Matas A/S

Annual report for the financial year 2013/14

(1 April 2013 – 31 March 2014)

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

Five-year key financials

DKK millions	2009/10	2010/11	2011/12	2012/13	2013/14
Income statement					
Revenue	2,947.9	2,991.6	3,097.2	3,200.0	3,344.5
Gross profit	1,326.3	1,347.3	1,413.8	1,471.2	1,541.3
EBITDA	484.0	530.1	580.1	588.8	599.8
Operating profit	348.2	398.1	453.5	456.3	464.4
Profit before tax	80.5	214.7	320.9	375.7	381.9
Profit for the year	27.6	142.3	219.4	263.0	248.9
Net exceptional items	0.0	0.0	0.0	16.0	29.9
Adjusted EBITDA	484.0	530.1	580.1	604.8	629.7
Adjusted EBIT (EBITA)	408.8	454.8	531.9	548.1	570.8
Adjusted profit after tax	73.1	184.8	279.0	335.9	374.1
Statement of financial position					
Assets	6,020.7	5,656.7	5,596.4	5,770.3	5,487.6
Equity	1,701.0	1,877.0	2,096.4	2,359.4	2,599.9
Net working capital	64.8	107.5	(34.4)	(54.9)	(121.1)
Net interest bearing debt	2,704.5	2,469.5	2,060.1	1,748.9	1,623.3
Statement of cash flows					
Cash flow from operating activities	264.8	249.5	486.2	391.5	350.0
Cash flows for investments in property, plant and equipment	(40.6)	(40.6)	(54.2)	(48.9)	(61.9)
Free cash flow	105.7	212.0	425.2	321.0	173.8
Ratios					
Revenue growth	(2.1)%	1.5%	3.5%	3.3%	4.5%
Like-for-like growth	-	0.9%	3.0%	2.9%	3.4%
Gross margin	45.0%	45.0%	45.6%	46.0%	46.1%
EBITDA margin	16.4%	17.7%	18.7%	18.4%	17.9%
Adjusted EBITDA margin	16.4%	17.7%	18.7%	18.9%	18.8%
EBIT margin	11.8%	13.3%	14.6%	14.3%	13.9%
Adjusted EBIT margin (EBITA margin)	13.9%	15.2%	17.2%	17.1%	17.1%
Cash conversion	100.7%	92.6%	111.7%	96.5%	101.7%
Earnings per share, DKK	0.68	3.49	5.38	6.45	6.12
Diluted earnings per share, DKK	0.68	3.49	5.38	6.45	6.11
Dividend per share (proposed), DKK	-	-	-	-	5.50
Share price, end of year, DKK	-	-	-	-	152.0
Return on invested capital, pre-tax	9.1%	10.1%	12.1%	12.9%	13.5%
Return on invested capital, pre-tax and excluding goodwill	40.9%	48.7%	64.3%	79.5%	96.7%
Net working capital as a percentage of revenue	2.2%	3.6%	(1.1)%	(1.7)%	(3.6)%
Investments as a percentage of revenue	5.4%	1.3%	2.0%	2.2%	5.3%
Net interest bearing debt/Adjusted EBITDA	5.6	4.7	3.6	2.9	2.6
Average number of employees	2,108	2,022	2,037	2,051	2,216

For definitions, see "Definitions of key financials"

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Letter to shareholders

First year as a listed company successfully completed

During its first year as a listed company, Matas continued to lift both revenue and earnings. The profit for the year meets management's general expectations, and we expect this upward trend in the Group's performance to continue in the years to come.

In addition to continuing the positive trend in revenue and profit, we also implemented a number of forward-looking and strategically important initiatives.

With the acquisition of a competing chain of retail stores, the acquisition of a substantial number of independent Matas stores, and the establishment of the StyleBox chain, we have fortified the unrivalled position of our chain of retail stores. With additional strong growth in our Matas online store and the launch of a StyleBox online store, we have also established a strong dual-channel sales system allowing customers easy and quick access to our concepts, both through our retail stores and online. We believe that the ability to successfully combine retail stores and online sales will characterise the future winners in the retail trade.

Our Club Matas loyalty programme has also seen very good growth, with the number of members exceeding 1.4 million at the end of the financial year. Our goal is to use the database of members to communicate more relevant information to each individual customer and thus better fulfil their needs. These initiatives are expected to improve growth and earnings potential and will be high on management's agenda in the years ahead. ClubM, our partner loyalty programme, also saw positive trends during the year: customers with a Club Matas card can now earn points by shopping at more ClubM partners. The number of partners and the number of customers shopping there via their Club Matas membership is expected to continue to rise in coming years.

Finally, we have continued our efforts to optimise and streamline our business at all levels. This process will continue, and we expect that it will further consolidate our business model.

As a result of the good balance between our earnings, investments and gearing, we propose a dividend of DKK 5.50 per share, which is in line with our previous communication about declaring dividends of at least 60% of adjusted net profit.

Enjoy the read!

Lars Vinge Frederiksen	**Terje List**
Chairman	CEO

About Matas

Matas in brief

The Matas chain is Denmark's largest retail chain selling beauty, personal care and health products. At 31 March 2014, the chain consisted of 296 stores in Denmark, including an online store and two stores in Sweden. Matas owns 273 of the stores in the chain in Denmark, including the online store, and two stores in Sweden. The 23 remaining stores are independently owned and use the Matas name, logo, etc.

In addition, the Group opened five stores and an online store under the name of StyleBox in the past year. The StyleBox stores sell professional haircare and nailcare products, make-up and related treatments.

The Matas chain's overall share of the Danish market for beauty, health and personal care products is estimated to be about 38%.

The Matas chain has built up its current strong position over a period of 65 years on the basis of its objective of offering customers a broad range of quality products at reasonable prices and by providing professional customer services, as expressed in the motto "*Good advice makes the difference".*

In the 2013/14 financial year, Matas generated revenues of DKK 3,345 million with an adjusted EBIT of DKK 571 million. Sales from its own stores accounted for 94% of revenue in 2013/14, while wholesale sales to associated stores accounted for 6%.

Matas has more than 2,500 employees, approximately 1,200 of whom are trained and qualified materialists.

Matas was listed on NASDAQ OMX Copenhagen on 28 June 2013.

One-stop retail concept

Matas is characterised by having a wide product range within beauty, personal care, health and problem-solving household products, which helps create a unique one-stop retail concept for customers. The products offered are organised in four product groups, which Matas refers to as ”shops-in-shops”:

Beauty. The Beauty Shop offers a broad selection of products such as cosmetics, fragrances, skincare and haircare that meet customers' luxury and everyday needs.

The Beauty product group is the largest segment in Matas, accounting for 74% of revenue from Matas's own retail stores in 2013/14. Matas had an estimated market share in the Beauty area of approximately 38% in 2013/14.

In the High-end Beauty area, which includes selectively distributed branded products from major perfume and cosmetics houses such as Chanel and Dior, the market share was estimated to be about 62%, while it was estimated at approximately 29% for the remaining Beauty segment, which includes the more broadly distributed beauty products.

The main competitors in the Beauty Shop area are supermarkets, perfumeries, department stores, food discount stores and online stores. Matas estimates that long-term market growth for the Beauty market will average 3-4% per year.

Vital. The Vital Shop offers products within vitamins, minerals, supplements and specialty foods, along with herbal medicinal products and similar products. Vital Shop sales accounted for 10% of total revenue from Matas's own retail stores in 2013/14. Matas had a total estimated market share of approximately 16% in the Vital and Material markets in 2013/14. The main competitors in the Vital Shop area are supermarkets, pharmacies and health food stores. Matas estimates that long-term market growth for the Vital market will average 1-2% per year.

Material. The Material Shop offers a broad selection of household and personal care goods that includes household cleaning and maintenance, babycare and sports-related products. Material Shop sales accounted for 9% of total revenue from Matas's own retail stores in 2013/14. The main competitors in the Material Shop area are supermarkets. Matas estimates that long-term market growth will average 1-2% per year.

MediCare. MediCare offers a broad range of products, including OTC medicine and healthcare products. MediCare sales accounted for 5% of total revenue from Matas's own retail stores. Matas had an estimated market share in the MediCare market of just below 15% in 2013/14. Its main competitors are pharmacies, supermarkets and discount food retailers. Matas estimates that long-term market growth will average about 3% per year.

Matas markets a broad and diversified product range comprising both international and Danish brands. In addition, Matas has a number of own brand products that are marketed as such under the labels "Stripes", "Matas Natur" and "Plaisir". Introduced in 1967 as a value-oriented alternative to brand products, Stripes has since become one of the leading beauty brands in Denmark. Total revenue from own brand products accounted for 17% of revenue in 2013/14, mostly relating to the Beauty segment.

Multi-channel marketing strategy

Matas's wide product range in various categories, brands and price levels that collectively make up the one-stop retail store concept for customers is supported by an extensive multi-channel marketing strategy.

Using several different channels for marketing enables Matas to reach a broad target group while increasingly targeting its marketing and promotional efforts towards individual customer preferences and buying behaviour.

A key element of its marketing activities is the distribution of the Matas leaflet about 32 times a year to some 2.0 million households, a number corresponding to roughly 73% of all Danish households.

Matas's marketing efforts are enhanced by its Club Matas loyalty programme, which had more than 1.4 million members at 31 March 2014. A very large share of Club Matas members are women: it is estimated that about two-thirds of all Danish women between the age of 18 and 65 are members.

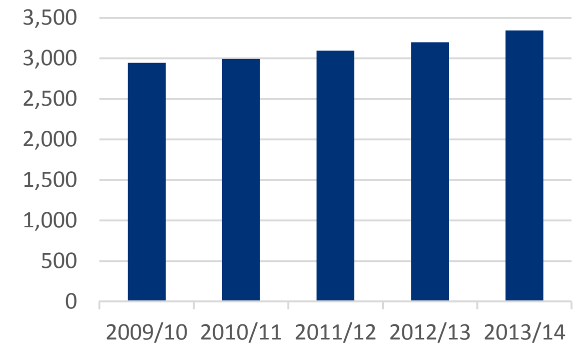
Club Matas gives Matas the opportunity to communicate directly and individually by e-mail to club members, and Matas continually works to increase the relevance to individual members of this information in order to further enhance customer loyalty. Moreover, there is a close interplay between Matas's leaflet, Club Matas, the Group's online store and its activities on social media such as Facebook and YouTube.

In 2012, Matas began expanding Club Matas into a broader, coalition loyalty network called "ClubM". Today, ClubM enables Club Matas members to earn Club Matas points on purchases from 17 well-known retailers in Denmark in sectors such as travel, leisure, eyewear, books and sports.

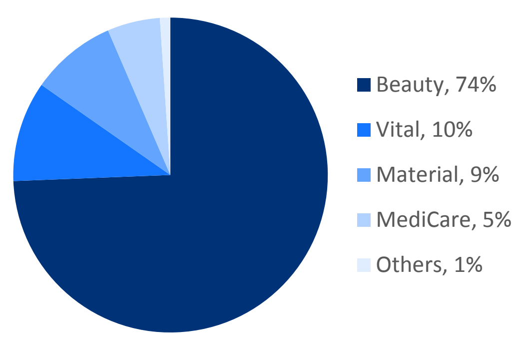
StyleBox

As part of the continuing development of the Matas Group, a new complementary retail concept was launched in June 2013 under the name of "StyleBox". Through StyleBox, the Group has the opportunity to offer customers a range of selectively distributed beauty products within professional haircare, nailcare and make-up. In addition, treatments using these products are offered in the currently five StyleBox stores.

REVENUE, DKK MILLIONS



BREAKDOWN OF REVENUE



Strategy and financial targets

Matas's general strategy is to build on its strong brand and leading market position in the Danish retail landscape for beauty, personal care and health products and to grow its core business, also by expanding selectively into complementary product and service areas if attractive opportunities arise.

At the same time, Matas aims to generate shareholder value by maintaining its focus on a high profit margin in its core business. This profit margin will be safeguarded through a continual optimisation of the Group's operating platform.

The main elements of the strategy are to:

1. Enhance and increase the value of the Club Matas loyalty programme

Given the continuing intensely competitive environment, Matas considers its 1.4 million Club Matas members to be a major asset in the Group's efforts to grow its market share in personal care retailing in Denmark. For this reason, Matas intends to develop and increase the value of Club Matas by increasingly targeting its communications to members on an individual basis in order to achieve greater relevance to these members. The aim is to achieve greater loyalty and higher growth, both in terms of purchasing frequency and average basket size.

2. Expand and consolidate the Matas retail network

Matas intends to continue to improve the market position of its retail chain by opening new stores, expanding existing stores and taking over a limited number of associated stores. Matas believes that, in spite of its already finely meshed retail network, there is still sufficient potential to open a small number of new stores in the years ahead. In addition, acquisitions of associated stores will continue if their price and location are attractive.

3. Develop the Matas online store

The Matas online store is both an important channel of distribution for the Group and a key element of its multi-channel marketing strategy, and it provides a number of potential synergies with respect to Club Matas and ClubM. Matas therefore aims to make use of its leading position and the strength of its Matas brand to continue increasing its online presence and to expand its online business volume.

4. Enhance and expand the StyleBox retail concept

Five stores are operated under the StyleBox brand, which has allowed the Group to offer a range of beauty products within professional haircare, nailcare and make-up which cannot be carried in the Matas retail stores because they are currently subject to selective distribution regulations. The assessment is that there is potential in the concept: once its viability has been proved in the current stores, prospects of expanding the concept are estimated to be good.

5. Pursue the potential, if any, in the Danish pharmacy market

Matas regularly evaluates its options for expanding its business into related areas with product groups and services which customers would consider normal to find as part of the Matas concept. Based on Matas's long history within sales of health products, vitamins and OTC medicine combined with a concept of personal advice, Matas holds a strong position with respect to selling prescription medicine if this becomes possible through a change in Danish law, an opportunity Matas intends to exploit if it arises.

Financial targets

The financial targets for the Group for 2014/15 are as follows:

- Revenue is expected to be around DKK 3.5 billion, assuming like-for-like growth of 2-3% after taking into account a negative calendar effect.

- The EBITA margin is expected to be on a level with the 2013/14 EBITA margin, which was 17.1%.

The Danish retail market was challenging in the 2013/14 financial year with continuing weak demand among consumers despite a gradual improvement in consumer confidence. The guidance for 2014/15 is based on an expectation of unchanged market conditions, but on an expectation that the Group will continue to be able to increase its market share. The beginning of Q1 2014/15 was to some extent marked by continuing consumer reluctance.

The Group's targets for the next three to five years are:

- to achieve growth above the market growth for the overall market for beauty, health and personal care products
- an EBITA margin that is unchanged, as a minimum
- to maintain an investment level (excluding acquisitions of additional associated stores) at about 2% of revenue.

A potential expansion into the Danish pharmacy market is not included in the above.

Allocation of capital and dividend policy

After investments in continuing organic growth, Matas's asset-light business model is expected to generate significant positive cash flows.

Priority will be given to using these cash flows to reduce the Group's net debt to a level of approximately 2.0 times the adjusted EBITDA while declaring annual dividends of at least 60% of adjusted net profit.

Once the defined target for net debt to EBITDA has been reached, our ambition is to return any surplus capital to shareholders, either by way of share buybacks or dividends. Our intention is to cancel any shares that may be bought back.

In the event of any major changes in the organisation or major acquisitions of associated stores, the Board of Directors may reassess the target for the capital structure.

Forward-looking statements

The annual 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 are based on management’s reasonable expectations and forecasts at the time of the disclosure of the annual report. Forward-looking statements are subject to risks and uncertainties and a number of factors, many of which are beyond the control of Matas A/S. This may have the effect that actual results may differ significantly from the expectations expressed in the annual report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive matters, supplier issues and financial and regulatory issues.

Group performance in 2013/14

Profit for the year

Revenue

Revenue grew by 4.5% year on year in 2013/14 to DKK 3,344.5 million.

The rate of underlying growth was approximately 3.1%, excluding the consolidation of StyleBox and the former Esthetique stores and the acquisition of 13 associated stores This was slightly lower than the latest forecast of about 4%, as revenue growth in the last half of Q4 was slightly lower than expected.

Matas generated revenue of DKK 744.0 million in Q4 2013/14, equivalent to a year-on-year growth rate of 2.1%.

Sales in Matas's own retail stores grew 7.0% year on year in 2013/14, while wholesale sales to associated Matas stores and others were down by 24.9% as a result of the acquisition of associated stores during the interim period and a revaluation of Club Matas points included in this revenue. The revaluation of recognised Club Matas points was made because the costs of redeeming points were expected to be slightly higher than previously estimated. The revaluation is recognised in revenue in line with the continuing provisions for new Club Matas points, and has no cash flow effect.

Adjusted for these two factors, the year-on-year underlying growth in sales to associated stores was approximately 2% in 2013/14.

Sales in Matas's own stores increased by 5.8% to DKK 711.2 million in Q4, while revenue from sales to associated stores was down by 41.7% as a result of the acquisitions of associated stores.

Like-for-like sales grew by 3.4% in 2013/14. The growth continued to be favourably affected by the growth in the number of transactions, average basket size and continuing growth in online sales by approximately 45% year on year.

The rate of like-for-like growth was 1.2% in Q4 as compared with 1.5% in Q4 2012/13 and was adversely affected by more difficult market conditions in the last half of Q4, driven by consumer reluctance. Moreover, sales up to Easter were included in Q4 2012/13.

The consolidation of acquired associated stores and revenues from the StyleBox and Esthetique stores lifted full-year sales from Matas's own stores by 2.6% year on year, and Q4 sales by 4.2%.

Revenue by sales channel

Beauty Shop revenue grew by 7.1% in 2013/14, of which the acquisition of Esthetique, the stores converted to the StyleBox concept, and associated stores acquired accounted for approximately 3.0 percentage points. In Q4 2013/14, the effect from acquired operations accounted for 4.5 percentage points of the reported growth of 5.3% for Beauty.

REVENUE BY SALES CHANNEL

(DKK millions)	2013/14 FY	2012/13 FY	Growth	2013/14 Q4	2012/13 Q4	Growth
Beauty	2,351.1	2,195.1	7.1%	511.3	485.7	5.3%
Vital	324.4	301.5	7.6%	85.4	79.3	7.7%
Material	277.1	256.9	7.9%	62.3	56.8	9.7%
MediCare	171.8	173.3	-0.9%	41.1	41.6	-1.2%
Other including Sweden	35.1	26.9	30.5%	11.1	9.0	23.3%
Total revenue from own retail stores	**3,159.5**	**2,953.7**	**7.0%**	**711.2**	**672.4**	**5.8%**
Sales of goods to associated stores	185.0	246.3	-24.9%	32.8	56.3	-41.7%
Total revenue	**3,344.5**	**3,200.0**	**4.5%**	**744.0**	**728.7**	**2.1%**

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

In the Beauty segment, the Mass Beauty sub-segment (everyday beauty products) reported consistent growth in 2013/14 driven by a broad range of product groups. High-End Beauty (luxury beauty products) showed year-on-year growth, although at a lower rate than in the Mass Beauty segment. The Beauty Shop's share of total revenue from Matas's own stores was 74.4% in 2013/14, up from 74.3% in 2012/13.

The Vital Shop generated 7.6% revenue growth in 2013/14, including acquired operations, which contributed to the growth by 1.8 percentage points. Growing focus and increasing consumer interest in the Vital Shop segment in the last half of the year were the main reasons for the fair underlying growth in this segment.

Revenue from the Material Shop segment grew by 7.9%, broadly founded across many product categories. The effect from acquired operations accounted for 1.4 percentage points.

The MediCare segment, recorded a 0.9% decline in revenue in 2013/14, which was primarily due to lower sales of smoking cessation products owing to a key supplier's production problems. Excluding acquired operations, the underlying growth rate in the MediCare segment was 1.1% in 2013/14.

Management believes that Matas won market share in all product areas except MediCare in 2013/14, and that growth was broadly founded across many product categories. Part of this good performance is believed to have come from the Club Matas loyalty programme which continued the favourable trend with additional new member growth. At 31 March 2014, the number of Club Matas members exceeded 1.4 million, making it the biggest loyalty programme in Denmark.

ClubM also continued its net growth and had 17 external partners at 31 March 2014.

The net number of new Matas stores opened in 2013/14 was two, bringing the Matas store network in Denmark to a total of 295 physical stores consisting of 272 own stores and 23 associated stores as of 31 March 2014. Six associated Matas stores were acquired in Q4 2013/14.

StyleBox, which sells professional products within haircare, make-up and nailcare and related in-store treatments, was launched in June 2013, and five new stores were added to the chain in 2013/14.

StyleBox is considered to hold attractive growth potential to the Group and to complement the Matas chain very well. The concept is still relatively new, and adjustments are continuously being made, primarily to increase store traffic. The profitability of the concept was improved during the financial year, but is still not satisfactory.

The operating loss for the new StyleBox stores and the acquired Esthetique stores was in the region of DKK 15 million in 2013/14, approximately half of which related to StyleBox.

Costs and earnings

The gross profit increased by 4.8% in 2013/14 and was DKK 1,541.3 million.

The gross margin for 2013/14 was 46.1% (2012/13: 46.0%). The change of the distribution of High-end beauty products towards the end of the 2012/13 financial year had a positive impact on the gross margin, especially in the first half of 2013/14. Moreover, the acquisition of stores also had a minor positive effect on the gross margin in the period from November 2013 to March 2014. The positive effects were offset by, among other factors, a revaluation of recognised Club Matas points in Q3 2013/14.

The increase in the gross margin was consequently attributable to the growth in revenue.

Gross profit for Q4 amounted to DKK 355.0 million, which was a 2.9% year-on-year increase. This represents a gross margin of 47.7% (Q4 2013/14: 47.4%).

Other external costs increased by DKK 12.0 million or 4.0% year on year in 2013/14. Adjusted for items of a non-operating nature of DKK 19.8 million in 2013/14 related to the IPO and DKK 16 million in 2012/13, a minor underlying increase of 2.9% was recorded in other external costs despite the acquisition of new operations. As a percentage of revenue, the underlying external costs declined to 8.8% in 2013/14 from 9.0% in 2012/13.

Other external costs, before one-off items, were down by DKK 0.5 million year on year in Q4 and amounted to DKK 79.3 million. This was equivalent to a decline in the percentage of revenue from 11.0% in Q4 2012/13 to 10.7% in Q4 2013/14.

Staff costs increased by DKK 47.2 million in 2013/14 or 8.1% year on year, of which an IPO bonus to key employees accounted for DKK 10.1 million. The remaining increase was due to the effect of acquired operations, the establishment and operation of the new central warehouse facility for the High-end Beauty segment and the increase in the volume of business.

Staff costs as a percentage of revenue increased to 18.7% in 2013/14 (2012/13: 18.1%). Adjusted for IPO-related costs, staff costs as a percentage of revenue increased from 18.1% in 2012/13 to 18.4% in 2013/14.

In the financial year, DKK 1.1 million was recognised in staff costs in connection with the Group's long-term share-based compensation programme, of which DKK 0.4 million related to Q4. Total staff costs for Q4 were DKK 151.8 million, which represented a 3.4% year-on-year increase.

EBITDA increased by 1.9% year on year to DKK 599.8 million in 2013/14. The EBITDA margin was 17.9% after the revaluation of Club Matas points (2012/13: 18.4%).

Adjusted for the total one-off costs related to the IPO of DKK 29.9 million, adjusted EBITDA rose to DKK 629.7 million in 2013/14 (2012/13: DKK 604.8 million adjusted for DKK 16.0 million of one-off costs). This corresponds to an adjusted EBITDA margin for 2013/14 of 18.8% (2012/13: 18.9%).

Adjusted EBITDA in Q4 2013/14 was DKK 123.9 million, equivalent to an adjusted EBITDA margin of 16.7% (2012/13: 16.3%).

EBIT was DKK 464.4 million in 2013/14. EBIT adjusted for amortisation of trademarks and non-operating items (adjusted EBIT) grew by 4.2% to DKK 570.8 million, corresponding to an adjusted EBIT (EBITA) margin of 17.1% (2012/13: 17.1%). This was slightly better than the latest guidance of an adjusted EBIT (EBITA) for 2013/14 in the region of DKK 540-560 million.

Adjusted EBIT (EBITA) was DKK 108.9 million in Q4 2013/14. This corresponded to an adjusted EBIT (EBITA) margin of 14.6% (2012/13: 14.3%).

Financial items and tax

Net interest expenses totalled DKK 82.5 million in 2013/14. This included a DKK 18.5 million write-down of previously capitalised financing costs and a decrease in the fair value of an interest rate swap by DKK 16.2 million. In 2012/13, a negative fair value of DKK 2.3 million was recognised. Net interest expenses excluding amortised loan costs and fair value adjustments were down by DKK 22.8 million year on year, which was mainly attributable to the lower net debt and a lower rate of interest.

Net interest expenses in Q4 2013/14 totalled DKK 20.8 million, which was an increase of DKK 2.6 million. Excluding the DKK 10.4 decrease of the fair value of the interest rate swap in 2013/14 and DKK 0 in 2012/13, net interest expenses were down by DKK 7.8 million.

The effective tax rate for 2013/14 was 34.8%. The reduction of the corporate tax rate in Denmark in 2014-16 changed the Group's deferred tax, corresponding to a reduction of the effective tax rate by approximately 8.3 percentage points in 2013/14. However, this was more than offset by the recognition of DKK 43.2 million of tax in the income statement in connection with the closure of the transaction tax case.

See "Tax litigation" for additional information on the Group's tax issues.

The effective tax rate in Q4 2013/14 was 93.9% including the recognition in the income statement of tax relating to the transaction tax case. Excluding that tax, the effective tax rate was 29.5% in Q4 2013/14.

Adjusted EBIT (EBITA)

(DKK millions)	2013/14 FY	2012/13 FY	Growth	2013/14 Q4	2012/13 Q4	Growth
Operating profit	464.4	456.3	1.8%	87.9	81.3	8.1%
Net exceptional items	29.9	16.0		1.8	3.9	
Amortisation of intangible assets	76.5	75.8		19.2	18.8	
Adjusted EBIT (EBITA)	570.8	548.1	4.1%	108.9	104.0	4.7%
Adjusted EBIT margin (EBITA)	17.1%	17.1%		14.6%	14.3%	

Profit for the year

Profit for the year after tax was DKK 248.9 million (2012/13: DKK 263.0 million). Profit after tax adjusted for amortisation, IPO-related costs and the recognition of tax relating to the transaction tax case (adjusted profit after tax) was DKK 374.1 million.

This was an increase of 11.4% from 2012/13. In Q4 2013/14, adjusted profit after tax was DKK 61.6 million (Q4 2012/13: DKK 62.8 million).

Statement of financial position

Total assets stood at DKK 5,487.6 million at 31 March 2014 (31 March 2013: DKK 5,770.3 million). Current assets totalled DKK 949.7 million, representing a year-on-year decline of DKK 327.1 million.

Inventories were only 1% higher than at the end of 2012/13 in spite of the significant increase in inventories attributable to acquired operations and store openings. Inventories accounted for 18.2% of the past 12 months' revenue at 31 March 2014 (31 March 2013: 18.8%).

Trade receivables declined by DKK 35.3 million to DKK 54.4 million caused by the acquisition of a number of associated stores.

Cash and cash equivalents stood at DKK 140.0 million (31 March 2013: DKK 536.6 million). The decline was attributable to the repayment of part of the outstanding bank debt, acquisitions of stores and significant payments to the Danish tax authorities totalling DKK 120.7 million in connection with the withholding tax case and the transaction cost case.

Net working capital stood at minus DKK 121.1 million at 31 March 2014, which was a year-on-year improvement by DKK 66.2 million. Net working capital accounted for approximately minus 3.6% of revenue for the past 12 months, down from minus 1.7% last year.

Equity stood at DKK 2,599.9 million at 31 March 2014 (31 March 2013: DKK 2,359.4 million). No dividends were declared or paid during the year.

Total bank debt stood at DKK 1,775.0 million at 31 March 2014. A floating-rate loan agreement came into force on 3 July 2013, and a swap agreement was subsequently entered into for DKK 750 million of this debt, making this part of the loan fixed-rate debt.

Net interest bearing debt was DKK 1,623.3 million at 31 March 2014, representing a year-on-year reduction of DKK 125.6 million. Net interest bearing debt represents 2.6 times LTM adjusted EBITDA.

The Group held 97,777 treasury shares at 31 March 2014, equivalent to 0.2% of the share capital. A total of 42,690 treasury shares were sold in the financial in year connection with the employee share offering in Q3 2013/14. The shares were sold at a discount to market price of 20%, totalling DKK 1.1 million, which was recognised in staff costs. The remaining treasury shares will be held to meet certain obligations to deliver shares under the Group's long-term incentive programme.

Statement of cash flows

Cash generated from operations totalled DKK 673.6 million in 2013/14 (2012/13: DKK 616.5 million) driven by the increase in profit as well as the reduction of working capital.

The cash flow from operating activities was DKK 350.0 million in 2013/14 (2012/13: DKK 391.5 million). This was mainly due to the increase in corporation tax paid, which was attributable to the payment of DKK 31.1 million of tax relating to the transaction cost case and DKK 89.6 million of tax paid relating to the pending withholding tax case.

The cash flows from operating activities in Q4 totalled DKK 191.5 million, representing a year-on-year increase of DKK 39.5 million.

The cash flow from investing activities was an outflow of DKK 176.2 million, which was attributable to payments for maintenance of the store network, IT investments and the acquisition of 13 associated stores, which accounted for an outflow of DKK 113.8 million.

In Q4 2013/14, the cash flow from investing activities was an outflow of DKK 45.2 million, of which the outflow of cash to invest in acquisitions was DKK 30.5 million.

The free cash flow was DKK 173.8 million in 2013/14 and DKK 146.3 million in Q4 2013/14.

Return on invested capital

The return on invested capital before tax in the past 12 months was 13.5% (96.7% excluding goodwill), as compared to 12.9% a year earlier.

Tax litigation

Transaction tax litigation

As described in the offering circular published by Matas A/S on 13 June 2013, the Danish tax authorities challenged the tax deductibility of transaction costs incurred in relation to the acquisition of the Group in 2007. On 12 September 2013, the Danish National Tax Tribunal upheld the decision of the Danish tax authorities that the claim of Matas A/S for deductibility of transaction costs could not be allowed.

In consultation with the Group's advisers, it was decided to appeal the decision of the Danish National Tax Tribunal to the civil courts. Following a ruling by the Danish Supreme Court in a corresponding case, it was deemed to be difficult to succeed in the appeal against the Danish Ministry of Taxation, and the appeal was therefore withdrawn.

As a consequence thereof, DKK 43.2 million of extra taxes were recognised in Q4 2013/14. This corresponds to the full amount previously paid to the Danish tax authorities, of which DKK 31.1 million was paid in the 2013/14 financial year.

Withholding tax litigation

The Group received a decision from the Danish tax authorities in September 2013 to the effect that they intend to charge withholding tax for the 2006, 2007, 2008 and 2009 income years regarding interest payments credited to MHolding AB. The total amount is DKK 89.6 million including interest.

The Group disagreed with the decision, and appealed it to the Danish National Tax Tribunal. No provisions have been made in respect of this tax matter, as Management believes it to be more likely than not that an ultimate ruling in favour of the Group will be received.

As the Danish tax authorities will continue to charge interest on the alleged outstanding withholding tax, the full amount was paid in October 2013. Matas expects to be successful in its appeal against the Danish tax authorities, and if so, the amount will be paid back with accrued interest.

Parent company performance

The parent company recognised a loss of DKK 26.7 million in 2013/14 (2012/13: a loss of DKK 0.7 million). Equity stood at DKK 1,852.0 million at 31 March 2014 (31 March 2013: DKK 1,886.9 million).

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Risk management

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

The Executive Management prepares, implements and maintains control and risk management systems. The systems are approved by the Board of Directors, which thereby holds the general responsibility for risk management in the Group. Through reporting from the Executive Management, the Audit Committee continually monitors whether the company's internal control and risk management systems are effective and complied with, as it also continually monitors the development and handling of major risks. An overview table is prepared for the Board of Directors at least once a year listing individual risks and the estimated sensitivity to EBITDA so that any measures necessary to meet and mitigate such risks can be implemented as early as possible.

Material operational risks

Changes in economic conditions

Matas is significantly exposed to changes in the prevailing economic conditions in Denmark, the market from which Matas derives virtually all of its revenue. Despite a slight improvement in consumer confidence, Danish consumers still appear to be reluctant to spend, which could affect the Group's sales or product mix. The Group continually monitors sales trends so it can react to any decline in sales by implementing various initiatives.

Industry developments

The market for beauty, health and personal care products is subject to intense competition. Matas continually seeks to enhance its market position by developing its product range, by marketing, and by developing the loyalty programme that brings the Group closer to its customers.

Products and suppliers

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

Legislation and indirect taxation

The Group monitors closely any changes in laws and regulations that could change its business actions or provide new opportunities so that it can take the necessary steps as early as possible.

Significant financial risks

Matas is to some extent exposed to different types of financial risk such as interest-rate, liquidity and credit risk. See note 28 to the consolidated financial statements for additional information on this risk.

Tax litigation

Matas is involved in litigation with the Danish tax authorities with respect to withholding tax on interest for the 2006-2009 income years. See "Tax litigation" under "Group performance in 2013/14" above for additional information.

Corporate governance

It is important to Matas to exercise good corporate governance, and the Board of Directors therefore evaluates the Group's management systems at least once a year to ensure that the structure is appropriate in view of the Group's shareholders and other stakeholders.

Corporate governance recommendations

NASDAQ OMX Copenhagen has incorporated the recommendations of the Danish Committee on Corporate Governance in its Rules for Issuers of Shares. The recommendations are available at the website of the Committee on Corporate Governance www.corporategovernance.dk. Matas complies with all the recommendations. The Group's corporate governance statement is available on its website at: investor.en.matas.dk/corporategovernancestatement.cfm

Communication with investors and other stakeholders

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

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

In addition to its investor relations policy and communication and stakeholder policy, the Board of Directors has approved a set of internal rules aimed at ensuring that the disclosure of information complies with the applicable stock exchange regulations.

All company announcements are published via NASDAQ OMX Copenhagen and can subsequently be accessed from the corporate website at investor.en.matas.dk. All announcements will be published in Danish and English.

Matas publishes interim and annual financial statements and holds investor presentations and telephone conferences after the release of each interim and annual report. In addition, Matas visits, and receives visits from, Danish and international investors. Investors and analysts may also contact Matas's Investor Relations department to obtain additional information.

Moreover, the company's general meeting ensures active ownership by shareholders.

Not later than eight weeks before the contemplated date of the parent company's annual general meeting, the company publishes the date of the general meeting and the deadline for submitting requests for specific proposals to be included on the agenda. In accordance with the Articles of Association, general meetings are convened by the Board of Directors with at least three weeks' and not more than five weeks' notice. Notices convening general meetings will be published by posting on the corporate website at investor.en.matas.dk, and by other means, and will be sent to all registered shareholders who have so requested.

Every shareholder is entitled to have specific business considered at the annual general meeting, provided that a written request to that effect is submitted to the Board of Directors no later than six weeks prior to the general meeting. At general meetings, the attending shareholders have the opportunity to ask questions to the Board of Directors and the Executive Management concerning the items on the agenda.

Matas has adopted contingency procedures in the event of takeover bids according to which the Board of Directors shall not without the acceptance of the general meeting attempt to counter the takeover bid by making decisions which in reality prevent shareholders from deciding on the takeover bid themselves.

Diversity in management

Every year, the Board of Directors discusses diversity at management levels and sets measurable objectives.

The Board of Directors of Matas consists of 60% men and 40% women, which meets the requirements for gender distribution in a company's supreme governing body.

It is the ambition of the Board of Directors to maintain the diversity in management so that the mix reflects an equal gender distribution as defined in the Danish Companies Act. The management of Matas, including members of middle management, consists of 57% men (2012/13: 54%) and 43% women (2012/13: 46%), so the Group meets the defined target.

Tasks and responsibilities of the Board of Directors

Powers and responsibilities at Matas are divided between the company's Board of Directors and Executive Management. No one person is a member of both of these bodies, and no member of the Board of Directors has previously been a member of the Executive Management. Matas has defined rules of procedure for the Board of Directors which are reviewed annually. The Board of Directors meets six times a year and on an ad hoc basis. In the 2013/14 financial year, 16 meetings were held, eight of which were held before the IPO.

The Group's Executive Management handles the day-to-day management, while the Board of Directors supervises the work of the Executive Management and is responsible for the overall management and strategic direction. In relation hereto, the Board of Directors every year considers the Group's 's overall strategy in order to ensure continuous value creation.

The requirements for the Executive Management’s timely, accurate and adequate reporting to the Board of Directors and for the communication between these two corporate bodies are laid down in the rules of procedure of the Executive Management which are reviewed annually and approved by the Board of Directors.

Each year the Board of Directors evaluates its work by filling in anonymous questionnaires sent out by the Chairman. The evaluation in 2014 identified a need to strengthen the Board's competencies within retail trade, which is reflected in the Board's proposed new candidate for the Board of Directors to the annual general meeting.

Composition of the Board of Directors

The Board of Directors consists of five members elected at general meetings and has elected a Chairman and a Deputy Chairman. The members of the Board of Directors is a group of professionally experienced business people who also represent the diversity, international experience and competencies that are considered to be relevant to Matas. All members of the Board of Directors elected by the shareholders are regarded as independent.

The members of the Board of Directors elected by the general meeting are elected for terms of one year. The Board members are eligible for re-election. Only persons younger than 70 years at the time of election may be elected to the Board of Directors.

The Board of Directors determines once a year the qualifications, experience and competencies each Board member and the Board of Directors as a whole must possess in order for the Board of Directors to best perform its tasks, taking into account the Group's current needs.

Audit Committee

The Board of Directors has set up an Audit Committee comprising three members of the Board of Directors. The purpose of the Audit Committee includes monitoring the financial reporting process and the internal control and risk management systems. The Audit Committee held three meetings in the 2013/14 financial year.

Nomination Committee

The Board of Directors has set up a Nomination Committee comprising three members of the Board of Directors. The overall purpose of the Nomination Committee is to ensure that appropriate plans and processes are in place for nomination of candidates to the Board of Directors and the Executive Management. The Nomination Committee held two meetings in the 2013/14 financial year.

Remuneration Committee

The Board of Directors has set up a Remuneration Committee comprising three members. The purpose of the Remuneration Committee is to ensure that the Group maintains a remuneration policy for the members of the Board of Directors and the Executive Management as well as overall guidelines on incentive pay to the Executive Management. The Remuneration Committee held one meeting in the 2013/14 financial year.

Compensation

The Board of Directors has adopted a remuneration policy and overall guidelines for incentive pay, which have been approved by the general meeting. The remuneration policy is available at http://investor.en.matas.dk/governance.cfm.

The remuneration policy supports the goal of attracting, motivating and retaining qualified members of the Board of Directors and the Executive Management. The compensation is designed so as to align the interests of the Board of Directors, the Executive Management and the company's shareholders, however so that it supports the achievement of Matas's short-term and long-term strategic goals and targets and encourages value creation.

At the company's annual general meeting, a change of the remuneration policy will be proposed to the effect that, in future, the compensation to the members of the Executive management will be disclosed per member.

Matas A/S may terminate an employment relationship with a member of the Executive Management by giving up to 24 months' notice. A member of the Executive Management may terminate the employment relationship giving four months' notice. Agreements on termination and/or severance payments cannot exceed the aggregate compensation paid to the member of the Executive Management during the last two years.

Internal controls and risk management in the financial reporting process

In order to ensure that the external financial reporting is in accordance with IFRS and other applicable rules, gives a true and fair view and contains no material misstatement, Matas operates according to a number of internal control and risk management processes in connection with the financial reporting process.

Control environment

The Board of Directors lays down the general framework for internal controls and risk management in the Group, while the Executive Management has the operational responsibility for establishing efficient control and risk management in the financial reporting. The Executive Management monitors that policies and working procedures in connection with the financial reporting are appropriate with a view to mitigating the risk of errors. The internal controls are embedded in the individual departments, with separation of the financial and controlling functions.

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

Each year, the Audit Committee assesses the need for an internal audit department. Based on the relatively low complexity of the Group and a composition of the Executive Management that is deemed to possess sufficient qualifications for providing effective control and risk management, it has as yet not been deemed necessary to establish an internal audit department.

Risk assessment

The Board of Directors and the Executive Management regularly assess the key risks involved in the financial reporting based on a materiality criterion. This includes an evaluation of the principal accounting policies and the most significant accounting estimates and the related risk and sensitivity assessment. Moreover, the key risks of fraud are also evaluated. For additional information on accounting estimates, see note 2 to the consolidated financial statements.

Control activities

In order to monitor ongoing store performance, financing and other risks, standardised monthly reports are prepared that contain a follow-up on the budget and a number of key performance indicators.

Interim financial statements are closed according to a well-established plan which includes, among other things, reconciliation of all material line items and additional financial controls in order to identify and eliminate any errors as early as possible. The controlling function reports directly to the Executive Management In order to ensure functional separation.

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

Information and communication

The Group has established a standardised process for external reporting to ensure that a true and fair view is given of its performance. Taking into account the Group's internal rules on inside information, the Group maintains an open communication process which ensures efficient control of its performance and a true and fair view in its financial reporting. An important element of this is clarity for each employee with respect to his or her role and the relevant working procedures.

Monitoring

Management's ongoing monitoring takes place through the monthly financial reporting, liquidity analyses and KPI reports, along with a continuous dialogue with the finance and controlling functions.

The Audit Committee monitors and reports to the Board of Directors on the procedures for the key line items and monitors the Executive Management to ensure that they generally observe Group policies and react in the case of weaknesses, if any. The external auditors meet with the Audit Committee at least once a year without the Executive Management and report on material weaknesses, if any, in the long-form audit report.

In order to further improve monitoring in the Group, the Board of Directors has approved the establishment of a whistleblower scheme, which is expected to be implemented in the 2014/15 financial year.

Corporate social responsibility

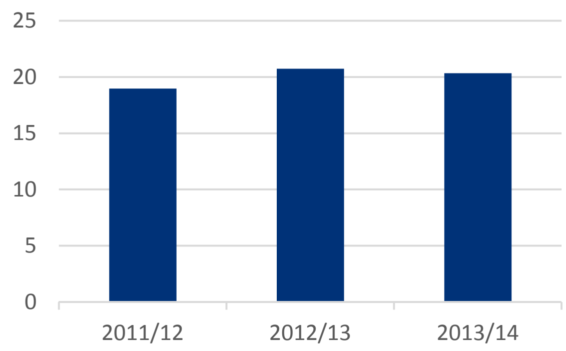
The Group's work with corporate social responsibility, including climate and human rights, is embedded with the Executive Management and in the Group's core values of being a credible, dynamic and responsible organisation.

The state of the environment and the needs of consumers and employees are taken into consideration as a natural part of management's decision-making and prioritisation processes. Matas gives priority to its corporate social responsibility work by being especially focused on the health and environment field. This forms part of the basic training of materialists, and the Group has the ambition of increasing its contribution towards the prevention of illness and disease in Denmark.

Environment

The Group is active in the efforts to safeguard the environment. The Matas Return System is a nationwide recycling scheme in which Matas has taken the initiative to collect empty packaging from all products sold in Matas retail stores. Customers returned 20 tonnes of plastic packaging for recycling in the 2013/14 financial year. Moreover, Matas arranged for recycling of all packaging used to transport goods to Matas retail stores, which added up to a total of 29 tonnes of transport plastic and 492 tonnes of cardboard. Matas has a goal of increasing the volume of plastic packaging returned by customers by 5% in the new financial year.

PLASTIC PACKAGING RETURNED BY CUSTOMERS (TONNES)



During the financial year, Matas and the Danish Society for Nature Conservation continued their collaboration to identify joint focus areas for nature and environmental protection. The Society for Nature Conservation supports the Matas Return System and sales of Matas own brand products with its Nordic Ecolabel.

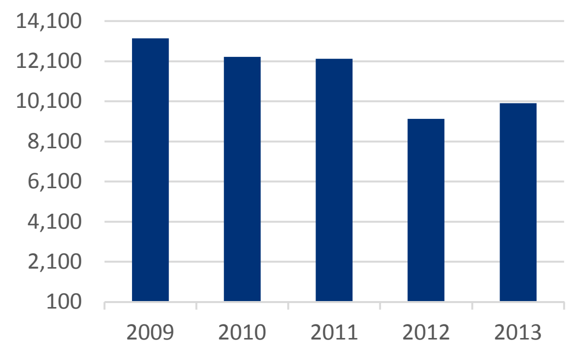
REPUTATION SURVEY

According to a survey conducted by the Reputation Institute in February 2014, consumers have rated the reputation of Matas second-best among the 40 most visible companies in Denmark. The survey covered seven parameters, including corporate social responsibility, ethics and the working environment.

The Danish Society for Nature Conservation recommends that consumers buy Matas's own recyclable shopping bags. Profits from the sale of shopping bags go to the Matas Environmental Fund, which provides plants and sun shade tents for playgrounds at child care institutions. Up to and including the end of March 2014, the Fund had provided support for 1,952 day care institutions, 101 of them in the past financial year.

The Group is focusing on reducing its energy consumption at Matas's headquarters and in the stores: energy consumption has been reduced by more than 3.2 million kWh since 2009. Consumption in the 2013 calendar year increased by approximately 770,000 kWh, which corresponds to more than 260 tonnes of CO2, and was attributable to investment in new stores. By the end of the past financial year, the Group had replaced more than 10,000 halogen spotlights in the retail stores with energy-saving LED spotlights. This is expected to contribute to a reduction of 850,000 kWh, or more than 285 tonnes of CO2, in the 2014 calendar year.

ENERGY CONSUMPTION IN MWH



In the financial year, the Group continued its proactive work to improve all the chain's own brand products to align them with the latest knowledge about the impact of various compounds on the environment and consumer health. Moreover, all Matas-brand products are subjected to bacteriological control by Eurofins Steins Laboratorium.

By the end of the financial year, 94 Matas-brand products had the right to use the Swan label, which is the official Nordic ecolabel. Licences to use the Swan label are only granted for the most environmentally friendly products within each type of product. In addition to the proactive requirements to the contents of Matas-brand products, the Group has contractual environmental and ethical requirements to all other products in each product range.

The requirements set by Matas are stricter than those applicable under Danish law, and they include a requirement that suppliers guarantee that, going forward, all products supplied to Matas will be developed and manufactured in compliance with the UN Convention on the Rights of the Child and the ILO's conventions and recommendations regarding child labour.

Sickness prevention and health

The Group continued its collaboration with the Danish Heart Association in the financial year, with the objective of helping reduce the number of women suffering from heart disorders, as one in four women in Denmark do today. Up to and including the 2013/2014 financial year, Matas has donated a total of more than DKK 12.6 million to the Danish Heart Association. The donation for the past financial year was more than DKK 2.5 million, representing a year-on-year increase of 32%. This contribution was financed by fund-raising through sales of support bracelets and a proportion of sales from certain Matas-brand products.

In collaboration with the Heart Association, Matas regularly offers free blood pressure testing in the stores: some 5,500 persons had their blood pressure checked in Matas retail stores over the course of the financial year. The target for the coming financial year is a 5% increase in the number of people who have their blood pressure tested at Matas and a 5% increase in consumer awareness of Matas's collaboration with the Danish Heart Association.

Matas also works closely together with the Danish Cancer Society to reduce the risk of skin cancer, which is the most common type of cancer in Denmark. The objective of this collaboration is to ensure that people in Denmark can get the best personal and professional advice on sun protection.

Key to preventing skin cancer is for people to know how and when to protect themselves from the sun. For this reason, Matas and the Danish Cancer Society are in a close collaboration to increase people's knowledge about how much sun lotion should be used and the minimum UV index at which protection is needed. Awareness of the right amount of sun lotion to use has increased in recent years, and the goal is a further increase of this awareness in 2014.

In the past financial year, 32% of people in Denmark knew the UV index at which they needed to protect themselves from the sun. Matas is partnering the Danish Cancer Society to increase this rate to more than 35% in 2014, achieving this goal through focused and motivating communication aimed at the target group through shop assistants with competencies updated regularly by participation in training courses on the latest knowledge about sun protection. Additional information on the partnership with the Danish Cancer Society is available under the heading "Accountability" on the Matas website.

Intellectual capital

The Group's intellectual capital is deemed to be essential to meet the Group's growth strategy. Professional advice under the motto "Good advice makes the difference" will lead to continued good customer experiences, so that the Group's strong market position can be improved even further.

Employee competencies

At the end of the financial year, the Group had 2,216 full-time employees (FTE), up from 2,051 at the end of the 2012/2013 financial year. The increase reflects the acquisition of 13 associated stores during the financial year.

In the 2013/2014 financial year, the Group continued its efforts to provide an excellent and attractive workplace where employee competencies and personal and professional development are in focus. For this reason, Matas continues to invest in a structured training programme for all Matas full-time shop assistants.

Matas is the only retail chain that trains materialists, and approximately 80% of the chain's staff are either undergoing training or trained as materialists. The two-year training programme consists of apprenticeship at a Matas store and a training programme consisting of four modules, correspondence school courses, a course in OTC medicine and a final test. After completion of the programme, materialists have the option to specialise.

Store managers receive additional training in management, coaching, operations and accounting to ensure that they have the necessary tools to handle the day-to-day management of a store. Moreover, store managers can draw on sales training staff, and employees are annually invited to participate in a number of courses and conferences arranged by Matas and its suppliers.

At Matas we want to continue to attract, retain and develop committed employees with the skills to provide specialised service to our customers. For this reason, we prepare plans for the development of skills in each head office employee and each of the employees at every store in the chain.

At Matas, it is the knowledge and know-how of the employees which ensures that customers get the best advice from industry specialists. This knowledge and know-how is constantly updated through supplementary training in health and beauty. To a significant degree, the Group trains its own managers, with five levels of management training offered to materialists. This management training helps improve and expand the skills of store managers, their deputies and young talents: skills that are key to the personal and professional development of materialists and to the strategic tasks and projects necessary to ensure the continuing success of the Group.

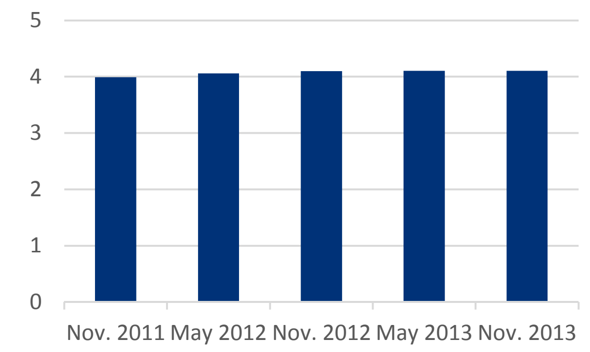
The workplace

The Group continually seeks to encourage and promote an inclusive and diverse working environment and to create a safe and healthy working environment for its employees. Matas wishes to reflect the diversity that exists in society. Special employment programmes such as Projekt KLAP and part-time work schemes contribute to the inclusive working environment we wish to create. In collaboration with the Danish LEV society and Projekt KLAP, Matas offers service staff jobs to the developmentally challenged. At the end of the financial year, the Group had 12 employees under Projekt KLAP.

Welfare and responsibility in the workplace

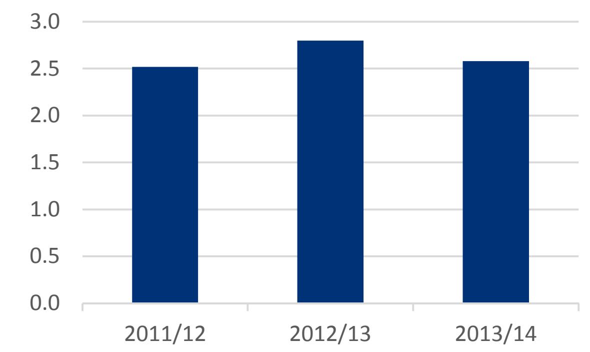
The Group makes proactive efforts to ensure employee job satisfaction, working actively to maintain a good working environment and holding annual employee development interviews and semi-annual surveys of employee satisfaction at all levels in the Group. The employee satisfaction survey shows a very good score of more than 4.1 out of 5 for the Group as a whole. Survey results are mainly used to handle any issues that may exist.

EMPLOYEE SATISFACTION



In the expectation that it will be possible to increase general employee satisfaction in the chain, action plans are laid for the 40 stores performing lowest in the employee satisfaction survey. Partly as result of these efforts, the level of sickness absence in the Group is low compared with the level in the Danish labour market in general and, more specifically, compared with other workplaces with the same gender distribution.

SICKNESS ABSENCE (%)



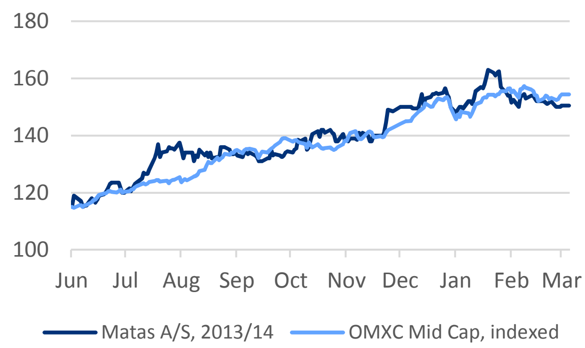
Under the heading of "Accountability", Matas's website contains further details on the Group's efforts in this respect; this information is updated regularly.

Shareholder information

Matas shares in 2013/14

The shares of Matas A/S were listed on NASDAQ OMX Copenhagen on 28 June 2013 at DKK 115.0 per share. The share price has risen since the IPO and was DKK 152.0 per share on 31 March 2014, equivalent to an increase of 32.2%. The OMXC Mid Cap index increased by 33.9% in the same period. At the end of the 2013/14 financial year, the market capitalisation of Matas A/S was DKK 6,199 million. The average daily turnover in Matas's shares since the IPO was 255,218 shares per day.

Share price performance



Share capital

The nominal value of the company's share capital is DKK 101,949,510 divided into shares of DKK 2.50, equivalent to 40,779,804 shares and 40,779,804 votes. The shares are not divided into share classes.

On 4 June 2013, the share capital and voting rights were restructured in preparation for the initial public offering of the company's shares. The restructuring of the share capital included a merger of the two share classes existing until then into one share class and the discontinuation of the preferential rights attached to the preference shares as well as the issuance of bonus shares with a total nominal value of DKK 261,409 and a reverse stock split changing the nominal value per share from DKK 0.10 to DKK 2.50.

Master data

Share capital, DKK	101,949,510
Number of shares (of DKK 2.5)	40,779,804
Classes of shares	1
Restrictions on transferability and voting rights	None
Stock exchange	NASDAQ OMX Copenhagen
Ticker symbol	MATAS
ISIN code	DK0060497295

Authorisations relating to the share capital

In accordance with the Articles of Association, the Board of Directors is, until 1 April 2018, authorised to increase the share capital of the company in one or more issues without pre-emption rights for the existing shareholders of the company by up to a nominal amount of DKK 5,000,000. The capital increase shall take place at market price and may be effected by cash payment or as consideration for an acquisition of business activities or other assets.

Further, the Board of Directors is, until 1 April 2018, authorised to increase the share capital of the company in one or more issues without pre-emption rights for the existing shareholders of the company by up to a nominal amount of DKK 1,000,000 in connection with the issue of new shares for the benefit of the company’s employees. The new shares shall be issued at a subscription price to be determined by the Board of Directors, which may be below the market price.

The Board of Directors is authorised to lay down the terms and conditions for capital increases pursuant to the above authorisations and to make any such amendments to the Articles of Association as may be required as a result of the Board of Directors’ exercise of the said authorisations.

Movements in share capital in 2013/14

Date	Transaction		Share capital before change (DKK)	Change in share capital	Share capital after change (DKK)	Price (DKK)	Number of shares after change
4 June 2013	Merger	Ordinary shares:	100,000,000	1,688,101	101,688,101	-	1,016,881,010
	of share classes	Preference shares:	1,688,101	(1,688,101)	-	-	-
4 June 2013	Issue of bonus shares		101,688,101	261,409	101,949,510	100	1,019,495,100
4 June 2013	Reverse stock split		101,949,510	-	101,949,510	-	40,779,804

Moreover, the Board of Directors is authorised to purchase treasury shares to the extent the company's holding of treasury shares at no time exceeds 10% of the share capital. The purchase price must not deviate by more than 10% from the listing price on NASDAQ OMX Copenhagen at the time of the purchase. The authorisation is valid until 1 April 2018.

Ownership

At 31 March 2014, Matas A/S had approximately 12,500 registered shareholders, who represented 96% of the share capital.

KIRKBI Invest A/S has disclosed that it holds 13.0% of the share capital.

At 31 March 2014, members of the Board of Directors held 759,703 shares, and members of the Executive Management held 283,504 shares, equivalent to a total of 1,043,207 shares, or 2.6% of the share capital.

The company held 97,777 treasury shares at 31 March 2014, equivalent to 0.2% of the share capital. Treasury shares are held with a view to meeting the obligations under the long-term management incentive programme.

Dividends

The Board of Directors proposes an ordinary dividend of DKK 5.50 per share for the 2013/14 financial year. No dividends were declared or paid in 2012/13. The proposed dividend per share corresponds to a total dividend distribution of DKK 224.3 million, equivalent to 60% of adjusted profit after tax.

Analyst coverage

Matas A/S is currently covered by seven analysts from Danish and foreign banks.

ANALYST COVERAGE

ABG Sundal Collier	Michael Vitfell-Rasmussen
Carnegie	Claus Almer
Danske Bank	Poul Ernst Jessen
Goldman Sachs	Jaap Pannevis
Morgan Stanley	Anisha Singhal
Nordea	Dan Wejse
SEB	Niels Leth

Investor relations policy

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

In order to expand the awareness of Matas A/S among domestic and international investors and ensure that analysts from the most relevant banks continue to cover Matas's shares, a number of investor relations and road shows take place. The Group seeks to be perceived as a credible and open company with a top position among its peers with respect to investor relations.

The company's investor relations website, http://investor.en.matas.dk, contains all official financial reports, investor presentations, the financial calendar, corporate governance documents and other material.

Contact

Day-to-day contact with investors and analysts is handled by the investor relations function.

Investor Relations
Jesper Breitenstein
Tel: +45 4816 5548
E-mail: bre@matas.dk

Annual general meeting

The annual general meeting will be held on Monday, 30 June 2014 at 4:00 at the Tivoli Hotel & Congress Center, Arni Magnussons Gade 2-4, DK-1577 Copenhagen V, Denmark.

Financial calendar

The financial calendar for the 2014/15 financial year is as follows.

FINANCIAL CALENDAR.

30 June 2014	Annual general meeting for 2013/14
21 August 2014	Interim report for the period 1 April 2014 to 30 June 2014
18 November 2014	Interim report for the period 1 April 2014 to 30 September 2014
04 February 2015	Interim report for the period 1 April 2014 to 31 December 2014
28 May 2015	Annual report for the financial year 2014/15
24 June 2015	Annual general meeting for 2014/15

Board of Directors and Executive Management

Board of Directors

Lars Vinge Frederiksen, Chairman

- Born 1958, Danish nationality
- Position: Since 2013, professional board member
- First elected to the Board of Directors in 2013
- Re-elected: 2014
- Chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee
- Independent board member
- Deputy Chairman Falck A/S
- Board member: Rockwool A/S, Widex A/S, Augustinus Industri A/S, Hedorf Holding A/S and the Danish Committee on Corporate Governance
- Special competencies: Management experience from Chr. Hansen Holding A/S (CEO) and general experience in strategic development.

Søren Vestergaard-Poulsen, Deputy Chairman

- Born 1969, Danish nationality
- Position: Managing Partner, CVC Capital Partners
- First elected to the Board of Directors in 2006
- Re-elected: 2014 (does not stand for re-election)
- Member of the Remuneration Committee, the Nomination Committee and the Audit Committee
- Independent board member
- Deputy Chairman: Danske Commodities A/S
- Board member: Ahlsell AB
- Special competencies: Professional experience in management and business development. Extensive board experience and financial and accounting experience.

Ingrid Jonasson Blank, board member

- Born 1962, Swedish nationality
- Position: Since 2010, professional board member
- First elected to the Board of Directors in 2013
- Re-elected: 2014
- Independent board member
- Chairman: Musti ja Mirri oY
- Board member: Ambea Vård & Omsorg AB, Fiskars Oyj, Orkla ASA, Bilia AB, Royal Unibrew A/S, ZetaDisplay AB, Travel Support & Services AB, Scandinavian Studios AB and Norm AB
- Special competencies: General management experience in retail business from her position as Executive Vice President of ICA Sverige AB and board experience from listed companies.

Lars Frederiksen, board member

- Born 1969, Danish nationality
- Position: Since 2007, professional board member
- First elected to the Board of Directors in 2007
- Re-elected: 2014
- Member of the Remuneration Committee and the Nomination Committee
- Independent board member
- Chairman: Clea Capital Ltd., Burner International A/S and Jægersborg Ejendomme A/S
- Special competencies: General management experience and retail experience within beauty, health and personal care.

Board of Directors (continued)

Birgitte Nielsen, board member

- Born 1963, Danish nationality
- Position: Since 2006, professional board member
- First elected to the Board of Directors in 2013
- Re-elected: 2014
- Chairman of the Audit Committee
- Independent board member
- Board member: Topdanmark A/S, Kirk Kapital A/S, Finansiel Stabilitet, Arkil A/S, Gigtforeningen and De Forenede Ejendomsselskaber A/S
- Special competencies: General management experience and extensive financial and accounting understanding. Board experience from listed companies. Chairman of the audit committee of Arkil A/S and member of the audit committee of Topdanmark A/S.

Executive Management

Terje List
Chief Executive Officer

- Born 1965, Danish nationality
- Board member: L'Easy A/S and Dansk Erhverv

Anders Skole-Sørensen
Chief Financial Officer

- Born 1962, Danish nationality

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and adopted the annual report of Matas A/S for the financial year 1 April 2013 to 31 March 2014.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the financial statements of the parent company give a true and fair view of the Group's and the company's assets and liabilities and financial position at 31 March 2014 and of the results of the Group's and the company's operations and cash flows for the financial year 1 April–31 December 2013.

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

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

Allerød, 4 June 2014

Executive Management

Terje List
CEO

Anders Skole-Sørensen

Board of Directors

Lars Vinge Frederiksen
Chairman

Søren Vestergaard-Poulsen
Deputy Chairman

Ingrid Jonasson Blank

Lars Frederiksen

Birgitte Nielsen

Independent auditors' report

To the shareholders of Matas A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Matas A/S for the financial year 1 April 2013 – 31 March 2014. The consolidated financial statements and the parent company financial statements comprise statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 March 2014 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 April 2013 – 31 March 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 4 June 2014

KPMG
Statsautoriseret Revisionspartnerselskab

Peter Gath	Søren Christiansen
State Authorised Public Accountant	State Authorised Public Accountant

Consolidated financial statements 2013/14

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Statement of comprehensive income

(DKK millions)	Note	2013/14	2012/13
Revenue	3, 4	3,344.5	3,200.0
Cost of goods sold	5	(1,803.2)	(1,728.8)
Gross profit		1,541.3	1,471.2
Other operating costs		0.0	(0.1)
Other external costs	6	(314.6)	(302.6)
Staff costs	7	(626.9)	(579.7)
Amortisation, depreciation and impairment losses	8	(135.4)	(132.5)
Operating profit		464.4	456.3
Financial income	9	0.9	8.1
Financial expenses	10	(83.4)	(88.7)
Profit before tax		381.9	375.7
Tax on the profit for the year	11	(133.0)	(112.7)
Profit for the year		248.9	263.0
Other comprehensive income			
Other comprehensive income after tax		(0.2)	0.0
Total comprehensive income		248.7	263.0
Earnings per share:			
Earnings per share, DKK	12	6.12	6.45
Diluted earnings per share, DKK	12	6.11	6.45

Statement of cash flows

(DKK millions)	Note	2013/14	2012/13
Profit before tax		381.9	375.7
Adjustment for non-cash operating items, etc.:			
Amortisation, depreciation and impairment losses	8	135.4	132.5
Other non-cash operating items, net		1.5	0.1
Financial income		(0.9)	(8.1)
Financial expenses		83.4	88.7
Cash generated from operations before changes in working capital		601.3	588.9
Changes in working capital	25	72.3	27.6
Cash generated from operations		673.6	616.5
Interest received		0.9	0.4
Interest paid		(49.2)	(78.9)
Corporation tax paid		(275.3)	(146.5)
Cash flow from operating activities		350.0	391.5
Acquisition of intangible assets	14	(0.5)	(0.9)
Disposal of intangible assets		0.0	1.3
Acquisition of property, plant and equipment	16	(61.9)	(48.9)
Acquisition of subsidiaries and operations	26	(113.8)	(22.0)
Cash flow from investing activities		(176.2)	(70.5)
Free cash flow		173.8	321.0
Debt raised from and settled with banks		(561.1)	(176.7)
Purchase and sale of treasury shares		(9.3)	0.0
Cash flow from financing activities		(570.4)	(176.7)
Net cash flow from operating, investing and financing activities		(396.6)	144.3
Cash and cash equivalents at 1 April		536.6	392.3
Cash and cash equivalents at 31 March		140.0	536.6

Assets at 31 March

(DKK millions)	Note	**2013/14**	**2012/13**
NON-CURRENT ASSETS			
Goodwill		3,684.7	3,580.3
Trademarks and trade names		583.6	657.5
Shares in co-operative property		3.9	3.9
Other intangible assets		9.7	4.6
Total intangible assets	14, 15	4,281.9	4,246.3
Land and buildings		101.2	101.1
Plant and machinery		81.8	69.7
Leasehold improvements		21.1	28.6
Total property, plant and equipment	16	204.1	199.4
Deferred tax	22	15.9	15.7
Deposits		34.7	31.0
Other securities and investments		1.3	1.1
Total other non-current assets		51.9	47.8
Total non-current assets		4,537.9	4,493.5
CURRENT ASSETS			
Inventories	18	607.3	601.8
Trade receivables	19	54.4	89.7
Corporation tax	20	116.4	26.1
Other receivables		9.5	1.5
Prepayments		22.1	21.1
Cash and cash equivalents		140.0	536.6
Total current assets		949.7	1,276.8
TOTAL ASSETS		5,487.6	5,770.3

Equity and liabilities at 31 March

(DKK millions)	Note	**2013/14**	**2012/13**
EQUITY AND LIABILITIES			
Share capital	21	101.9	101.7
Share premium		1,787.3	1,786.4
Translation reserve		0.3	0.5
Treasury share reserve		(10.5)	(0.1)
Proposed dividend	13	224.3	0.0
Retained earnings		496.6	470.9
Total equity		2,599.9	2,359.4
Deferred tax	22	297.5	356.4
Banks	23	1,762.7	2,057.2
Other payables	24	13.1	1.6
Total non-current liabilities		2,073.3	2,415.2
Banks	23	0.0	226.7
Prepayments from customers		129.8	96.8
Trade payables		529.7	535.9
Other payables	24	154.9	136.3
Total current liabilities		814.4	995.7
Total liabilities		2,887.7	3,410.9
TOTAL EQUITY AND LIABILITIES		5,487.6	5,770.3

Statement of changes in equity

	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity 31 March 2013	**101.7**	**1,786.4**	**0.5**	**(0.1)**	**0.0**	**470.9**	**2,359.4**
Other comprehensive income	0.0	0.0	(0.2)	0.0	0.0	0.0	(0.2)
Profit/(loss) for the year	0.0	0.0	0.0	0.0	224.3	24.6	248.9
Total comprehensive income	**0.0**	**0.0**	**(0.2)**	**0.0**	**224.3**	**24.6**	**248.7**
Transactions with owners							
Bonus shares	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares to employees	0.0	1.1	0.0	4.6	0.0	0.0	5.7
Share-based payment	0.0	0.0	0.0	0.0	0.0	1.1	1.1
Acquisition of treasury shares	0.0	0.0	0.0	(15.0)	0.0	0.0	(15.0)
Total transactions with owners	**0.2**	**0.9**	**0.0**	**(10.4)**	**0.0**	**1.1**	**(8.2)**
Equity at 31 March 2014	**101.9**	**1,787.3**	**0.3**	**(10.5)**	**224.3**	**496.6**	**2,599.9**

	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity 31 March 2012	**101.7**	**1,786.4**	**0.5**	**(0.1)**	**0.0**	**207.9**	**2,096.4**
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/(loss) for the year	0.0	0.0	0.0	0.0	0.0	263.0	263.0
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**263.0**	**263.0**
Equity at 31 March 2013	**101.7**	**1,786.4**	**0.5**	**(0.1)**	**0.0**	**470.9**	**2,359.4**

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Notes to the financial statements

Note 1 - Accounting policies

Matas A/S is a public limited company domiciled in Denmark. The financial part of the annual report for the period 1 April 2013 – 31 March 2014 includes both the consolidated financial statements of Matas A/S and its subsidiaries (the Group) and the financial statements of the parent company.

The consolidated financial statements of Matas A/S for 2013/14 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

The Board of Directors and the Executive Management considered and adopted the annual report of Matas A/S for 2013/14 on 4 June 2014. The annual report is presented to the shareholders of Matas A/S for approval at the annual general meeting to be held on 30 June 2014.

Basis of preparation

The consolidated financial statements are presented in DKK millions.

The consolidated financial statements are prepared on the historical cost basis except for derivative financial instruments, which are measured at fair value.

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

Changes in accounting policies

With effect from the financial year 2013/14, Matas A/S has implemented the standards and interpretations that have come into force for 2013/14. None of these have affected the recognition and measurement in 2013/14 or are expected to affect Matas A/S with the current activities.

In addition, Matas A/S has prospectively implemented amendments to IAS 36 "Impairment of Assets" (2013), which eliminates the requirement that the recoverable value must always be disclosed per cash-generating unit.

Description of accounting policies

Consolidated financial statements

The consolidated financial statements comprise the parent company Matas A/S and subsidiaries in which Matas A/S has control, i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is obtained when the company directly or indirectly holds or controls more than 50% of the voting rights in the subsidiary or in any other way controls the subsidiary.

When assessing whether Matas A/S exercises control, potential voting rights which are exercisable at the date of the statement of financial position are taken into account.

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

The subsidiaries' line items are included 100% in the consolidated financial statements.

Business combinations

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

For acquisitions of new enterprises in which Matas A/S is able to exercise control over the acquired enterprise, the purchase method is used. The acquired enterprises' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

The acquisition date is the date when Matas A/S effectively obtains control of the acquired enterprise.

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

The consideration for a business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. Costs attributable to business combinations are recognised directly in profit or loss when incurred.

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

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

Foreign currency translation

For each of the reporting enterprises in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting enterprise operates. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies.

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

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

On recognition in the consolidated financial statements of enterprises with another functional currency than DKK, the statement of comprehensive income is translated at the exchange rates at the transaction date and the statement of financial position items are translated at the exchange rates at the date of the statement of financial position. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of equity of such enterprises at the exchange rates at the date of the statement of financial position and on translation of the statement of financial income from the exchange rates at the transaction date to the exchange rates at the date of the statement of financial position are recognised directly in equity under a separate translation reserve.

Derivative financial instruments

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

Cash flow hedge
Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in future cash flows are recognised in other comprehensive income under a separate hedging reserve under equity until the hedged cash flows affect the income statement. If the hedged transaction results in gains or losses, amounts previously recognised in other comprehensive income are transferred to the same item as the hedged item.

If the hedging instrument does no longer qualify for hedge accounting, the hedge will cease to be effective. The accumulated change in value recognised in other comprehensive income is transferred to the income statement when the hedged cash flows affect the income statement.

If it is no longer expected that the hedged cash flows will be realised, the accumulated change in value is transferred to the income statement immediately.

The portion of the value adjustment of a derivative financial instrument that is not included in a hedge is presented in profit or loss under financial items.

Other derivative financial instruments
For derivative financial instruments that are not classified and/or do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income or financial expenses.

Income statement

Revenue
Revenue from the sale of goods for resale is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration net of VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

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

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

Other external costs
Other external costs comprise administrative expenses and other costs to operation and maintenance.

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

Other operating income and costs
Other operating income and costs comprise items secondary to the principal activities of the enterprises, including gains and losses on ongoing disposal and replacement of intangible assets and property, plant and equipment and royalty income. Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the selling date.

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

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

Matas A/S is the administrative company under the joint taxation and accordingly pays all corporation taxes to the tax authorities.

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

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

Statement of financial position

Intangible assets

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

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

Shares in co-operative property
Shares in co-operative property are initially recognised in the statement of financial position at cost. Subsequently, Shares in co-operative property are measured at cost less accumulated impairment losses. Shares in co-operative property are not amortised as their useful lives cannot be determined.

Other intangible assets
Other intangible assets, which comprise payment regarding tenancy takeover, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised at a straight-line basis over 5-10 years.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognised in the statement of financial position and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

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

Buildings and building parts	15-25 years
Pant and machinery	1-7 years
Lease hold improvements	5-10 years

Land is not depreciated.

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

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

Impairment testing of non-current assets

Goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, initially before the end of the acquisition year.

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

Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

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

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

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset’s new carrying amount does not exceed the carrying amount of the asset after amortisation had the asset not been impaired.

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO (first in, first out) method and the net realisable value.

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

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

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses when there is objective evidence that an individual receivable has been impaired.

Write-downs are calculated as the difference between the carrying amount and the present value of the expected cash flows, including the realisable value of any received collateral. The effective interest rate used at the time of initial recognition is used as the discount rate for the receivable.

Recognition as income of interest on written-down receivables is calculated based on the written-down value using the effective interest rate for the individual receivable or portfolio.

Prepayments

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

Equity

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

Share premium
Share premium comprises amounts in addition to the nominal share capital that have been paid by the shareholders in connection with capital increases.

Hedging reserve
The hedging reserve contains the accumulated net change in fair value of hedging transactions that qualify as a cash flow hedge and for which the hedged transaction has not yet been realised.

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

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

Employee benefits

Pension obligations and similar non-current liabilities
The Group has entered into pension schemes and similar arrangements with the majority of the Group's employees.

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

The Group has not established any defined benefit plans.

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

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

On initial recognition of the share options, the number of options expected to vest is estimated. Subsequent to initial recognition, the estimate is adjusted to reflect the actual number of exercised share options.

The fair value of the options granted is estimated using an option pricing model. The calculation takes into account the terms and conditions of the share options granted.

Employee shares
When employees of the Matas Group are given the opportunity to subscribe shares at a price below the market price, the discount is recognised as an expense in staff costs. The balancing item is recognised directly in equity as a shareholder transaction. The discount is calculated at the subscription date as the difference between fair value and the subscription price of the subscribed shares.

Current and deferred tax
In accordance with the joint taxation rules, Matas A/S as administrative company assumes the liability for payment to the tax authorities of the subsidiaries' corporation taxes as the joint taxation contributions are received from the subsidiaries.

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

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

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

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

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the date of the statement of financial position when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in comprehensive income.

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

The amount recognised as a provision is Management's best estimate of the expenses required to settle the obligation.

Prepayments from customers
Prepayments from customers comprise liabilities regarding issued gift vouchers and points under the Club Matas customer loyalty programme.

Liabilities regarding gift vouchers are recognised at the date of issue and measured at amortised cost.

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

Liabilities relating to gift vouchers and the customer loyalty programme are recognised in revenue and used and/or expired.

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

Other financial liabilities are measured at amortised cost.

Statement of cash flows

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

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

Cash flows from disposals of businesses are recognised up until the date of disposal. Cash flows from operating activities are calculated according to the indirect method as profit before tax adjusted for non-cash operating items, changes in working capital, interest, dividends and corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognised as cash and cash equivalents.

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

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

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

Segment information

Segment information is provided in accordance with the Group's accounting policies and follows the internal management reporting.

The Group has one reportable segment. Therefore, the segment information only comprises information on products and services, geographical information and significant customers.

Geographical information on revenue and non-current assets is based on the geographic location where the sales transaction takes place. The value of non-current assets by geographic location is exclusive of the value of deferred tax assets.

Note 2 - Accounting estimates and judgments

Estimation uncertainty

The computation of the carrying amount of certain assets and liabilities requires assessments, estimates and assumptions regarding future events.

The estimates and assumptions used are based on historical experience and other factors which management assesses to be reliable, but which are inherently subject to uncertainty. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the company is subject to risks and uncertainties which may result in actual results differing from these estimates. Financial risks of the Matas Group are described in note 28.

It may be necessary to change previously made estimates as a result of changes in the circumstances on which previous estimates were based or because of new knowledge or subsequent events.

Estimates which are significant for the presentation of the financial statements are e.g. made when computing amortisation and depreciation and when testing impairment.

Impairment testing

In performing the annual impairment test of goodwill an assessment is made of whether the individual units of the Group (cash-generating units) to which goodwill relates will be able to generate sufficient positive net cash flows in the future to support the value of goodwill and other net assets of the Group.

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

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

Inventory measurement

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

At 31 March 2014, there had been no impairment of inventories (31 March 2013: DKK 0.0).

Rolling stock counts are made evenly distributed over the year. Moreover, full stock counts were made for approximately 25% of the stores at the end of the financial year. Inventories subjected to rolling stock counts consequently have to be measured taking into account shrinkage. Shrinkage is estimated at 1.5% of sales.

Note 3 - Segment information

Matas Group has one reportable segment selling Mass Beauty and High-end Beauty, vitamins, minerals and supplements, household and personal care goods and over-the-counter medicine.

Revenue can be specified as follows:

(DKK millions)	**2013/14**	**2012/13**
Beauty	2,351.1	2,195.1
Vital	324.4	301.5
Material	277.1	256.9
MediCare	171.8	173.3
Other including Sweden	35.1	26.9
Total revenue from own retail stores	**3,159.5**	**2,953.7**
Sales of goods to associated stores	185.0	246.3
Total revenue	**3,344.5**	**3,200.0**

Geographical information

Matas Group operates primarily in Denmark but also has limited activities in Sweden.

Revenue through Danish retail stores and to associated stores in Denmark amounted to 99.7% (2012/13: 99.6%) of total revenue.

The Group's non-current assets are substantially physically located in Denmark. At 31 March 2014, the value of non-current assets located in Denmark amounted to 100% (31 March 2013: 100%) of total non-current assets.

Note 4 - Revenue

(DKK millions)	2013/14	2012/13
Sale of goods from retail stores	3,159.5	2,953.7
Sale of goods to associated stores	185.0	246.3
Total revenue	**3,344.5**	**3,200.0**

Note 5 - Cost of goods sold, etc.

(DKK millions)	2013/14	2012/13
Cost of goods sold for the year	1,803.2	1,728.8
Write-down of inventories for the year	0.0	0.0
Reversed write-down of inventories	0.0	7.4

The Group has not carried out any research and development activities.

Note 6 - Fees to auditors appointed at the annual general meeting

(DKK millions)	2013/14	2012/13
Fee to KPMG	5.1	9.1
Fee to other auditors	0.1	0.1
Total	**5.2**	**9.2**

Which is specified as follows:

(DKK millions)	2013/14	2012/13
Audit	1.3	1.9
Other assurance engagements	0.1	0.1
Tax and VAT assistance	2.5	1.6
Other services	1.3	5.6
Total	**5.2**	**9.2**

Of the fee for tax and VAT assistance in 2013/14, assistance in connection with the Group's two tax cases with the tax authorities accounted for DKK 2.3 million. Of other services in 2013/14, DKK 1.0 million related to assistance in connection with the IPO. Other services in 2012/13 related primarily to a special strategic review.

Note 7 - Staff costs

(DKK millions)	2013/14	2012/13
Wages and salaries	575.9	528.3
Defined contribution plans	39.4	38.6
Share-based payment	1.1	0.0
Discount to market price on subscription of employees shares	1.1	0.0
Other staff costs	15.3	14.4
Total staff costs	**632.8**	**581.3**

Total staff costs are recognised as follows:

(DKK millions)	2013/14	2012/13
Staff costs in statement of comprehensive income	626.9	579.7
Property, plant and equipment	5.9	1.6
Total	**632.8**	**581.3**
Average number of employees	2,216	2,051

For information on remuneration to the Board of Directors, the Executive Management and other executive employees, including bonus programmes and option programmes, see note 30.

Note 8 - Depreciation, amortisation and impairment losses

(DKK millions)	2013/14	2012/13
Amortisation, intangible assets	76.5	75.2
Depreciation, property, plant and equipment	58.9	56.7
Impairment, intangible assets	0.0	0.6
Total depreciation, amortisation and impairment losses	**135.4**	**132.5**

Impairment loss in 2012/13 relates to shares in co-operative property.

Note 9 - Financial income

(DKK millions)	2013/14	2012/13
Changes in the fair value of derivative financial instruments	0.0	7.7
Interest, cash, etc.	0.9	0.4
Total	**0.9**	**8.1**
Interest from financial assets measured at amortised cost amounts to	0.0	0.0

Note 10 - Financial expenses

(DKK millions)	2013/14	2012/13
Interest, banks	48.9	76.8
Amortisation of financing costs	20.7	9.8
Changes in the fair value of derivative financial instruments	13.1	0.0
Other	0.7	2.1
Total financial expenses	83.4	88.7
Interest on financial liabilities measured at amortised cost amounts to	42.9	76.6

Note 11 - Tax

(DKK millions)	2013/14	2012/13
Tax on the profit for the year is specified as follows:		
Tax on profit/loss for the year	133.0	112.7
Tax on other comprehensive income	0.0	0.0
Total	**133.0**	**112.7**
Tax on the profit for the year is specified as follows:		
Current tax	142.5	123.1
Deferred tax	(52.7)	(13.6)
Current tax regarding previous years	43.2	3.2
Total	**133.0**	**112.7**
Tax on the profit for the year is explained as follows:		
Computed 25% tax of profit before tax	95.5	93.9
Limitation of right to deduct interest	22.4	10.7
Other	3.5	4.9
Change of Danish corporate tax rate	(31.6)	0.0
Tax regarding regarding previous years	43.2	3.2
Total	**133.0**	**112.7**
Effective tax rate	34.8%	30.0%

Note 12 - Earnings per share

(DKK millions)	2013/14	2012/13
Profit for the year	**248.9**	**263.0**
Average number of shares	40,779,804	40,779,804
Average number of treasury shares	(91,340)	(10,026)
Average number of outstanding shares	**40,688,464**	**40,769,778**
Average dilutive effect of share options	43,379	0
Diluted average number of outstanding shares	**40,731,843**	**40,769,778**
Earnings per share of DKK 2.50	6.12	6.45
Diluted earnings per share of DKK 2.50	6.11	6.45

Average number of shares and treasury shares is calculated as if the change in the capital structure completed on 4 June 2013 had been completed at an earlier date. For additional information on the change in the capital structure, see note 21 to the consolidated financial statements.

Note 13 - Dividend per share

The Board of Directors recommends to the annual general meeting that a dividend of DKK 5.5 (2012/13: DKK 0) be declared and paid.

The dividend is determined as 60% of adjusted profit after tax for the 2013/14 financial year. For a definition of adjusted profit after tax, see "Definitions of key financials".

Note 14 - Intangible assets

(DKK millions)	Goodwill	Trade-marks and trade names	Shares in co-operative property	Other intangible assets	Total
Cost at 1 April 2013	**3,580.3**	**1,107.1**	**3.9**	**12.5**	**4,703.8**
Additions on acquisitions	104.4	0.0	0.0	7.2	111.6
Additions	0.0	0.0	0.0	0.5	0.5
Disposals	0.0	0.0	0.0	0.0	0.0
Cost at 31 March 2014	**3,684.7**	**1,107.1**	**3.9**	**20.2**	**4,815.9**
Amortisation and impairment at 1 April 2013	**0.0**	**449.6**	**0.0**	**7.9**	**457.5**
Amortisation	0.0	73.9	0.0	2.6	76.5
Impairment	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0
Amortisation and impairment at 31 March 2014	**0.0**	**523.5**	**0.0**	**10.5**	**534.0**
Carrying amount at 31 March 2014	**3,684.7**	**583.6**	**3.9**	**9.7**	**4,281.9**
Cost at 1 April 2012	**3,558.3**	**1,107.1**	**5.8**	**11.6**	**4,682.8**
Additions	22.0	0.0	0.0	0.9	22.9
Disposals	0.0	0.0	(1.9)	0.0	(1.9)
Cost at 31 March 2013	**3,580.3**	**1,107.1**	**3.9**	**12.5**	**4,703.8**
Amortisation and impairment at 1 April 2012	**0.0**	**375.7**	**0.0**	**6.6**	**382.3**
Amortisation	0.0	73.9	0.0	1.3	75.2
Impairment	0.0	0.0	0.6	0.0	0.6
Disposals	0.0	0.0	(0.6)	0.0	(0.6)
Amortisation and impairment at 31 March 2013	**0.0**	**449.6**	**0.0**	**7.9**	**457.5**
Carrying amount at 31 March 2013	**3,580.3**	**657.5**	**3.9**	**4.6**	**4,246.3**
Amortised over	-	15 years	-	5-10 years	

Other intangible assets comprise payments regarding tenancies taken over, etc. Except for goodwill and shares in co-operative properties, it is assessed that all intangible assets have a limited useful life.

Note 15 - Impairment testing

Goodwill

The Group has one cash-generating unit. The carrying amount of goodwill for the Group amounted to DKK 3,684.7 million at 31 March 2014 (31 March 2013: DKK 3,580.3 million). At 31 March 2014 and 31 March 2013, management performed impairment tests of the carrying amounts of goodwill.

The recoverable value is based on the value in use, which is determined using expected net cash flows on the basis of budgets for the years 2014-2018 and a discount factor before tax of 9.7% (31 March 2013: 10.8%). The contribution margin for the budget period is estimated based on the historical average contribution margin. No significant growth is expected in the contribution margin. The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2018 is estimated at 2% (31 March 2013: 2%). The growth rate is not assessed to exceed the long-term average growth rate within the Group’s markets.

Based on the impairment test performed at 31 March 2014, there is no current evidence of impairment. Management assesses that likely changes in the basic assumptions will not lead to the carrying amount after impairment of goodwill exceeding the recoverable amount.

Note 16 - Property, plant and equipment

(DKK millions)	Land and buildings	Plant and machi-nery	Leasehold improve-ments	Total
Cost at 1 April 2013	**116.5**	**229.1**	**151.2**	**496.8**
Additions on acquisitions	0.0	1.1	0.6	1.7
Additions	2.6	55.1	4.2	61.9
Disposals	0.0	(0.1)	(0.2)	(0.3)
Cost at 31 March 2014	**119.1**	**285.2**	**155.8**	**560.1**
Depreciation and impairment at 1 April 2013	**15.4**	**159.4**	**122.6**	**297.4**
Depreciation	2.5	44.1	12.3	58.9
Disposals	0.0	(0.1)	(0.2)	(0.3)
Depreciation and impairment at 31 March 2014	**17.9**	**203.4**	**134.7**	**356.0**
Carrying amount at 31 March 2014	**101.2**	**81.8**	**21.1**	**204.1**
Cost at 01 April 2012	**116.4**	**197.7**	**146.6**	**460.7**
Additions on acquisitions	0.0	0.2	0.0	0.2
Additions	0.1	43.9	4.9	48.9
Disposals	0.0	(12.7)	(0.3)	(13.0)
Cost at 31 March 2013	**116.5**	**229.1**	**151.2**	**496.8**
Depreciation and impairment at 1 April 2012	**12.8**	**133.3**	**107.5**	**253.6**
Depreciation	2.6	38.8	15.3	56.7
Disposals	0.0	(12.7)	(0.2)	(12.9)
Depreciation and impairment at 31 March 2013	**15.4**	**159.4**	**122.6**	**297.4**
Carrying amount at 31 March 2013	**101.1**	**69.7**	**28.6**	**199.4**
Depreciated over	15-25 years	1-7 years	5-10 years	

Note 17 - Treasury shares

(DKK millions)	Number of shares of DKK 2.5		% of share capital	
	2013/14	**2012/13**	**2013/14**	**2012/13**
1 April	250,000	250,000	0.02%	0.02%
Merger of share classes and issuance of bonus shares on 4 June 2013 in connection with IPO	(239,968)	0	0.00%	0.00%
	10,032	250,000	0.02%	0.02%
Acquisition of treasury shares	130,435	0	0.32%	0.00%
Sale of treasury shares to employees	(42,690)	0	(0.10)%	0.00%
31 March	97,777	250,000	0.24%	0.02%

Treasury shares acquired in 2013/14 for DKK 15.0 million were acquired in connection with the IPO to cover the obligations under the long-term incentive programme for management and to cover an employee share offering. The sale of treasury shares for a total of DKK 4.6 million took place in connection with the offering of employee shares. The shares were sold at a 20% discount to market price, equivalent to DKK 1.1 million, which was recognised in staff costs.

For an overview of outstanding option programmes, see note 30.

Note 18 - Inventories

(DKK millions)	2013/14	2012/13
Goods for resale	607.3	601.8
Carrying amount of inventories recognised at net sales value	0.0	0.0

Note 19 - Trade receivables

Trade receivables primarily relate to sales to Matas stores which are not owned by the Group. Write-down included in the carrying amount of trade receivables has developed as follows:

(DKK millions)	2013/14	2012/13
1 April	0.2	0.2
Write-down during the year	0.4	0.0
31 March	**0.6**	**0.2**

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

(DKK millions)	2013/14	2012/13
Maturity:		
Up until 30 days	0.5	1.1
Between 30 and 90 days	0.1	0.4
More than 90 days	0.4	0.1
Total	**1.0**	**1.6**

Note 20 - Corporation tax receivable

Corporation tax receivable includes DKK 89.6 million including interest regarding tax paid relating to the decision of the Danish tax authorities concerning withholding tax on interest. See note 27. The decision has been appealed to the Danish National Tax Tribunal, and its decision is expected in one to two years.

Note 21 - Equity

Share capital

The nominal value of the share capital is DKK 101,949,510 divided into shares of DKK 2.50, equivalent to 40,779,804 shares and 40,779,804 votes. The shares are not divided into share classes.

On 4 June 2013, the share capital and voting rights were restructured in preparation for the initial public offering of the parent company's shares. The restructuring of the share capital included a merger of the two share classes existing until then into one share class and the discontinuation of the preferential rights attached to the preference shares as well as the issuance of bonus shares with a total nominal value of DKK 261,409 and a reverse stock split changing the nominal value per share from DKK 0.10 to DKK 2.50.

Capital structure

The Group aims to reduce the net debt to a level of approximately 2.0 times adjusted EBITDA while declaring annual dividends of at least 60% of adjusted profit after tax. For a definition of adjusted profit after tax, see "Definitions of key financials". The capital is managed for the Group as a whole.

The ratio of equity to total equity and liabilities was 47.4% at 31 March 2014 (31 March 2013: 40.9%).

Note 22 - Deferred tax

(DKK millions)	2013/14	2012/13
Deferred tax at 1 April	340.7	354.3
Additions on acquisitions	(6.4)	0.0
Deferred tax recognised in other comprehensive income	0.0	0.0
Deferred tax for the year, recognised in the profit for the year	(52.7)	(13.6)
Deferred tax at 31 March	**281.6**	**340.7**
Deferred tax is recognised as follows in the statement of financial position:		
Deferred tax (asset)	(15.9)	(15.7)
Deferred tax (liability)	297.5	356.4
Deferred tax at 31 March, net	**281.6**	**340.7**
Deferred tax relates to:		
Intangible assets	273.2	336.4
Property, plant and equipment	23.0	27.5
Inventories	(15.9)	(15.7)
Other assets	1.3	-7.5
Total	**281.6**	**340.7**

Unrecognised deferred tax assets which are not expected to be utilised against future earnings amount to DKK 17.5 million.

Changes in temporary differences during the year:

(DKK millions)	Balance at 1/4	Additions on acquisitions	Recognised in other comprehensive income	Recognised in the profit for the year, net	Balance at 31/3
2013/14					
Intangible assets	336.4	(5.9)	0.0	(57.3)	273.2
Property, plant and equipment	27.5	0.0	0.0	(4.5)	23.0
Inventories	(15.7)	0.0	0.0	(0.2)	(15.9)
Other assets	(7.5)	(0.5)	0.0	9.3	1.3
Total	**340.7**	**(6.4)**	**0.0**	**(52.7)**	**281.6**
2012/13					
Intangible assets	346.6	0.0	0.0	(0.2)	336.4
Property, plant and equipment	27.9	0.0	0.0	(0.4)	27.5
Inventories	(14.1)	0.0	0.0	(1.6)	(15.7)
Other assets	(6.1)	0.0	0.0	(1.4)	(7.5)
Total	**354.3**	**0.0**	**0.0**	**(13.6)**	**340.7**

Note 23 - Amounts owed to banks

(DKK millions)	2013/14	2012/13
Amounts owed to banks are recognised in the statement of financial position as follows:		
Non-current liabilities	1,762.7	2,057.2
Current liabilities	0.0	226.7
Total	**1,762.7**	**2,283.9**
Nominal value	**1,775.0**	**2,302.5**
Falls due more than 5 years after the reporting date, nominal value	0.0	0.0
Fair value	**1,775.0**	**2,302.5**

Fair value of financial liabilities is assessed as the present value of expected future instalment and interest payments. The current interest rate for similar loan periods in the Group is used as discount rate.

A facilities agreement was signed in July 2013 which has a final maturity date of 30 June 2018. Amounts owed to banks carry floating interest rates and are priced at an initial margin in the range of 150-200 basis points above CIBOR, and includes a margin ratchet dependent on the level of leverage. At 31 March 2014, the effective interest rate was 1.7-1.9% p.a. (31 March 2013: 1.3-4.5% p.a.).

To hedge the interest rate risk, an interest rate swap has been entered into. See note 28.

Special covenants are attached to the Group's credit facility.The Group has complied with these covenants since raising the loans.

Note 24 - Other payables

(DKK millions)	2013/14	2012/13
Included in non-current liabilities:		
Fair value of hedging instrument	13.1	0.0
Liabilities regarding employee bonds	0.0	1.6
Total	**13.1**	**1.6**
Included in current liabilities:		
Payable VAT	40.6	38.9
Holiday pay obligation	89.1	83.2
Salary-related liabilities	16.6	14.2
Other creditors	8.6	0.0
Total	**154.9**	**136.3**

Note 25 - Changes in working capital

(DKK millions)	2013/14	2012/13
Change in inventories	37.7	(52.4)
Change in receivables	35.1	(11.0)
Change in trade and other payables	(0.5)	91.0
Total	**72.3**	**27.6**

Note 26 - 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 were made as part of the Group's new StyleBox retail concept. Five of the nine leased premises have already been converted into StyleBox stores, and one has been converted into a Matas store. The remaining two have been converted into Matas Beauty stores.

Thirteen associated Matas stores were acquired during the financial year.

In 2012/13, the Group acquired one retail store in September 2012 and one retail store in December 2012.

(DKK millions)	**2013/14**	**2012/13**
Intangible assets	7.2	0.0
Property, plant and equipment	1.7	0.2
Financial assets	2.2	0.0
Inventories	43.4	6.2
Deferred tax assets	6.4	0.0
Other receivables	8.2	0.7
Cash and cash equivalents	2.2	0.4
Liabilities	(54.6)	(7.1)
Acquired net assets	**16.7**	**0.4**
Goodwill	104.4	22.0
Acquisition cost	**121.1**	**22.4**
Of which cash and cash equivalents	(2.2)	(0.4)
Non-paid acquisition cost	(5.1)	0.0
Cash acquisition cost	**113.8**	**22.0**

After recognition of identifiable assets and liabilities at fair value, goodwill in connection with the Group’s acquisition was computed at DKK 104.4 million (2012/13: DKK 22.0 million).

As a consequence of the continuing settlement of the contracts with the sellers, changes may occur in the acquisitions recognised.

Goodwill represents the value of the existing employees and know-how as well as expected synergies from the combination with the Matas chain.

In 2013/14, the acquired subsidiaries and operations were recognised in revenue and profit for the year at DKK 65.0 million (2012/13: DKK 20.5 million) and a loss of DKK 9.8 million (2012/13: a profit of DKK 1.2 million) respectively for the period since the acquisition.

Consolidated revenue and profit for the year in 2013/14, prepared on a pro forma basis as if the acquired subsidiaries and operations had been acquired on 1 April 2013, amounted to DKK 3,439.6 million (2012/13: DKK 3,218.1 million) and DKK 253.1 million (2012/13: DKK 263.9 million) respectively.

In connection with the acquisition of subsidiaries and operations, transaction costs were incurred in the amount of DKK 1.7 million. These transaction costs are included in other external costs in the income statement.

Note 27 - Contingent liabilities and security

Matas A/S received a decision from the Danish tax authorities in September 2013 to the effect that they intend to charge withholding tax for the 2006, 2007, 2008 and 2009 income years regarding interest payments credited to MHolding 1 AB. The total amount is DKK 89.6 million including interest.

Matas A/S disagrees with the decision and has appealed it to the Danish National Tax Tribunal. No provisions have been made in respect of this tax matter, as Management believes it to be more likely than not that an ultimate ruling in favour of the Group will be received.

As the Danish tax authorities will continue to charge interest on the alleged outstanding withholding tax, the full amount was paid in October 2013. If, as expected, Matas is successful in its appeal, this amount will be paid back with accrued interest.

Note 28 - Financial risks and financial instruments

The Group's risk management policy
As a consequence of its operation, investments and financing, the Group is exposed to changes in interest rates. The Group is to a limited extent exposed to changes in foreign currencies.

It is Group policy not to engage in active speculation in financial risks. The Group's financial management is thus aimed solely at management of the financial risks which are a direct result of the Group's operation and financing.

For a description of the accounting policies and methods, including recognition criteria and measurement basis, we refer to the accounting policies.

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

Interest rate risk
It is Group policy to fully or partially hedge interest rate risks on all Group loans when it is assessed that the interest payments can be hedged satisfactorily. Hedging is usually made by means of interest rate swaps, where loans at floating interest rate are converted to loans with a fixed interest rate.

In 2013/14, the Group entered into an interest rate swap with a principal amount of DKK 750 million, which expires with the Group's debt at 30 June 2018. It has been decided not to document the interest rate swap, which partially hedges the Group's interest rate risks on floating-rate loans, as a hedging instrument for accounting purposes. Fair value was negative at DKK 13.1 million at 31 March 2014. The interest rate for the term of the agreement has been fixed at 1.15%.

In 2012/13, the Group had an interest rate swap with a principal amount of DKK 1 billion, which expired at 31 December 2012. It was decided that the interest rate swap, which partly hedged the Group's interest rate risks on floating-rate loans, was not to be documented as a hedging instrument for accounting purposes.

For the Group's floating rate cash and and cash equivalents and debt to banks, a drop in interest level of 1% p.a. relative to the actual interest rates would have had an effect on the profit for the year of DKK 12.3 million (2012/13: DKK 10.1 million) and on equity at 31 March 2014 of DKK 12.3 million (31 March 2013: DKK 10.1 million).

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

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

Currency risk
The Group's foreign companies are not significantly affected by currency fluctuations.

The Group's profit for the year is affected by foreign currency fluctuations as the foreign Group companies' profit/(loss) for the year are translated into Danish kroner on the basis of average exchange rates. However, the size of the companies makes the effect immaterial.

The Group has not entered into any foreign exchange contracts for the last three years.

Liquidity risk

The Group's liquidity reserve consists of cash and cash equivalents and unutilised credit facilities and amounts to DKK 590 million. It is the Group's aim to maintain sufficient cash resources to continue to acquire Matas stores.

The Group's liabilities fall due as follows:

(DKK millions)	Carrying amount	Contrac-tual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
2013/14						
Derivative financial instruments						
Interest rate swap	13.1	14.6	3.4	10.1	1.1	0.0
Non-derivative financial instruments						
Banks	1,762.7	1,919.3	33.3	99.9	1,786.1	0.0
Trade payables	529.7	529.7	529.7	0.0	0.0	0.0
Other payables including employee bonds	17.0	17.0	17.0	0.0	0.0	0.0
31 March 2014	**2,322.5**	**2,480.6**	**583.4**	**110.0**	**1,787.2**	**0.0**
2012/13						
Non-derivative financial instruments						
Banks	2,283.9	2,783.7	294.7	1,727.3	761.7	0.0
Trade payables	535.9	535.9	535.9	0.0	0.0	0.0
Other payables including employee bonds	9.6	10.0	9.4	0.6	0.0	0.0
31 March 2013	**2,829.6**	**3,329.6**	**840.0**	**1,727.9**	**761.7**	**0.0**

Assumptions for analysis of maturity

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

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

Credit risk

The Group's credit risks are partly linked to receivables and cash and cash equivalents and partly to derivative financial instruments with positive fair values. The maximum credit risk linked to financial assets corresponds to the values recognised in the statement of financial position.

The Group has no significant risks regarding any one individual customer or partner. Thus no trade receivables have been insured. There are no significant overdue receivables and therefore only minor provisions for bad debts have been made.

(DKK millions)	Carrying amount 2013/14	Fair value 2013/14	Carrying amount 2012/13	Fair value 2012/13
Trade receivables	54.4	54.4	89.7	89.7
Deposits	34.7	34.7	31.0	31.0
Other receivables	9.5	9.5	1.5	1.5
Cash and cash equivalents	140.0	140.0	536.6	536.6
Loans and receivables	**238.6**	**238.6**	**658.8**	**658.8**
Derivative financial instruments included in the trading portfolio	13.1	13.1	0.0	0.0
Financial liabilities at fair value through profit or loss	**13.1**	**13.1**	**0.0**	**0.0**
Non-current financial liabilities				
Banks	1,762.7	1,775.0	2,283.9	2,302.5
Employee bonds	0.0	0.0	1.6	1.6
Current financial liabilities				
Trade payables	529.7	529.7	535.9	535.9
Other payables including employee bonds	17.0	17.0	9.6	9.6
Financial liabilities measured at amortised cost	**2,309.4**	**2,321.7**	**2,829.6**	**2,848.2**

Derivative financial instruments (interest rate swaps) are measured according to generally accepted valuation techniques based on relevant and observable swap curves.

Financial instruments relating to the purchase of goods etc. with a short credit period are estimated to have a fair value equal to the carrying amount.

The methods applied are unchanged from 2012/13.

(DKK millions)	Quoted prices (Level 1)	Obser-vable input (Level 2)	Non-obser-vable input (Level 3)	Total
2013/14				
Financial liabilities				
Derivative financial instruments included in the trading portfolio	0.0	13.1	0.0	13.1
Total financial liabilities	**0.0**	**13.1**	**0.0**	**13.1**
2012/13				
Financial liabilities				
Derivative financial instruments included in the trading portfolio	0.0	0.0	0.0	0.0
Total financial liabilities	**0.0**	**0.0**	**0.0**	**0.0**

Derivative financial instruments

The Group uses derivative financial instruments to partially hedge the interest rate risk of the Group's loans. It is Group policy not to actively speculate in the interest rate risk.

The Group has entered into an interest rate swap with a principal amount of DKK 750 million to partially hedge the Group's loans. The interest rate swap expires on 30 June 2018. For accounting purposes it has been decided not to document the interest rate swap as a hedging instrument, and changes in fair value are therefore recognised in profit/loss.

(DKK millions)	Notional amount	Fair value adjust-ment recognised in income statement	Fair value	Time to maturity (mths)
2013/14				
Interest rate risks				
Interest rate swap, trading portfolio	750.0	(13.1)	(13.1)	51.0
2012/13				
Interest rate risks				
Interest rate swap, trading portfolio	-	7.7	-	-

Note 29 - Operating leases

The Group leases buildings and operating equipment under operating leases. The lease period is usually between 2 and 10 years with a possibility of extension after the expiry of the period. The majority of the leases do not contain conditional lease payments. Some of the leases have variable lease payments depending on the revenue.

Interminable leases are specified as follows:

(DKK millions)	2013/14	2012/13
0-1 years	97.2	85.8
1-5 years	24.7	31.5
> 5 years	0.1	0.0
Total	**122.0**	**117.3**

DKK 166.2 million (2012/13: DKK 153.1 million) was recognised in profit/loss regarding operating leases.

Note 30 - Management's remuneration, share options and shareholdings

The fee to the members of the Board of Directors is DKK 300,000 each. The Chairman receives 2.5 times the annual fee and the Deputy Chairman may receive up to 1.5 times the fee. The members of the Board of Directors do not participate in the option programme or bonus schemes.

The base salary of the members of the Executive Management consists of salary, pension contributions and other benefits. In addition, the members of the Executive Management are eligible to receive a short-term bonus subject to achievement of certain financial targets. The CEO is eligible to receive bonus of up to 70% of his annual base salary, whilst the CFO is eligible to receive up to 60% of his annual base salary. Moreover, the members of the Executive Management are eligible to receive share options with a value of up to 75% of the annual base salary of the CEO and up to 75% of the annual base salary of the CFO. Breakdown of management compensation included in staff costs (see note 7):

(DKK millions)	Base salary incl. benefits	Pension contri-butions	Short-term bonus	IPO bonus	Total	Share options (1)
2013/14						
Terje List	4.7	0.1	2.0	5.1	11.9	3.2
Anders Skole-Sørensen	2.0	0.2	0.8	2.3	5.3	1.5
Executive Management, total	6.7	0.3	2.8	7.4	17.2	4.7
Other executives, total	6.6	0.4	1.4	2.6	11.0	2.5
Lars Vinge Frederiksen	0.6	-	-	-	0.6	-
Søren Vestergaard-Poulsen	0.0	-	-	-	0.0	-
Lars Frederiksen	0.2	-	-	-	0.2	-
Birgitte Nielsen	0.2	-	-	-	0.2	-
Ingrid Jonasson Blank	0.2	-	-	-	0.2	-
Mads Pilgren	0.0	-	-	-	0.0	-
Peter Törnquist	0.0	-	-	-	0.0	-
Christoffer H. Sjøqvist	0.0	-	-	-	0.0	-
Board of Directors, total	1.2	-	-	-	1.2	-
Total	**14.5**	**0.7**	**4.2**	**10.0**	**29.4**	**7.2**

(1) The amount stated represents the Black-Scholes value of options granted during the financial year. Share options are charged to staff costs over the vesting period. Staff costs include the share of costs for the financial year of options granted.

(DKK millions)	Base salary incl. benefits	Pension contri-butions	Short-term bonus	Total
2012/2013				
Terje List	4.6	0.1	2.7	7.4
Anders Skole-Sørensen	1.9	0.2	1.1	3.2
Executive Management, total	6.5	0.3	3.8	10.6
Other executives, total	6.3	0.6	2.3	9.2
Søren Vestergaard-Poulsen	0.0	-	-	0.0
Lars Frederiksen	0.0	-	-	0.0
Mads Pilgren	0.0	-	-	0.0
Peter Törnquist	0.0	-	-	0.0
Christoffer H. Sjøqvist	0.0	-	-	0.0
Board of Directors, total	0.0	-	-	0.0
Total	**12.8**	**0.9**	**6.1**	**19.8**

In accordance with Matas A/S'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.

The share options granted 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. Vested options may be exercised during a two-year period from the date of publication of the 2015/16 annual report, i.e. three years after the date of grant.

Provided that 100% of the 82,770 granted share 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 term of 5 years, a volatility of 35%, a dividend yield of 5% and an interest rate of 1%.

Programme	**Number of employees**	**Number of options granted**	**Strike price (*)**	**Market value at grant (DKK millions)**
2012/13	-	-	-	-
2013/14	8	82,770	5.93	7.2

(*) The exercise period runs for two years from the date of publication of the 2015/16 annual report.

Movements in outstanding options:

(DKK millions)	**Terje List**	**Anders Skole-Sørensen**	**Executive Manage-ment, total**	**Execu-tives**	**Total**	**Average strike price per option**
Outstanding at 1 April 2013	0	0	0	0	0	
Conditional grant	36,703	17,617	54,320	28,450	82,770	5.93
Exercised	0	0	0	0	0	-
Cancelled	0	0	0	0	0	
Unvested in tranche 1 (2013/14)	(7,850)	(3,768)	(11,618)	(6,084)	(17,702)	5.93
Outstanding at 31 March 2014	**28,853**	**13,849**	**42,702**	**22,366**	**65,068**	**5.93**
Of which unvested in tranche 2 (2014/15) and tranche 3 (2015/16)	24,469	11,745	36,214	18,969	55,183	5.93
Vested options at 31 March 2014	**4,384**	**2,104**	**6,488**	**3,397**	**9,885**	**5.93**
Options that may be exercised at the end of the 2013/14 financial year	0	0	0	0	0	

For [[un]]exercised options, the average share price is DKK 5.93 per share at the date of exercise.

For outstanding options at 31 March 2014, the average term to maturity is four years.

In 2013/14, the cost recognised relating to share options is DKK 1.1 million.

Shareholdings

Shareholdings of the Board of Directors and the Executive Management in Matas A/S:

	At year end No. of shares	Market value at 31 March 2014 DKK millions
Board of Directors		
Lars Vinge Frederiksen, Chairman	8,695	1.3
Søren Vestergaard-Poulsen	-	-
Ingrid Jonasson Blank	3,000	0.5
Lars Frederiksen	746,269	113.4
Birgitte Nielsen	1,739	0.3
Executive Management		
Terje List	201,295	30.6
Anders Skole-Sørensen	82,209	12.5

Lars Vinge Frederiksen, Ingrid Jonasson Blank and Birgitte Nielsen acquired all their shares on 28 June 2013 in connection with the IPO. Lars Frederiksen was a shareholder of Materialisternes Invest, which was previously a shareholder of Matas A/S. As part of the winding up of that company, Lars Frederiksen received 746,269 shares in Matas A/S on 20 September 2013.

Terje List and Anders Skole-Sørensen received shares in Matas A/S in connection with the IPO. Terje List participated in the company's employee share programme and acquired 1,422 shares in Matas A/S on 5 November 2013. Anders Skole-Sørensen acquired 621 shares in Matas A/S in the same programme.

No members of the Executive Management or Board of Directors have sold shares since the IPO.

Note 31 - Related parties

The Matas Group's related parties with significant influence comprise the companies' Executive Boards and Boards of Directors and their related families. Further, related parties comprise companies in which the above-mentioned persons have significant interests.

Following the acquisition of the Group in 2007, leases were entered into with former store owners as landlords for approximately 57 of the Group's current leased stores, including board member Lars Frederiksen, who indirectly owns two leased stores. Rent for the two store leases was DKK 0.9 million (2012/13: DKK 0.9 million).

In 2012/13, Matas Group paid a management fee of DKK 0.7 million to Materialisternes Invest A/S for certain consultancy services.

Management's remuneration is disclosed in note 30.

Note 32 - Events after the date of the statement of financial position

No subsequent events have occurred that materially affect the profit for the year or equity at 31 March 2014.

Note 33 - New financial reporting regulation

A number of new standards and interpretations have been issued that are not mandatory for Matas A/S in connection with the preparation of the consolidated financial statements for 2013/14. Adopted standards that have not yet come into force are implemented as and when they become mandatory for Matas A/S, except for IAS 36 "Impairment of assets", which has been prospectively implemented in 2013/14. None of these new standards and interpretations are expected to affect the financial statements of Matas A/S.

Group overview

	Domicile	Ownership
Parent company		
Matas A/S	Denmark	-
Subsidiaries		
Denmark		
MHolding 2 A/S	Denmark	100%
MHolding 3 A/S	Denmark	100%
MHolding 4 ApS	Denmark	100%
MHolding 5 ApS	Denmark	100%
MHolding 6 ApS	Denmark	100%
Matas Operations A/S	Denmark	100%
Matas Property A/S	Denmark	100%
Stylebox A/S	Denmark	100%
Center Materialisten Viborg ApS*	Denmark	0%
Marianne Petersen ApS	Denmark	100%
Materialisten Østergågade ApS	Denmark	100%
Andersen & Christensen Aalborg ApS	Denmark	100%
A/S Odder Materialhandel, Materialisten	Denmark	100%
Jens Kongsgaard, Nørreport-Centret, Holstebro ApS	Denmark	100%
Jens Kongsgaard, Torvet Holstebro ApS	Denmark	100%
Materialisten Solrød/Centret ApS	Denmark	100%
Materialisten i Høng ApS	Denmark	100%
Materialisten Skælskør ApS	Denmark	100%
Other countries		
Matas Torshavn P/F	Faroe Islands	100%
Matas Sverige AB	Sweden	100%

(*) Merged with MHolding 5 ApS on 1 April 2013

Financial statements of the parent company Matas A/S 2013/14

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Statement of comprehensive income

(DKK millions)	Note	2013/14	2012/13
Other external costs	3	(10.9)	(0.9)
Staff costs	4	(19.1)	0.0
Operating profit/(loss)		(30.0)	(0.9)
Financial expenses	5	(2.3)	0.0
Profit/(loss) before tax		(32.3)	(0.9)
Tax on the profit/(loss) for the year	6	5.6	0.2
Profit/(loss) for the year		(26.7)	(0.7)
Other comprehensive income			
Other comprehensive income after tax		0.0	0.0
Total comprehensive income		(26.7)	(0.7)
Proposed appropriation of profit/(loss)			
Proposed dividend: DKK 5.5 per share (2012/13: DKK 0.0 per share)		224.3	-
Retained earnings		(251.0)	(0.7)
Total		(26.7)	(0.7)

Statement of cash flows

(DKK millions)	Note	**2013/14**	**2012/13**
Profit/(loss) before tax		(32.3)	(0.9)
Non-cash operating items, etc.		1.1	0.0
Financial expenses		2.3	0.0
Cash generated from operations before changes in working capital		-28.9	(0.9)
Changes in working capital	10	(159.9)	38.6
Cash generated from operations		(188.8)	37.7
Interest paid		(2.3)	0.0
Corporation tax paid		(96.0)	(20.2)
Cash flow from operating activities		(287.1)	17.5
Cash flow from investing activities		0.0	0.0
Free cash flow		(287.1)	17.5
Debt raised from and settled with banks		296.4	(17.5)
Purchase and sale of treasury shares		(9.3)	0.0
Cash flow from financing activities		287.1	(17.5)
Net cash flow from operating, investing and financing activities		0.0	0.0
Cash and cash equivalents at 1 April		0.0	0.0
Cash and cash equivalents at 31 March		0.0	0.0

Statement of financial position

(DKK millions)	Note	2013/14	2012/13
NON-CURRENT ASSETS			
Investments in subsidiaries	7	1,888.1	1,888.1
Total non-current assets		1,888.1	1,888.1
CURRENT ASSETS			
Receivables from Group companies	12	143.7	0.0
Corporation tax	6	117.2	27.7
Prepayments		0.5	0.0
Total current assets		261.4	27.7
TOTAL ASSETS		2,149.5	1,915.8

(DKK millions)	Note	2013/14	2012/13
EQUITY AND LIABILITIES			
Share capital	8	101.9	101.7
Share premium		1,787.3	1,786.4
Treasury share reserve		(10.5)	(0.1)
Retained earnings		(251.0)	(1.1)
Proposed dividend		224.3	0.0
Total equity		1,852.0	1,886.9
Banks	9	296.4	0.0
Trade payables	12	1.1	0.2
Payables to Group companies		0.0	28.7
Total current liabilities		297.5	28.9
Total liabilities		297.5	28.9
TOTAL EQUITY AND LIABILITIES		2,149.5	1,915.8

Statement of changes in equity

	Share capital	Share premium	Treasury share reserve	Retained earnings	Proposed dividend	Total
Equity 31 March 2013	**101.7**	**1,786.4**	**(0.1)**	**(1.1)**	**0.0**	**1,886.9**
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0
Profit/(loss) for the year	0.0	0.0	0.0	(251.0)	224.3	(26.7)
Total comprehensive income	**0.0**	**0.0**	**0.0**	**(251.0)**	**224.3**	**(26.7)**
Transactions with owners						
Bonus shares	0.2	-0.2	0.0	0.0	0.0	0.0
Sale of treasury shares to employees	0.0	1.1	4.6	0.0	0.0	5.7
Share-based payment	0.0	0.0	0.0	1.1	0.0	1.1
Acquisition of treasury shares	0.0	0.0	(15.0)	0.0	0.0	(15.0)
Total transactions with owners	**0.2**	**0.9**	**(10.4)**	**1.1**	**0.0**	**(8.2)**
Equity at 31 March 2014	**101.9**	**1,787.3**	**(10.5)**	**(251.0)**	**224.3**	**1,852.0**

	Share capital	Share premium	Treasury share reserve	Retained earnings	Proposed dividend	Total
Equity 31 March 2012	**101.7**	**1,786.4**	**(0.1)**	**(0.4)**	**0.0**	**1,887.6**
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0
Profit/(loss) for the year	0.0	0.0	0.0	(0.7)	0.0	-0.7
Total comprehensive income	**0.0**	**0.0**	**0.0**	**(0.7)**	**0.0**	**(0.7)**
Equity at 31 March 2013	**101.7**	**1,786.4**	**(0.1)**	**(1.1)**	**0.0**	**1,886.9**

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Notes to the financial statements

Note 1 - Accounting policies

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

The financial statements of the parent company have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The accounting policies are consistent with those of last year.

Description of accounting policies

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

Financial income

The distribution of profits earned in subsidiaries is recognised in the parent company's income statement in the financial year in which the dividend is declared. If the distributed amount exceeds the comprehensive income of the subsidiary for the period, an impairment test is performed.

Investments in subsidiaries

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

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

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

Tax

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

Companies that use tax losses in other companies pay a joint tax contribution to the parent company at an amount corresponding to the tax value of the tax losses used.Companies whose tax losses are used by other companies receive joint tax contributions from the parent company corresponding to the tax value of the losses used (full absorption).

Note 2 - Accounting estimates and judgments

Estimation uncertainty

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

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

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

Note 3 - Fees to auditors appointed at the annual general meeting

(DKK millions)	**2013/14**	**2012/13**
Fee to KPMG	0.3	0.2
Total	**0.3**	**0.2**

Which is specified as follows:

(DKK millions)	**2013/14**	**2012/13**
Audit	0.1	0.2
Other services	0.2	0.0
Total	**0.3**	**0.2**

Note 4 - Staff costs

Remuneration of the parent company's Board of Directors and Executive Management is recognised in profit/loss. The fees to the Board of Directors are recognised in the amount of DKK 1.2 million. The remuneration of the Executive Management is recognised in profit/loss in the amount of DKK 15.7 million for the period 1 June 2013 to 31 March 2014 as the employment contracts of the members of the Executive Management were transferred from another company of the Group. In addition, share-based payment is recognised in the amount of DKK DKK 1.1 million and a discount to market price for employee shares of DKK 1.1 million.

For additional information on remuneration of the Board of Directors and the Executive Management, see note 30 to the consolidated financial statements.

Note 5 - Financial expenses

(DKK millions)	**2013/14**	**2012/13**
Interest, banks	2.3	0.0
Total financial expenses	2.3	0.0

Note 6 - Tax

(DKK millions)	2013/14	2012/13
Tax on the profit/(loss) for the year is specified as follows:		
Tax on the profit/(loss) for the year	(5.6)	(0.2)
Total	**(5.6)**	**(0.2)**
Tax on the profit/(loss) for the year has been calculated as follows:		
Joint taxation contributions	(5.6)	(0.2)
Total	**(5.6)**	**(0.2)**
Tax on the profit/(loss) for the year is explained as follows:		
Computed 25% tax of profit before tax	(8.0)	(0.2)
Non-deductible costs	2.4	0.0
Total	**(5.6)**	**(0.2)**
Effective tax rate	17.3%	25.0%

See note 20 to the consolidated financial statements regarding corporation tax receivable.

Note 7 - Investments in subsidiaries

(DKK millions)	2013/14	2012/13
Cost at 1 April	1,888.1	1,888.1
Carrying amount at 31 March	**1,888.1**	**1,888.1**

See the "Group overview" for additional details on investments in subsidiaries.

Note 8 - Equity and treasury shares

Share capital

The nominal value of the company's share capital is DKK 101,949,510 divided into shares of DKK 2.50, equivalent to 40,779,804 shares and 40,779,804 votes. The shares are not divided into share classes.

On 4 June 2013, the share capital and voting rights were restructured in preparation for the initial public offering of the company's shares. The restructuring of the share capital included a merger of the two share classes existing until then into one share class and the discontinuation of the preferential rights attached to the preference shares as well as the issuance of bonus shares with a total nominal value of DKK 261,409 and a reverse stock split changing the nominal value per share from DKK 0.10 to DKK 2.50.

Capital structure

The company regularly assesses the need for adjustment of the capital structure. The capital is managed for the Group as a whole. The Group aims to reduce the net debt to a level of approximately 2.0 times the adjusted EBITDA while declaring annual dividends of at least 60% of adjusted net profit. For a definition of adjusted net profit, see "Definitions of key financials".

Treasury shares

See note 17 to the consolidated financial statements.

Note 9 - Amounts owed to banks

(DKK millions)	2013/14	2012/13
Amounts owed to banks are recognised in the statement of financial position as follows:		
Current liabilities	296.4	0.0
Nominal value	**296.4**	**0.0**
Market value	**296.4**	**0.0**

Note 10 - Changes in working capital

(DKK millions)	2013/14	2012/13
Change in receivables	(132.1)	9.9
Change in trade payables and payables to Group companies	(27.8)	28.7
Total	**(159.9)**	**38.6**

Note 11 - Contingent liabilities and security

The parent company is jointly taxed with the other Danish companies of the Matas Group. As administrative company, the company has unlimited and joint and several liability with the other jointly taxed companies for Danish corporation tax for the companies in the tax pool. Corporation tax payable amounted to DKK 0 at 31 March 2014 (31 March 2013: DKK 2.7 million), recognised in the parent company's statement of financial position. Any adjustments to the taxable joint taxation income may cause the parent company's liability to increase.

Security

The company has guaranteed all debt raised under the agreement with banks.

Note 12 - Financial risks and financial instruments

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

The company's loans with banks are at floating rates of interest.

Liquidity risk

(DKK millions)	Carrying amount	Contractual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
2013/14						
Non-derivative financial instruments						
Banks	296.4	296.4	296.4	0.0	0.0	0.0
Trade payables	1.1	1.1	1.1	0.0	0.0	0.0
Payables to Group companies	0.0	0.0	0.0	0.0	0.0	0.0
31 March 2014	**297.5**	**297.5**	**297.5**	**0.0**	**0.0**	**0.0**
2012/13						
Non-derivative financial instruments						
Trade payables	0.2	0.2	0.2	0.0	0.0	0.0
Payables to Group companies	28.7	28.7	28.7	0.0	0.0	0.0
Total	**28.9**	**28.9**	**28.9**	**0.0**	**0.0**	**0.0**

Assumptions for analysis of maturity

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

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

Credit risk

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

The company has no material credit risk.

(DKK millions)	Carrying amount 2013/14	Fair value 2013/14	Carrying amount 2012/13	Fair value 2012/13
Receivables from Group companies	143.7	143.7	0.0	0.0
Loans and receivables	**143.7**	**143.7**	**0.0**	**0.0**
Banks	296.4	296.4	0.0	0.0
Trade payables	1.1	1.1	0.2	0.2
Payables to Group companies	0.0	0.0	28.7	28.7
Financial liabilities, measured at amortised cost	**297.5**	**297.5**	**28.9**	**28.9**

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

Note 13 - Related parties

In addition to the disclosures in note 31 to the consolidated financial statements, the parent company's related parties comprise subsidiaries. See note 7 to the parent company's financial statements.

In 2013/14, Matas A/S paid a management fee of DKK 0 (2012/13: DKK 0.7 million) to Materialisternes Invest A/S for certain consultancy services.

Matas A/S is jointly taxed with its subsidiaries. The joint taxation contributions from subsidiaries amounted to DKK 5.6 million in 2013/14 . (2012/13: DKK 0.2 million).

No other transactions were made during the year with members of the Board of Directors, members of the Executive Management, significant shareholders or other related parties with the exception of remuneration. For additional information thereon, see note 4 to the parent company's financial statements and note 30 to the consolidated financial statements.

Note 14 - New financial reporting regulation

See note 33 to the consolidated financial statements.

Definitions of key financials

Gross margin	Gross profit as a percentage of revenue
EBIT margin	Operating profit as a percentage of revenue.
Adjusted EBIT (EBITA) margin	Operating profit plus amortisation of intangibles plus any impairment losses in respect of goodwill and other intangibles plus specific external costs which management believes are not part of normal operations as a percentage of revenue
EBITDA margin	Operating profit plus depreciation, amortisation and impairment losses as a percentage of revenue.
Adjusted EBITDA margin	Operating profit plus amortisation, depreciation and impairment losses plus specific external costs which management does not consider part of normal operations as a percentage of revenue
Adjusted profit after tax	Profit for the year plus the tax-adjusted impact of amortisation of intangibles and impairment losses and specific external costs which are not considered part of normal operations
Effective tax rate	Tax on profit for the year divided by profit before tax
Earnings per share	Profit for the year attributable to shareholders of Matas A/S divided by average number of shares
Diluted earnings per share	Profit for the year attributable to shareholders of Matas A/S divided by diluted average number of shares
Dividend per share	Proposed dividend per share
Net working capital	The sum of inventories, trade receivables, other receivables and prepayments less the sum of prepayments from customers, trade payables and other current liabilities
Free cash flow	Cash flow from operating activities less net capital expenditure including acquisitions of subsidiaries and operations
Cash conversion	Adjusted EBITDA plus change in net working capital less capital expenditure divided by adjusted EBITDA.
Net interest bearing debt	Liabilities to banks and other interest bearing debt less cash and cash equivalents
Net interest bearing debt to adjusted EBITDA	Ratio of net interest bearing debt at year end to latest 12 months' adjusted EBITDA
Like-for-like growth	Growth in number of retail stores that have been trading in two comparable periods
Invested capital	The sum of property, plant and equipment, intangibles and net working capital less parts of deferred tax
Return on invested capital before tax	Adjusted EBIT as a percentage of average invested capital
Pre-tax return on invested capital ex. goodwill	Adjusted EBIT as a percentage of average invested capital excluding goodwill

Interim financial highlights

(unaudited)

(DKK millions)	2013/14 Q1	Q2	Q3	Q4	2012/13 Q1	Q2	Q3	Q4
Income statement								
Revenue	803.0	779.1	1,018.4	744.0	774.7	740.5	956.1	728.7
Gross profit	374.1	348.1	464.1	355.0	351.8	331.2	443.1	345.1
EBITDA	122.4	130.4	224.9	122.1	139.5	122.9	211.8	114.6
Operating profit/(loss)	88.6	96.7	191.2	87.9	106.7	89.0	179.3	81.3
Net financials	-33.9	-11.4	-16.4	-20.8	-22.4	-20.0	-20.0	-18.2
Profit/(loss) before tax	54.7	85.3	174.8	67.1	84.3	69.0	159.3	63.1
Profit/(loss) for the year	42.6	66.3	135.9	4.1	59.8	45.6	112.8	44.8
Statement of financial position								
Assets	5,518.2	5,511.1	5,767.3	5,487.6	5,605.0	5,705.3	5,712.0	5,770.3
Equity	2,387.0	2,453.5	2,595.5	2,599.9	2,156.2	2,201.8	2,314.6	2,359.4
Net working capital	9.8	57.0	11.2	-121.1	-16.5	9.6	15.0	-54.9
Net interest bearing debt	1,775.8	1,719.4	1,761.2	1,623.3	1,973.0	1,919.3	1,888.0	1,748.9
Statement of cash flows								
Cash flow from operating activities	30.3	84.6	43.6	191.5	101.7	73.8	64.0	152.0
Cash flow from investing activities	-27.1	-13.5	-90.4	-45.2	-12.0	-17.7	-30.2	-10.6
Free cash flow	3.2	71.1	-46.8	146.3	89.7	56.1	33.8	141.4
Net cash flow from operating, investing and financing activities	-325.3	31.1	58.9	-161.3	2.9	56.1	-56.1	141.4
Key performance indicators								
Number of transactions (in millions)	5.5	5.5	6.5	5.3	5.3	5.3	6.2	5.1
Average basket size (in DKK)	134.0	128.9	149.4	131.5	132.9	127.6	143.7	130.2
Total retail floor space (in thousands of square metres)	48.1	48.1	49.8	50.9	47.3	47.7	47.9	47.9
Average revenue per square metre (in DKK thousands) - LTM	62.5	62.9	64.0	63.9	60.6	61.0	61.9	62.1
Like-for-like growth	2.5%	3.9%	5.5%	1.2%	2.1%	3.3%	4.3%	1.5%
Adjusted figures								
EBITDA	122.4	130.4	224.9	122.1	139.5	122.9	211.8	114.6
Net exceptional items	28.1	0.0	0.0	1.8	4.2	0.1	7.8	3.9
Adjusted EBITDA	150.5	130.4	224.9	123.9	143.7	123.0	219.6	118.5
Depreciation	-14.7	-14.6	-14.6	-15.0	-14.0	-14.5	-13.7	-14.5
Adjusted EBIT	135.8	115.8	210.3	108.9	129.7	108.5	205.9	104.0
Adjusted profit after tax	81.7	80.6	150.2	61.6	78.1	60.3	134.7	62.8
Gross margin	46.6%	44.7%	45.6%	47.7%	45.4%	44.7%	46.3%	47.4%
EBITDA margin	15.2%	16.7%	22.1%	16.4%	18.0%	16.6%	22.2%	15.7%
Adjusted EBITDA margin	18.7%	16.7%	22.1%	16.7%	18.5%	16.6%	23.0%	16.3%
EBIT margin	11.0%	12.4%	18.8%	11.8%	13.8%	12.0%	18.8%	11.2%
Adjusted EBIT margin	16.9%	14.9%	20.7%	14.6%	16.7%	14.7%	21.5%	14.3%

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Company reg. (CVR) no. 27 52 84 06
Annual Report 1 April 2013 – 31 March 2014
Published on 4 June 2014