Announcement 13 2014/15
Allerød, 18 November 2014

Interim report – H1 2014/15

(1 April – 30 September 2014)

Increased earnings, adjustment of growth forecast and initiation of a share buyback programme

Q2 2014/15 revenue grew 1.7% year on year to DKK 793 million. H1 2014/15 revenue was DKK 1,620 million (H1 2013/14: DKK 1,582 million). Like-for-like revenue grew 0.5% in Q2 2014/15 following an adverse effect of approximately 1 percentage point from a product recall of Depend GelLack. Despite the low growth rate, EBITA increased by 8.2% in Q2 2014/15 to DKK 125 million due to an improvement of the EBITA margin to 15.8% from 14.9% in the year-earlier period. The guidance for revenue for the full year 2014/15 is changed to just short of DKK 3.5 billion from the earlier guidance of around DKK 3.5 billion, and a share buyback programme of DKK 100 million will be started up in line with the company's policy of distributing surplus cash to its shareholders.

Terje List, Chief Executive Officer, said in connection with the release of the interim report: *"Private consumption has remained at a low level, and we now expect the current low level to persist for the rest of the financial year. Based on this, we are pleased that we have sustained our earnings and defended our competitive position in our key product areas in the first 6 months of the year. We are continuously adapting our business model to the economic environment and will continue to generate substantial cash flows. For this reason, we are initiating a DKK 100 million share buyback programme, equivalent to approximately 2% of our share capital."*

Highlights of Q2 2014/15

- Q2 2014/15 revenue grew 1.7% year on year to DKK 793 million. Like-for-like growth was 0.5% and was adversely affected by an extraordinarily large product recall of Depend GelLack by the supplier. Adjusted for this product recall, which reduced the growth rate by approximately 1 percentage point, the like-for-like growth rate was still slightly lower than expected.

- Q2 2014/15 gross profit was DKK 373 million, equivalent to a gross margin of 47.0%, up from 44.7% in Q2 2013/14. The improvement was due to the consolidation of acquired stores and normal quarter-on-quarter fluctuations. The product recall had no effect on the gross margin for the quarter.

- EBITA was DKK 125 million in Q2 2014/15, up from DKK 116 million in the year-earlier period, equivalent to an EBITA margin improvement to 15.8% from 14.9%. The EBITA margin for H1 2014/15 of 15.8% was largely unchanged from the 15.9% achieved in H1 2013/14.

- Profit after tax for Q2 2014/15 was DKK 66 million, and adjusted profit after tax net of amortisation of trademarks was DKK 80 million (Q2 2013/14: DKK 81 million).

- Cash generated from operations dropped to an outflow of DKK 1 million in Q2 2014/15 (Q2 2013/14: an inflow of DKK 96 million). The free cash flow in Q2 2014/15 was an outflow of DKK 34 million (Q2 2013/14: an inflow of DKK 71 million). The negative trend in cash flows in Q2 2014/15 was caused by an increase in working capital that was primarily driven by a temporary increase in inventories.

- Net interest-bearing debt was DKK 1,726 million at 30 September 2014, equivalent to 2.7x LTM EBITDA before exceptional items as compared to 2.8x at the end of Q2 2013/14.

- Club Matas reported continued membership growth in Q2 2014/15, retaining its position as the largest customer club in Denmark with a total of 1.5 million members.

- Two associated Matas stores were acquired in Q2 2014/15, and one Matas chain retail store was closed down. It was decided to close down all operations in Sweden, and the two remaining stores there will either be closed down or divested. This does not affect the full-year profit guidance.

Updated outlook for 2014/15

The Danish retail market was challenging in the first half of the financial year with continuing weak demand among consumers despite a continuing high level of consumer confidence. We now expect that there will be no noticeable improvement of private consumption in the remaining part of the financial year, and as a result, we now expect revenue for 2014/15 of just short of DKK 3.5 billion as compared with our previous guidance of revenue of around DKK 3.5 billion. This guidance is based on aggregate estimated like-for-like growth in the 2014/15 financial year of 1-2%.

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

Updated guidance for 2014/15

(DKK millions)	18 November 2014	21 August 2014
Guidance for 2014/15		
Like-for-like growth	1-2%	2-3%
Revenue	Just short of DKK 3.5 billion	Around DKK 3.5 billion
EBITA margin	On a level with the 2013/14 EBITA margin, which was 17.1%	On a level with the 2013/14 EBITA margin, which was 17.1%

Update on capital structure policy

Based on an expectation of the company's continued ability to generate a high cash flow, it is assessed that a currently suitable level of the company's gross debt would be DKK 1,600-1,800 million. The Group's policy will continuously be to distribute surplus capital to its shareholders through a combination of dividends and regular share buybacks. Dividends declared will continue to be at least 60% of adjusted net profit.

As at 30 September 2014, the company's gross debt was DKK 1,939 million. As a strong cash flow is expected in H2 2014/15, a DKK 100 million share buyback programme will be effective as of today and will run until the day before the release of the 2014/15 annual report on 28 May 2015, at the latest. Our intention is to cancel shares bought back.

Conference call

Matas will host a conference call for investors and analysts on Tuesday, 18 November at 10:00 a.m. The conference call and presentation will be available on our investor website: investor.en.matas.dk.

Conference call access numbers for investors and analysts:

DK:	+45 3272 8018
UK (international):	+44 (0) 1452 555 131
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Forward-looking statements

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

Key financials

(DKK millions)	2014/15 Q2	2013/14 Q2	2014/15 6 months	2013/14 6 months
Statement of comprehensive income				
Revenue	792.6	779.1	1,619.8	1,582.1
Gross profit	372.8	348.1	758.7	722.2
EBITDA	140.6	130.4	285.2	252.8
Operating profit	106.3	96.7	217.6	185.3
Profit before tax	89.4	85.3	181.0	140.0
Profit for the period	65.8	66.3	133.4	108.9
Net exceptional items	0.0	0.0	0.0	28.1
EBITDA before exceptional items	140.6	130.4	285.2	280.9
EBITA	125.3	115.8	255.6	251.6
Adjusted profit after tax	80.1	80.6	162.0	162.3
Statement of financial position				
Total assets			5,647.3	5,511.1
Total equity			2,510.6	2,453.5
Net working capital			-14.7	57.0
Net interest-bearing debt			1,726.3	1,719.4
Statement of cash flows				
Cash flow from operating activities	-13.1	84.6	159.2	114.9
Cash flow from investing activities	-20.8	-13.5	-37.0	-40.6
Free cash flow	-33.9	71.1	122.2	74.3
Ratios				
Revenue growth	1.7%	5.2%	2.4%	4.4%
Like-for-like growth	0.5%	3.9%	0.9%	3.2%
Gross margin	47.0%	44.7%	46.8%	45.6%
EBITDA margin	17.7%	16.7%	17.6%	16.0%
EBITDA margin before exceptional items	17.7%	16.7%	17.6%	17.8%
EBITA margin	15.8%	14.9%	15.8%	15.9%
EBIT margin	13.4%	12.4%	13.4%	11.7%
Cash conversion	-9.0%	67.5%	57.4%	53.8%
Earnings per share, DKK	1.62	1.63	3.28	2.68
Diluted earnings per share, DKK	1.62	1.63	3.28	2.68
Share price, end of period, DKK			135.5	132.5
Return on invested capital, pre-tax			13.3%	13.0%
Return on invested capital, pre-tax and excluding goodwill			85.0%	75.5%
Net working capital as a percentage of revenue			-0.4%	1.7%
Investments as a percentage of revenue			2.3%	2.6%
Net interest-bearing debt/Adjusted EBITDA			2.7	2.8
Average number of employees	2,271	2,141	2,231	2,113

For definitions of key financials, see page 73 of the 2013/14 Annual Report.

Management’s review

Revenue in H1 2014/15

Matas generated revenue of DKK 793 million in Q2 2014/15, equivalent to a year-on-year growth rate of 1.7%. H1 revenue grew 2.4% year-on-year to DKK 1,620 million.

Sales in Matas' own retail stores in Q2 2014/15 grew 4.6% year on year, while wholesale sales to associated Matas stores were down by 36% as a result of the acquisition of associated stores during the past year. Adjusted for the acquisition of stores, a minor underlying decline was seen in wholesale sales to associated stores in Q2 2014/15, which is attributed to inventory changes.

The growth in sales to stores operated by the Group in both Q2 2014/15 and Q2 2013/14 (like-for-like growth) was 0.5%. Like-for-like growth in H1 2014/15 was 0.9%. A recall of the Depend GelLack product in the Beauty segment reduced Q2 2014/15 like-for-like growth by approximately 1 percentage point. The product withdrawal was extraordinarily large, and from and including October 2014, the supplier will handle the return of the GelLack product range in-house. The withdrawal will therefore have no impact on sales in Q3 2014/15.

The difference between life-for-like growth and reported growth of 4.6% in own retail stores is made up of the effect from the consolidation of acquired operations and the performance in Sweden and of stores not included in like-for-like growth.

The average basket size continued to show organic growth in Q2 2014/15, whereas the number of transactions excluding stores acquired was adversely affected by the long and warm summer and was marginally lower than the Q2 2013/14 level. Online sales continued the high year-on-year growth rates.

The market for beauty, health and personal care products remained challenging in Q2 2014/15, and the mass beauty market is estimated to have fallen slightly during the quarter. Through a focus on execution in sales, marketing and product flows, it is estimated that Matas retained its market share in Q2 2014/15. Overall, market conditions are expected to remain unchanged in the company's principal markets during the remaining part of the financial year.

Revenue by sales channel

(DKK millions)	2014/15 Q2	2013/14 Q2	Growth	2014/15 6 months	2013/14 6 months	Growth
Beauty	545.0	521.5	4.5%	1,134.1	1,073.6	5.6%
Vital	83.4	77.6	7.5%	159.7	154.0	3.7%
Material	75.0	70.6	6.2%	149.6	139.0	7.6%
MediCare	46.6	44.0	5.9%	92.5	88.8	4.2%
Other including Sweden	6.3	9.1	-30.8%	15.2	15.9	-4.4%
Total revenue from own retail stores	**756.3**	**722.8**	**4.6%**	**1,551.1**	**1,471.3**	**5.4%**
Sales of goods to associated stores	36.3	56.3	-35.5%	68.7	110.8	-38.0%
Total revenue	**792.6**	**779.1**	**1.7%**	**1,619.8**	**1,582.1**	**2.4%**

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

The Beauty Shop offers everyday and luxury beauty products and personal care products, including cosmetics, fragrance, skincare and hair-care products. Revenue from the Beauty segment grew by 4.5% in Q2, of which acquired operations accounted for 5.0 percentage points. The Beauty segment thus showed a decline of 0.5%, which was due to the withdrawal of the Depend GelLack products. Adjusted for the product withdrawal, the Beauty Shop generated overall growth in Q2 2014/15.

The Beauty Shop's share of total revenue from Matas's own retail stores remained unchanged at 72.1% of sales in Q2 2014/15 compared to the year-earlier period.

The Vital Shop segment, which consists of vitamins, minerals and supplements, saw an increase in revenue of 7.5% in Q2 2014/15, including acquired operations, which contributed to the growth by 4.5 percentage points. The Vital Shop thus grew again after the decline in Q1 2014/15. In particular, good growth was seen for certain supplement products during the quarter.

Revenue from the Material Shop segment, which comprises products for handling complex household issues as well as footcare, sports, and other products, showed fair growth, driven by good performance in the field of footcare. The overall growth rate of the Matas Material segment was 6.2%. Acquired operations accounted for approximately 4.1 percentage points of this growth.

The MediCare segment, which offers OTC medicine and healthcare products, recorded a 6.0% increase in revenue in Q2. Excluding the effect from acquired stores, the MediCare segment generated broad-based growth at the rate of 2.0% in Q2 2014/15.

The number of members of the Club Matas loyalty programme continued to grow in Q2 2014/15 and reached 1.5 million. Both the development and roll-out of products to increase the value of the loyalty programme in the years ahead follow the plans made.

The number of external ClubM partners is 17 as of today.

As at 30 September 2014, the Matas chain had 294 retail stores, divided into 273 own retail stores and 21 associated stores. At the end of September 2014, two associated stores were acquired, and one store was closed down in Q2.

Matas has decided to close down operations in Sweden by divesting or closing down the two remaining stores there.

In StyleBox, the number of stores was unchanged at five plus an online store throughout Q2 2014/15.

Costs and operating profit

Gross profit in Q2 2014/15 was DKK 373 million (Q2 2013/14: DKK 348 million). The gross margin for Q2 2014/15 was 47.0% (Q2 2013/14: 44.7%). The increase in the gross margin in Q2 2014/15 was, thus, attributable both to the growth in revenue and the higher gross margin. The improvement of the gross margin was due to the underlying operation and, to a lesser extent, to the effect of the acquired operations.

The product withdrawal of Depend GelLack had no impact on the gross margin in Q2 2014/15.

Gross profit for H1 2014/15 was DKK 759 million (H1 2013/14: DKK 722 million). The H1 gross margin increased by 1.2 percentage points to 46.8% (H1 2013/14: 45.6%).

Other external costs rose by DKK 8 million year on year in Q2 2014/15. Other external costs as a percentage of revenue increased to 8.9% in Q2 2014/15 from 8.1% in the year-earlier period, which was attributable to higher IT and distribution costs and acquired operations.

Staff costs rose by DKK 7 million in Q2 2014/15, or 4.2% year on year, partly driven by acquired operations. As a percentage of revenue, staff costs rose to 20.4% in Q2 2014/15 from 19.9% in the year-earlier period. The increase was due to higher costs at the central warehouse facility in the first part of Q2 2014/15 and an increased level of activity at the head office. Payroll costs as a percentage of revenue remained almost unchanged in the retail stores. Q2 staff costs included DKK 0.4 million related to the Group's long-term share compensation programme.

In Q2 2014/15, a minor adjustment of staff costs was made, primarily at the Group head office functions. However, it is still expected that staff costs as a percentage of revenue in 2014/15 will be marginally higher than in 2013/14.

Overall, developments in other external costs and staff costs in Q2 2014/15 were as expected.

DEVELOPMENTS IN COSTS

(DKK millions)	2014/15 Q2	2013/14 Q2	Growth	2014/15 6 months	2013/14 6 months	Growth
Other external costs	70.8	62.8	12.7%	150.0	153.7	-2.4%
- of which net exceptional items	0.0	0.0		0.0	18.0	
Other external costs before exceptional items as a percentage of revenue	8.9%	8.1%		9.3%	8.6%	
Staff costs	161.4	154.9	4.2%	323.5	315.7	2.5%
- of which net exceptional items	0.0	0.0		0.0	10.1	
Staff costs before exceptional items as a percentage of revenue	20.4%	19.9%		20.0%	19.3%	

EBITDA was DKK 141 in million Q2 2014/15, representing a year-on-year increase of 7.8%. The EBITDA margin was 17.7% in Q2 2014/15, representing a year-on-year improvement of 1 percentage point.

EBITDA for H1 2014/15 was DKK 285 million (H1 2013/14: DKK 253 million), which brought the EBITDA margin for H1 2014/15 to 17.6%, representing an underlying decline of 0.2 percentage point net of non-recurring costs related to the IPO in H1 2013/14 of DKK 28 million.

EBITA was up by 8.2% to DKK 125 million in Q2 2014/15, equivalent to an EBITA margin of 15.8% (Q2 2013/14: 14.9%). EBITDA for H1 was DKK 256 million, which was a 1.6% year-on-year increase.

EBIT was DKK 106 million in Q2 2014/15 and DKK 218 million in H1 2014/15.

DEVELOPMENTS IN EBITA

(DKK millions)	2014/15 Q2	2013/14 Q2	Growth	2014/15 6 months	2013/14 6 months	Growth
Operating profit	106.3	96.7	9.9%	217.6	185.3	17.4%
Net exceptional items	0.0	0.0		0.0	28.1	
Amortisation of intangible assets	19.0	19.1		38.0	38.2	
EBITA	125.3	115.8	8.2%	255.6	251.6	1.6%
EBITA margin	15.8%	14.9%		15.8%	15.9%	

Financial items and tax

Total financial expenses were up by DKK 6 million in Q2 2014/15 to DKK 17 million.

In Q2 2014/15, an expense of DKK 4 million was recognised in respect of a fair value adjustment of an interest rate swap. Net interest expenses excluding fair value adjustments were DKK 13 million, which represented a year-on-year increase of DKK 2 million.

Financial expenses for H1 2014/15 totalled DKK 37 million. Net of the write-off of capitalised financing costs of DKK 19 million in H1 2013/14 and the fair value adjustment of the interest rate swap in H1 2014/15, net interest expenses were down by 6% year on year.

Developments in net interest expenses

(DKK millions)	2014/15 Q2	2013/14 Q2	2014/15 6 months	2013/14 6 months
Net interest expenses	16.9	11.4	36.6	45.3
Fair value adjustment of interest rate swap	-4.1	0.0	-11.4	0.0
Write-off of capitalised financing costs	0.0	0.0	0.0	-18.5
Net financials	12.8	11.4	25.2	26.8

Profit for the period

The effective tax rate in Q2 2014/15 was 26.4%, equivalent to a tax expense of DKK 24 million. Q2 2014/15 profit after tax was DKK 66 million, and adjusted profit after tax was DKK 80 million, representing a year-on-year fall of 0.6%. Diluted earnings per share amounted to DKK 1.62

Profit after tax for H1 2014/15 was DKK 133 million, equivalent to diluted earnings per share of DKK 3.28. Adjusted net profit for H1 2014/15 was DKK 162 million.

Statement of financial position

Total assets stood at DKK 5,647 million at 30 September 2014 (30 September 2013: DKK 5,511 million).

Current assets totalled DKK 1,138 million, representing a year-on-year increase of DKK 107 million. Inventories were 15% higher at the end of Q2 2014/15 than at the end of Q2 2013/14 including additions from acquired operations and store openings. Inventories accounted for 23.0% of the past 12 months' revenue at the end of Q2 2014/15 compared to 20.7% a year earlier, and 21.5% at the end of Q1 2014/15. High priority is given to optimising cash tied up in inventories relative to reliability of delivery to the retail stores, with efforts being made to reduce the overall level of cash tied up in inventories.

Trade receivables declined by DKK 61 million to DKK 35 million caused by a new agreement on shorter settlement periods for credit card sales and the acquisition of associated stores. Trade creditors were up by DKK 74 million, which was attributable to the increase in the value of inventories, better credit terms, and timing differences in connection with payments to creditors at the end of the quarter.

Cash and cash equivalents stood at DKK 213 million (30 September 2013: DKK 242 million). The fall was mainly attributable to the payment of dividend.

Net working capital stood at minus DKK 15 million at 30 September 2014, which was a year-on-year improvement of DKK 72 million. Net working capital accounted for approximately minus 0.4% of revenue for the past 12 months, as compared with 1.7% last year.

Equity stood at DKK 2,511 million at 30 September 2014 (30 September 2013: DKK 2,454 million). Dividend was paid out in H1 2014/15 in the amount of DKK 223.8 million.

Interest-bearing gross debt stood at DKK 1,939 million at 30 September 2014.

Net interest-bearing debt was DKK 1,726 million at 30 September 2014, representing a year-on-year increase of DKK 7 million. Net interest-bearing debt represents 2.7x LTM EBITDA before exceptional items.

The Group held 97,777 treasury shares at 30 September 2014, equivalent to 0.2% of the share capital. The treasury shares are held to meet certain obligations to deliver shares under the Group's long-term incentive programme.

Statement of cash flows

Cash generated from operations was an outflow of DKK 1 million in Q2 2014/15 (Q2 2013/14: an inflow of DKK 96.1 million) and was adversely affected by the increase in working capital in the period. Cash generated from operations in H1 2014/15 was an inflow of DKK 183 million.

The cash flow from operating activities was an outflow of DKK 13 million in Q2 2014/15 (Q2 2013/14: an inflow of DKK 85 million).

The cash flow from investing activities was an outflow of DKK 21 million, which was attributable to maintenance investments in the store network and IT investments. The cash flow from investing activities includes DKK 5 million from the acquisition of subsidiaries relating to the stores acquired in September 2014.

The free cash flow was an outflow of DKK 34 million in Q2 2014/15 and an inflow of DKK 122 million in H1 2014/15.

Return on invested capital

The return on invested capital before tax in the past 12 months was 13.3% (85% excluding goodwill), as compared to 13.0% a year earlier.

Grant of options

In accordance with Matas' Overall Guidelines on Incentive Pay, Matas A/S granted a total of 72,789 options on 21 August 2014, consisting of 47,516 options to members of the Executive Management and 25,273 options to key employees, to purchase shares in Matas A/S under the long-term incentive plan.

Events after the balance sheet date of the interim report

After the balance sheet date, it has been decided to close down operations in Sweden by divesting or closing down the two remaining stores there.

Significant risks

As stated in the 2013/14 Annual Report, no significant operational risks are deemed to exist other than what is normal in the industry. 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 2013/14 for additional information on this risk.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and adopted the interim report of Matas A/S for the period 1 April to 30 September 2014.

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

In our opinion, the interim report gives a true and fair view of the Group's assets and liabilities and financial position at 30 September 2014 and of the results of the Group's operations and cash flows for the period 1 April–30 September 2014.

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

Allerød, 18 November 2014

Executive Management

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

Board of Directors

Lars Vinge Frederiksen Chairman	Lars Frederiksen Deputy Chairman	
Ingrid Jonasson Blank	Christian Mariager	Birgitte Nielsen

Additional information

Financial calendar

The financial year covers the period 1 April – 31 March, and the following dates have been fixed for releases etc. in the 2014/15 and 2015/16 financial years:

8 January 2014	Trading update for Q3 2014/15
4 February 2015	Q3 interim report 2014/15
28 May 2015	Annual report 2014/15
24 June 2015	Annual general meeting
28 August 2015	Q1 interim report 2015/16
19 November 2015	Q2 interim report 2015/16
09 February 2016	Q3 interim report 2015/16
27 May 2016	Annual report 2015/16

Company information

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Statement of comprehensive income

(DKK millions)	2014/15 Q2	2013/14 Q2	2014/15 6 months	2013/14 6 months
Revenue	792.6	779.1	1,619.8	1,582.1
Cost of goods sold	-419.8	-431.0	-861.1	-859.9
Gross profit	372.8	348.1	758.7	722.2
Other external costs	-70.8	-62.8	-150.0	-153.7
Staff costs	-161.4	-154.9	-323.5	-315.7
Amortization, depreciation and impairment losses	-34.3	-33.7	-67.6	-67.5
Other operating costs	0.0	0.0	0.0	0.0
Operating profit	106.3	96.7	217.6	185.3
Financial income	0.0	0.0	0.1	0.0
Financial expenses.	-16.9	-11.4	-36.7	-45.3
Profit before tax	89.4	85.3	181.0	140.0
Tax on profit for the period	-23.6	-19.0	-47.6	-31.1
Profit for the period	65.8	66.3	133.4	108.9
Other comprehensive income				
Other comprehensive income after tax	0.0	0.0	0.0	0.0
Total comprehensive income	65.8	66.3	133.4	108.9
Earnings per share				
Earnings per share, DKK	1.62	1.63	3.28	2.68
Diluted earnings per share, DKK	1.62	1.63	3.28	2.68

Statement of cash flows

(DKK millions)	2014/15 Q2	2013/14 Q2	2014/15 6 months	2013/14 6 months
Profit before tax	89.4	85.3	181.0	140.0
Adjustment for non-cash operating items, etc.:				
Amortisation, depreciation and impairment losses	34.3	33.7	67.6	67.5
Other non-cash operating items, net	0.5	0.1	0.8	0.1
Financial income	0.0	0.0	-0.1	0.0
Financial expenses.	16.9	11.4	36.7	45.3
Cash generated from operations before changes in working capital	141.1	130.5	286.0	252.9
Changes in working capital	-142.2	-34.4	-103.2	-111.2
Cash generated from operations	-1.1	96.1	182.8	141.7
Interest received	0.0	0.0	0.1	0.0
Interest paid	-12.0	-10.7	-23.7	-26.0
Corporation tax paid	0.0	-0.8	0.0	-0.8
Cash flow from operating activities	-13.1	84.6	159.2	114.9
Acquisition of intangible assets	-5.1	-5.5	-9.9	-11.1
Acquisition of property, plant and equipment	-11.1	-8.0	-18.4	-18.6
Acquisition of subsidiaries and operations	-4.6	0.0	-8.7	-10.9
Cash flow from investing activities	-20.8	-13.5	-37.0	-40.6
Free cash flow	-33.9	71.1	122.2	74.3
Debt raised from and settled with banks	175.0	-25.0	175.0	-353.5
Dividend paid	-223.8	0.0	-223.8	0.0
Purchase and sale of treasury shares	0.0	-15.0	0.0	-15.0
Cash flow from financing activities	-48.8	-40.0	-48.8	-368.5
Net cash flow from operating, investing and financing activities	-82.7	31.1	73.4	-294.2
Cash and cash equivalents, beginning of period	296.1	211.3	140.0	536.6
Foreign exchange adjustments of cash and cash equivalents	0.0	0.0	0.0	0.0
Cash and cash equivalents, end of period	213.4	242.4	213.4	242.4

Assets

(DKK millions)	30.09 2014	30.09 2013	31.03 2014
NON-CURRENT ASSETS			
Goodwill	3,689.3	3,586.1	3,684.7
Trademarks and trade names	546.6	620.5	583.6
Shares in co-operative property	3.9	3.9	3.9
Other intangible assets	38.9	48.3	41.1
Total intangible assets	4,278.7	4,258.8	4,313.3
Property, plant and equipment			
Land and buildings	99.9	100.4	101.2
Plant and machinery	54.6	43.2	50.4
Leasehold improvements	17.9	24.2	21.1
Total property, plant and equipment	172.4	167.8	172.7
Deferred tax	21.6	19.3	15.9
Deposits	35.7	33.2	34.7
Other securities and investments	1.3	1.1	1.3
Total other non-current assets	58.6	53.6	51.9
Total non-current assets	4,509.7	4,480.2	4,537.9
CURRENT ASSETS			
Inventories	777.4	677.4	607.3
Trade receivables	34.7	95.7	54.4
Corporation tax	89.6	0.0	116.4
Other receivables	4.7	1.6	9.5
Prepayments	17.8	13.8	22.1
Cash and cash equivalents	213.4	242.4	140.0
Total current assets	1,137.6	1,030.9	949.7
TOTAL ASSETS	5,647.3	5,511.1	5,487.6

Equity and liabilities

(DKK millions)	30.09 2014	30.09 2013	31.03 2014
EQUITY			
Share capital	101.9	101.9	101.9
Share premium	1,787.3	1,786.2	1,787.3
Translation reserve	0.3	0.5	0.3
Treasury share reserve	-10.5	-15.1	-10.5
Proposed dividend	0.0	0.0	224.3
Retained earnings	631.6	580.0	496.6
Total equity	2,510.6	2,453.5	2,599.9
LIABILITIES			
Deferred tax	283.5	349.0	297.5
Banks	1,939.1	1,961.2	1,762.7
Other payables, long-term	24.5	0.6	13.1
Total non-current liabilities	2,247.1	2,310.8	2,073.3
Prepayments from customers	130.0	98.2	129.8
Trade payables	585.6	511.6	529.7
Other payables	133.7	121.7	154.9
Corporation tax	40.3	15.3	0.0
Total current liabilities	889.6	746.8	814.4
Total liabilities	3,136.7	3,057.6	2,887.7
TOTAL EQUITY AND LIABILITIES	5,647.3	5,511.1	5,487.6

Statement of changes in equity

	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity 31 March 2014	**101.9**	**1,787.3**	**0.3**	**-10.5**	**224.3**	**496.6**	**2,599.9**
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	0.0	133.4	133.4
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**133.4**	**133.4**
Transactions with owners							
Dividend paid	0.0	0.0	0.0	0.0	-224.3	0.0	-224.3
Dividend on treasury shares	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Adjustment on acquisitions	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Share-based payment	0.0	0.0	0.0	0.0	0.0	0.8	0.8
Total transactions with owners	**0.0**	**0.0**	**0.0**	**0.0**	**-224.3**	**1.6**	**-222.7**
Equity at 30 September 2014	**101.9**	**1,787.3**	**0.3**	**-10.5**	**0.0**	**631.6**	**2,510.6**

	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	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	0.0	108.9	108.9
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**108.9**	**108.9**
Transactions with owners							
Bonus shares	0.2	-0.2	0.0	0.0	0.0	0.0	0.0
Share-based payment after tax	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Acquisition of treasury shares	0.0	0.0	0.0	-15.0	0.0	0.0	-15.0
Total transactions with owners	**0.2**	**-0.2**	**0.0**	**-15.0**	**0.0**	**0.2**	**-14.8**
Equity at 30 September 2013	**101.9**	**1,786.2**	**0.5**	**-15.1**	**0.0**	**580.0**	**2,453.5**

Notes to the financial statements

Note 1 - Accounting policies
The interim report is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and Danish disclosure requirements for listed companies.

Except as stated below, the accounting policies are unchanged from the accounting policies applied in the consolidated financial statements for 2013/14, to which reference is made. The consolidated financial statements for 2013/14 contain the full description of the accounting policies.

Matas has changed the accounting classification of software in the statement of financial position. As from 2014/15, software is recognised in intangible assets under "Other intangible assets". Software was formerly recognised in property, plant and equipment in the line item "Plant and machinery". Software was reclassified as of 1 April 2014 with a carrying amount of DKK 31.4 million and restatement of the comparative figures for 2013/14. See the interim report for Q1 2014/15 for a historical overview of the reclassification by quarter.

Matas A/S has implemented the IFRS standards and interpretations taking effect for 2014/15. None of the new standards and interpretations have affected recognition and measurement.

Note 2 – Accounting estimates and judgments
The preparation of interim financial statements requires management to make accounting judgments and estimates that affect the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical accounting estimates and judgments are consistent with those in the consolidated financial statements for 2013/14.

Note 3 – Seasonality
The Group's activities in the interim period were only to a limited extent affected by seasonal or cyclical fluctuations.

Note 4 – Acquisition of subsidiaries and operations
Two associated stores were taken over as of 30 September 2014. The acquired operations did not contribute to revenue or EBITDA for the period, and the determination of the fair value as of the date of takeover is not yet available.

Interim financial highlights

(DKK millions)	2014/15 Q2	2014/15 Q1	2013/14 Q3	2013/14 Q3	2013/14 Q2
Statement of comprehensive income					
Revenue	792.6	827.2	744.0	1,018.4	779.1
Gross profit	372.8	385.9	355.0	464.1	348.1
EBITDA	140.6	144.6	122.1	224.9	130.4
Operating profit	106.3	111.3	87.9	191.2	96.7
Net interest expenses	-16.9	-19.7	-20.8	-16.4	-11.4
Profit before tax	89.4	91.6	67.1	174.8	85.3
Profit for the period	65.8	67.6	4.1	135.9	66.3
Statement of financial position					
Total assets	5,647.3	5,689.4	5,487.6	5,767.3	5,511.1
Total equity	2,510.6	2,444.0	2,599.9	2,595.5	2,453.5
Net working capital	-14.7	-156.8	-121.1	11.2	57.0
Net interest-bearing debt	1,726.3	1,467.9	1,623.3	1,761.2	1,719.4
Statement of cash flows					
Cash flow from operating activities	-13.1	172.3	191.5	43.6	84.6
Cash flow from investing activities	-20.8	-16.2	-45.2	-90.4	-13.5
Free cash flow	-33.9	156.1	146.3	-46.8	71.1
Net cash flow from operating, investing and financing activities	-82.7	156.1	-161.3	58.9	31.1
Key performance indicators					
Number of own Matas retail stores in Denmark, end of period	273	272	272	266	259
Number of transactions (in millions)	5.7	5.8	5.3	6.5	5.5
Average basket size (in DKK)	130.4	134.9	131.5	149.4	128.9
Total retail floor space (in thousands of square metres)	51.0	50.9	50.9	49.8	48.1
Average revenue per square metre (in DKK thousands) - LTM	63.7	63.9	63.9	64.0	62.9
Like-for-like growth	0.5%	1.4%	1.2%	5.5%	3.9%
Adjusted figures					
EBITDA	140.6	144.6	122.1	224.9	130.4
Net exceptional items	0.0	0.0	1.8	0.0	0.0
EBITDA before exceptional items	140.6	144.6	123.9	224.9	130.4
Depreciation and amortisation of software	-15.3	-14.3	-15.0	-14.6	-14.6
EBITA	125.3	130.3	108.9	210.3	115.8
Adjusted profit after tax	80.1	81.9	61.6	150.2	80.6
Gross margin	47.0%	46.7%	47.7%	45.6%	44.7%
EBITDA margin	17.7%	17.5%	16.4%	22.1%	16.7%
EBITDA margin before exceptional items	17.7%	17.5%	16.7%	22.1%	16.7%
EBIT margin	13.4%	13.5%	11.8%	18.8%	12.4%
EBITA margin	15.8%	15.8%	14.6%	20.7%	14.9%