores including online	748.5	713.5	4.9%
Sales of goods to associated stores	54.5	61.2	-10.9%
Total revenue	803.0	774.7	3.7%

Revenue from own stores by product category

DKK millions	2013/14 Q1	2012/13 Q1	Growth
Beauty	552.1	527.8	4.6%
Vital	76.4	72.1	6.0%
Material	68.4	64.8	5.6%
MediCare	44.8	43.7	2.5%
Other including Sweden	6.8	4.9	38.8%
Total revenue from own retail stores	748.5	713.3	4.9%

Interim financial highlights

DKK millions	2013/14 Q1	2012/13 Q4	2012/13 Q3	2012/13 Q2	2012/13 Q1
Income statement					
Revenue	803.0	728.7	956.1	740.5	774.7
Gross profit	374.1	345.1	443.1	331.2	351.8
EBITDA	122.4	114.6	211.8	122.9	139.5
Operating profit	88.6	81.3	179.3	89.0	106.7
Net financial expenses	-33.9	-18.2	-20.0	-20.0	-22.4
Profit before tax	54.7	63.1	159.3	69.0	84.3
Profit for the period	42.6	44.8	112.8	45.6	59.8
Balance sheet					
Total assets	5,518.2	5,770.3	5,712.0	5,705.3	5,605.0
Equity	2,387.0	2,359.4	2,314.6	2,201.8	2,156.2
Net working capital	9.8	-54.9	15.0	9.6	-16.5
Net interest bearing debt	1,775.8	1,748.9	1,888.0	1,919.3	1,973.0
Cash flow statement					
Cash flow from operating activities	30.3	152.0	64.0	73.8	101.7
Cash flow from investing activities	-27.1	-10.6	-30.2	-17.7	-12.0
Free cash flow	3.2	141.4	33.8	56.1	89.7
Net cash flow from operating , investi. and fin. activities	-325.3	141.4	-56.1	56.1	2.9
Key performance indicators					
Number of transactions (in millions)	5.5	5.1	6.2	5.3	5.3
Average basket size (in DKK)	134.0	130.2	143.7	127.6	132.9
Total floor space (in '000 of square m.), end-of-period	48.1	47.9	47.9	47.7	47.3
Avg. revenue per square metre (in DKK thousands) - LTM	62.5	61.9	61.9	61.0	60.6
LFL growth	2.5%	1.5%	4.3%	3.3%	2.1%
Adjusted figures					
EBITDA	122.4	114.6	211.8	122.9	139.5
Non-recurring items	28.1	3.9	7.8	0.1	4.2
Adjusted EBITDA	150.5	118.5	219.6	123.0	143.7
Depreciation	-14.7	-14.5	-13.7	-14.5	-14.0
Adjusted EBIT	135.8	104.0	205.9	108.5	129.7
Adjusted profit after tax	81.7	62.8	134.7	60.3	78.1
Gross margin	46.6%	47.4%	46.3%	44.7%	45.4%
EBITDA margin	15.2%	15.7%	22.2%	16.6%	18.0%
Adjusted EBITDA margin	18.7%	16.3%	23.0%	16.6%	18.5%
EBIT margin	11.0%	11.2%	18.8%	12.0%	13.8%
Adjusted EBIT margin	16.9%	14.3%	21.5%	14.7%	16.7%