Matas A/S

Annual report for the financial year 2014/15

(1 April 2014 – 31 March 2015)

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

Five-year key financials

DKK millions	2010/11	2011/12	2012/13	2013/14	2014/15
Income statement					
Revenue	2,991.6	3,097.2	3,200.0	3,344.5	3,433.3
Gross profit	1,347.3	1,413.8	1,471.2	1,541.3	1,595.0
EBITDA	530.1	580.1	588.8	599.8	660.5
Operating profit	398.1	453.5	456.3	464.4	526.2
Profit before tax	214.7	320.9	375.7	381.9	461.7
Profit for the year	142.3	219.4	263.0	248.9	340.3
Net exceptional items	0.0	0.0	16.0	29.9	0.0
EBITDA before exceptional items	530.1	580.1	604.8	629.7	660.5
EBITA	454.8	531.9	548.1	570.8	602.1
Adjusted profit after tax	184.8	279.0	335.9	374.1	397.5
Statement of financial position					
Assets	5,656.7	5,596.4	5,770.3	5,487.6	5,337.2
Equity	1,877.0	2,096.4	2,359.4	2,599.9	2,643.9
Net working capital	107.5	(34.4)	(54.9)	(121.1)	(77.4)
Net interest-bearing debt	2,469.5	2,060.1	1,748.9	1,623.3	1,564.4
Statement of cash flows					
Cash flow from operating activities	249.5	486.2	391.5	350.0	422.4
Cash flow for investments in property, plant and equipment	(14.4)	(20.7)	(17.7)	(39.9)	(27.9)
Free cash flow	212.0	425.2	321.0	173.8	360.2
Ratios					
Revenue growth	1.5%	3.5%	3.3%	4.5%	2.7%
Like-for-like growth	0.9%	3.0%	2.9%	3.4%	1.5%
Gross margin	45.0%	45.6%	46.0%	46.1%	46.5%
EBITDA margin	17.7%	18.7%	18.4%	17.9%	19.2%
EBITDA margin before exceptional items	17.7%	18.7%	18.9%	18.8%	19.2%
EBITA margin	15.2%	17.2%	17.1%	17.1%	17.5%
EBIT margin	13.3%	14.6%	14.3%	13.9%	15.3%
Cash conversion	92.4%	111.4%	96.3%	101.6%	85.9%
Earnings per share, DKK	3.49	5.38	6.45	6.12	8.39
Diluted earnings per share, DKK	3.49	5.38	6.45	6.11	8.38
Dividend per share (proposed), DKK	-	-	-	5.50	5.80
Share price, end of year, DKK	-	-	-	152.0	158.5
ROIC, pre-tax	10.1%	12.1%	12.9%	13.5%	14.3%
ROIC, pre-tax and excluding goodwill	48.7%	64.3%	79.5%	96.7%	114.9%
Net working capital as a percentage of revenue	3.6%	(1.1)%	(1.7)%	(3.6)%	(2.3)%
Investments as a percentage of revenue	1.3%	2.0%	2.2%	5.3%	1.8%
Net interest-bearing debt/Adjusted EBITDA	4.7	3.6	2.9	2.6	2.4
Average number of employees	2,022	2,037	2,051	2,216	2,226

For definitions, see "Definitions of key financials"

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Letter to our shareholders

Robust business opens up for potential

Operating in an ever more competitive market, Matas continued to grow both revenue and earnings in the 2014/15 financial year through a stronger market position.

Due to reluctance among Danish consumers, revenue growth fell slightly short of our expectations, but the full-year profit met our general expectations. We expect the positive trend in our consolidated profit to continue in the years ahead.

In addition to continuing the positive trend in revenue and profit, the year was marked by the implementation of our key strategic initiatives.

Our Club Matas loyalty programme, which is a core element of our strategy, continues its positive trend, and, at the end of the financial year, the membership had reached more than 1.5 million. The first series of targeted initiatives in which we offer each customer more relevant communication has been completed with promising results. We are confident that, over time, this will lead to positive growth potential in step with our growing use of customer purchase history and digital behaviour in our customised marketing.

ClubM, in which members of Club Matas earn points on purchases from other retail partners and use them in the Matas point shop is under continuing development and is also expected to create value to customers, business partners and Matas in the years ahead.

With the takeover of an additional number of associated Matas stores, we have further consolidated our store network and strengthened the Group' position to meet future competition.

We have also taken another big and important step towards the position of becoming the leading cross-channel retail chain in the Danish market. Important elements of this strategy are the launch of a new in-store online service where customers can order from our full product range in all stores, irrespective of size and location, and a sustained high rate of sales growth in our online store.

The positive performance of the StyleBox stores also helps consolidate the Matas Group's position as Denmark's strongest retail chain within personal care and beauty products, which is the Group's biggest product area.

In parallel with our sales promotion and customer-focused initiatives, we have increased our focus on optimising all our in-house processes and efficiency-enhancement opportunities. This process will continue, and we also expect it to contribute to retaining the Group's high stability and earnings going forward.

As a result of the healthy balance between our earnings, investments and gearing, we started our first share buyback programme in November 2014 for up to DKK 100 million as a supplement to the distribution of dividends. In addition to the good performance of the Matas share, we have consequently returned approximately DKK 325 million to our shareholders since the annual general meeting held in June 2014. This corresponds to a direct return of 5.2% of the share price at the beginning of the financial year.

For the 2014/15 financial year, we propose a dividend of DKK 5.80 per share, which is in line with our previous communication of having a payout ratio of at least 60% of adjusted profit after tax.

We would like to thank all employees for their great efforts during the year.

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. Including the online store, the chain consisted of 295 stores in Denmark and one in Sweden at 31 March 2015. The store in Sweden was closed down in early May 2015. At the end of the financial year, Matas owned and operated 274 of the stores in Denmark as well as the online store and the now closed store in Sweden. The 20 remaining stores are independently owned and use the Matas name, logo, etc. under a partnership agreement.

In addition to the Matas concept, the Group also operates five physical stores and an online store under the name of StyleBox. 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 products within beauty and personal care is estimated to be approximately 40%.

The Matas chain has built its current strong position over a period of more than 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 2014/15 financial year, Matas generated revenues of DKK 3,433 million with an EBITA of DKK 602 million. Sales from Matas's own retail stores accounted for 96% of revenue in 2014/15, while wholesale sales to associated stores accounted for 4%.

Matas has some 2,600 employees, approximately 1,200 of whom are trained and qualified materialists.

One-stop retail concept

Matas is characterised by having a wide product range within beauty, personal care, health and problem-solving household products. This broad product range 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 Matas's largest segment, accounting for 74% of revenue from its own retail stores in 2014/15. Matas had an estimated market share in the Beauty area of approximately 40% in 2014/15.

In the high-end Beauty area, which includes selectively distributed branded products from major perfume and cosmetics houses, the market share was estimated to be about 60%, while it was estimated at slightly above 30% for the rest of the Beauty segment, which includes the more broadly distributed beauty and personal care products.

The main competitors in the Beauty Shop area are supermarkets, department stores, perfumeries, food discount retailers and online stores.

Matas estimates that long-term market growth for the Beauty market will be around 3% per year, assuming a stable Danish economy. In the shorter term, growth will depend partly on the high consumer confidence leading to increased consumer spending.

In the longer term, demand is expected to be stimulated by manufacturer innovation and new products and by changes in consumer demographics and conduct underpinning health and beauty trends in Denmark.

Vital. The Vital Shop offers products within vitamins, minerals, supplements and specialty foods, along with herbal medicinal and similar products. Vital Shop sales accounted for 11% of total revenue from Matas's own retail stores in 2014/15. Matas had an estimated market share in the Vital area of approximately 28% in 2014/15. The main competitors in the Vital Shop area are supermarkets, pharmacies, health food stores and online stores.

Matas estimates that long-term market growth for the Vital market will average 1-2% per year. The expected growth depends on trends in the Danish economy and to some extent also on trends in the field of slimming and supplement products.

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 2014/15. The main competitors in the Material Shop area are supermarkets. Matas estimates that long-term market growth will average 1-2% per year and largely mirror the general growth rate in the Danish economy.

MediCare. MediCare offers a broad range of products, including OTC medicine and healthcare products. Sales accounted for 6% of total revenue from Matas's own retail stores in 2014/15, and Matas had an estimated share of the OTC market of 14%. Its main competitors are pharmacies, supermarkets and discount food retailers. Matas estimates that long-term market growth will average about 2% per year.

Broad product range

Matas markets a broad and diversified range of products comprising both international and Danish brands. In addition, Matas markets a number of own brand products under various labels, including "Stripes", "Matas Natur" and "Plaisir". Introduced in 1967 as a value-oriented alternative to branded products, and through a focus on reducing environmentally hazardous ingredients, Stripes has since become one of the leading beauty brands in Denmark for women, men and families. Total revenue from own brand products accounted for approximately 17% of revenue in 2014/15, mostly relating to the Beauty segment.

Cross-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 cross-channel marketing strategy.

Accordingly, based on customer preferences, buying behaviour and digital behaviour, Matas can offer a customised shopping experience across several sales channels and communications platforms.

A key element of the marketing activities is the distribution of the Matas leaflet about 32 times a year to roughly two-thirds of all Danish households.

Matas's marketing efforts are supported by its Club Matas loyalty programme, which had more than 1.5 million members at 31 March 2015. Club Matas membership is especially widespread among Danish women, and at the end of the financial year, more than 70% of all Danish women between the age of 18 and 65 were members of Club Matas.

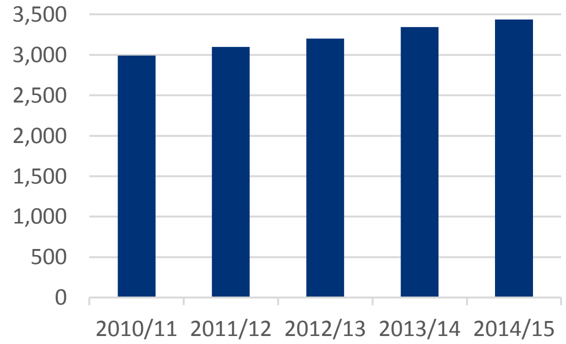
Club Matas is an opportunity for Matas to communicate directly and individually by e-mail to club members, and Matas continually works to increase the relevance to individual members of this information in order to further enhance customer loyalty. Moreover, Matas's leaflet, Club Matas, the Group's online store and its activities on social media such as Facebook and Instagram are closely coordinated.

Since 2012, the expansion of the loyalty programme to include ClubM has given Club Matas members access to a broader, coalition loyalty network. At the end of 2014/15, Club Matas members earned Club Matas points on purchases from 15 well-known retailers in Denmark in sectors such as travel, eyewear, leisure and books.

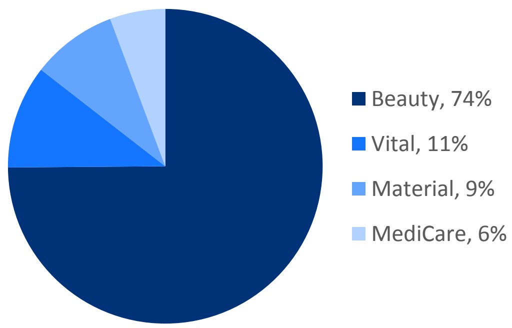
StyleBox

As part of the continuing development of the Group, a new complementary retail concept was launched in June 2013 under the name of "StyleBox". The five StyleBox stores are an opportunity to offer customers a range of selectively distributed beauty products within professional haircare, nailcare and selected makeup brands. In addition, related treatments are offered in the stores. The StyleBox concept showed strong growth in 2014/15 but is estimated to still have a significant unexploited potential, although the level of revenue is still not considered satisfactory.

REVENUE, DKK MILLIONS



BREAKDOWN OF REVENUE (ROUNDED FIGURES)



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, including by expanding selectively into complementary product and service areas if attractive opportunities arise.

Through even better exploitation of the interaction between the store network, Club Matas and the online activities, Matas wants to create lasting competitive advantages and increased customer loyalty.

Putting the customer at the centre, Matas aims to be one of the absolute leaders in cross-channel retailing, as reflected in the main elements of the strategy:

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

Given the ever more competitive environment, the 1.5 million Club Matas members are a major asset in the Group's efforts to grow its market share within its key product categories. Accordingly, 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 a high degree of relevance to each member. The aim is to achieve greater loyalty and stronger growth in members' purchasing frequency and average basket size.

2. Strengthen the Matas retail store network and in-store appearance

Matas intends to continue to improve its retail market position by expanding existing stores, taking over associated stores and opening new stores. Although the retail network is already finely meshed, Matas believes that there is still potential to open a small number of new stores in step with urban development and the opening of new shopping centres. In addition, acquisitions of associated stores will continue if they can be acquired at attractive prices and are well located.

The general atmosphere in Matas stores as expressed by customer service, sales, product concept and appearance will be a key parameter for a stronger Matas and therefore is a priority in the overall strategy.

3. Develop the Matas online store

The Matas online store is both an important sales channel for the Group and a key part of the company's cross-channel strategy in which the integration between the physical store and the online store is expected to result in a significantly increased sales potential. Matas therefore aims to leverage its leading position and the strength of the Matas brand to continue increasing its online presence and to expand its online business volume, both via www.matas.dk and via www.stylebox.dk.

4. Enhance and expand the StyleBox retail concept

The StyleBox concept, which consisted of five stores at the end of the financial year, has allowed the Group to offer a range of select beauty products within professional haircare and nailcare which cannot currently be carried in the Matas stores due to suppliers' selective distribution rules. 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, both through shop-in-shop solutions and through new independent stores.

5. Pursue the potential 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 a natural part of the Matas concept. Based on Matas's long-standing history as a health products, vitamins and OTC medicine retailer combined with a concept of personal advice and a strong level of trust, Matas would hold a strong position with respect to expanding its activity into selling prescription medicine.

The recent amendment of the Danish Pharmacy Act only provides limited access to this market as the only relevant change is the opportunity for existing pharmacies to operate pharmacies as a shop-in-shop solution in retail stores. Matas intends to investigate the potential of implementing a shop-in-shop pharmacy solution in selected stores in collaboration with existing pharmacies. However, the potential of such a solution is estimated to be limited as compared to the true dismantling of the historical trade barriers in the pharmacy market. Matas will continue to explore the potential for expanding the product range within pharmaceutical and healthcare products.

6. Focus on value creation

Concurrently with the ambition of generating attractive revenue growth, Matas aims to continue to generate shareholder value. This is done through continual optimisation of the operational platform in order to generate a high profit margin in the core business and maintain tight control of working capital.

Financial targets

The financial targets for the Group for 2015/16 are as follows:

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

- The EBITA margin is expected to be at the level of 17.0-17.5%.

The Danish retail market was challenging in the 2014/15 financial year with continuing weak demand among consumers despite a gradual improvement in consumer confidence. The guidance for 2015/16 is based on expectations of slightly growing consumption, unchanged competition and little or no growth in prices. Assuming these market conditions and based on the adopted strategy, it is expected that the Group will be able to increase its market share.

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

- to achieve above-market growth in the overall market for beauty, health and personal care products

- to achieve an EBITA margin that is stable at a high level

- to maintain an investment level (excluding acquisitions of additional associated stores) at the level of 2% of revenue.

Allocation of capital and dividend policy

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

On this basis, it is assessed that a suitable level for the Group's gross debt would currently be DKK 1,600-1,800 million.

The Group's policy going forward is to distribute surplus capital to shareholders through a combination of dividends amounting to a minimum of 60% of adjusted profit after tax and regular share buybacks.

In the event of any significant changes in the Group or any 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 the Matas Group's future operating results, financial position, cash flows, business strategy and future targets. The statements are based on management’s reasonable expectations and forecasts at the time of the release of the annual report. Forward-looking statements are subject to risks and uncertainties and a number of other factors, many of which are beyond the Matas Group's control. 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 2014/15

Profit for the year

Revenue

Revenue rose by 2.7% year on year in 2014/15 to DKK 3,433 million, which was in line with the latest 2014/15 guidance of revenue of just short of DKK 3.5 billion and slightly below the guidance in last year's annual report of revenue of around DKK 3.5 billion.

Matas generated revenue of DKK 772 million in Q4 2014/15, equivalent to a year-on-year growth rate of 3.8%.

Sales in Matas' own retail stores grew 4.7% year on year, while wholesale sales to associated Matas stores were down by 32.1%, primarily as a result of the the acquisition of associated stores during the past year. Adjusted for the acquisition of associated stores, a minor underlying decline was seen in sales to associated stores compared with 2013/14.

Sales in Matas's own stores increased by 5.3% to DKK 749 million in Q4 2014/15, while revenue from sales to associated stores was down by 29% as a result of the acquisition of associated stores. Adjusted for the acquisition of associated stores, a minor underlying year-on-year growth in sales to associated stores was recorded from in Q4.

Sales to stores operated by the Group in both periods (like-for-like growth) grew by 1.5% in 2014/15, which was in line with the latest guidance of like-for-like growth in 2014/15 of 1-2%. The growth performance remained supported by the number of transactions, the average basket size, and by a more than 30% year-on-year improvement in online sales.

During most of the financial year, household consumption showed only weak growth, which had an adverse impact on like-for-like growth.

An extraordinarily large product recall in Q2 2014/15 also had an adverse impact on actual growth. This recall had an indirect adverse impact on sales in the second half of the year as the products were no longer available to consumers.

The difference between like-for-like growth in 2014/15 and the reported growth of 4.7% in own retail stores was primarily attributable to the effect of the consolidation of acquired operations and of stores not included in like-for-like growth.

The like-for-like growth rate in Q4 2014/15 was 3.7% (Q4 2013/14: 1.2%). The growth generated in Q4 2014/15 was satisfactory and in line with expectations, but the high level should be seen in the context of the weak growth in the same period of the previous year and of pre-Easter sales being included in Q4 in 2014/15. The general market was also challenging in Q4 2014/15, with still only limited indications of a general recovery in consumer spending.

Revenue by sales channel

Certain products were recategorised effective 31 December 2014. The change had a minor impact on the distribution of revenue by product area in Matas's own retail stores. The figures in the table below for 2013/14 have been restated to reflect the change.

REVENUE BY SALES CHANNEL

(DKK millions)	2014/15 FY	2013/14 FY	Growth	2014/15 Q4	2013/14 Q4	Growth
Beauty	2,447.0	2,362.3	3.6%	531.9	513.6	3.6%
Vital	347.9	324.4	7.2%	97.7	85.4	14.4%
Material	287.6	259.3	10.9%	61.8	57.2	8.0%
MediCare	186.2	178.5	4.3%	45.8	43.9	4.3%
Other including Sweden	39.0	35.0	11.4%	11.7	11.1	5.4%
Total revenue from own retail stores	**3,307.7**	**3,159.5**	**4.7%**	**748.9**	**711.2**	**5.3%**
Sales of goods to associated stores, etc.	125.6	185.0	(32.1)%	23.3	32.8	(29.0)%
Total revenue	**3,433.3**	**3,344.5**	**2.7%**	**772.2**	**744.0**	**3.8%**

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

Revenue from the Beauty segment grew by 3.6% in 2014/15, of which acquired associated stores accounted for approximately 3.5 percentage points. In Q4 2014/15, the effect from acquired operations accounted for 1.9 percentage points of the reported 3.6% growth for Beauty.

In the Beauty segment, Mass Beauty (everyday beauty products) was affected both by a negative effect from consumer reluctance and by growing competition. As a result, Mass Beauty saw a minor organic year-on-year decline in sales but still succeeded in retaining its market share. High-End Beauty (luxury beauty products) showed year-on-year growth, although at a lower rate than expected at the beginning of the financial year. The Beauty Shop's share of total revenue from Matas's own stores was 74.0% in 2014/15, down from 74.8% in 2013/14.

The Vital Shop generated 7.2% revenue growth in 2014/15, including acquired operations, which contributed 3.7 percentage points. Growth was broadly founded with mounting consumer interest especially in the health and nutrition area.

Revenue from the Material Shop grew by 10.9%, in particular driven by the footcare area. The effect from acquired operations accounted for 3.6 percentage points.

The MediCare segment recorded a 4.3% increase in revenue in 2014/15, of which 0.8% was organic growth. Growth was broadly founded, with healthy improvements in the areas of OTC medicine, health and electrical goods. A decline was seen within healthcare, which was attributable to exceptionally strong Christmas sales in 2013/14, when one product in particular boosted growth.

It is estimated that the overall value of the market for beauty, health and personal care products grew slightly in 2014/15 and that the Group retained its overall market share. Part of this performance is believed to have come from the Club Matas loyalty programme which continued its favourable trend with additional new member growth. At 31 March 2015, Club Matas had more than 1.5 million members.

ClubM saw a minor decline in the number of partners and had 15 external partners at 31 March 2015, down from 17 a year earlier.

One Matas store was closed in Denmark in 2014/15, bringing the Matas store network in Denmark to a total of 294 physical stores consisting of 274 own stores and 20 associated stores as at 31 March 2015. Two associated Matas stores were acquired in Q2 2014/15 and one in Q4 2014/15.

One Matas store was closed in Sweden in the financial year. The remaining store in Sweden was closed in early May 2015, and the Group no longer has activities outside Denmark.

The StyleBox chain continued to have five stores in 2014/15 as well as an online store. StyleBox is still considered to hold attractive growth potential to the Group, and the StyleBox concept complements the Matas concept very well. StyleBox is still under development and the volume of its business grew during the financial year, and a number of adjustments of the concept had positive effects. Profitability grew stronger during the financial year but is still not satisfactory, since, as expected, StyleBox reported a minor loss.

Costs

(DKK millions)	2014/15 FY	2013/14 FY	Growth	2014/15 Q4	2013/14 Q4	Growth
Other external costs	292.3	314.6	(7.1)%	65.4	81.1	(19.4)%
- of which net exceptional items	0.0	19.8		0.0	1.8	
Other external costs before exceptional items	292.3	294.8	(0.8)%	65.4	79.3	(17.5)%
As a percentage of revenue	8.5%	8.8%		8.5%	10.7%	
Staff costs	642.2	626.9	2.4%	156.3	151.8	3.0%
- of which net exceptional items	0.0	10.1		0.0	0.0	
Staff costs before exceptional items	642.2	616.8	4.1%	156.3	151.8	3.0%
As a percentage of revenue	18.7%	18.4%		20.2%	20.4%	

Costs and earnings

The gross profit increased by 3.5% in 2014/15 and was DKK 1,595 million.

The gross margin for 2014/15 was 46.5% (2013/14: 46.1%). The growth was achieved because the gross margin for 2013/14 included a negative effect from the revaluation of the Club Matas points recognised in revenue, which was not repeated in 2014/15.

Moreover, the acquisition of stores had a minor positive effect on the gross margin. The growth driven by these factors was partially offset by normal operational fluctuations and the continuing challenges of the Danish retail market in terms of weak growth in consumer spending.

The increase in gross profit was consequently attributable to growth in both revenue and gross margin.

Gross profit for Q4 2014/15 was DKK 355 million, which was a 0.1% year-on-year increase. This represents a gross margin of 46.0% (Q4 2013/14: 47.7%).

Other external costs increased by DKK 22 million or 7.1% year on year in 2014/15 including the acquisition of stores. Excluding non-recurring costs of DKK 20 million related to the IPO in 2013/14, other external costs declined by 0.8% in 2014/15. As a percentage of revenue, other external costs showed an underlying decline to 8.5% in 2014/15 (2013/14: 8.8%), which was partly attributable to lower net marketing costs.

Other external costs were down by DKK 16 million year on year in Q4 2014/15 to DKK 65 million. This was equivalent to an underlying decline as a percentage of revenue from 10.7% in Q4 2013/14 to 8.5% in Q4 2014/15, mainly caused by a decline in net marketing costs.

Staff costs rose by DKK 15 million in 2014/15 as compared with the year before, which included non-recurring items of DKK 10 million related to the IPO.

The rate of underlying growth was 4.1%, which was partly driven by the acquired operations, an increased level of activity in Club Matas and the development of the digital platforms.

Staff costs as a percentage of revenue increased to 18.7% in 2014/15 (2013/14: 18.4%). Payroll costs as a percentage of revenue remained largely unchanged, both for the retail stores and for head office functions. The absolute increase was in all essentials attributable to increased handling and logistics costs in connection with changes to a number of operating routines at the Group's warehousing facility.

DKK 2.3 million of staff costs in 2014/15 related to the Group's long-term share-based compensation programme, of which DKK 0.8 million was related to Q4.

Total staff costs for Q4 2014/15 were DKK 156 million, which represented a 3.0% year-on-year increase. Staff costs as a percentage of revenue declined to 20.2% in Q4 2014/15 (2013/14: 20.4%).

EBITDA increased by 10.1% year on year to DKK 661 million in 2014/15. Adjusted for total non-recurring costs related to the IPO in 2013/14 of DKK 30 million, EBITDA before exceptional items was up by 4.9%.

The EBITDA margin before exceptional items was 19.2%, up from 18.8% in 2013/14, when EBITDA was adversely affected by the revaluation of Club Matas points.

EBITA was up by 5.5% to DKK 602 million, equivalent to an EBITA margin of 17.5% (2013/14: 17.1%). This was in line with the guidance in last year's annual report of an EBITA margin in 2014/15 in line with the margin in 2013/14. EBITA for Q4 2014/15 was DKK 119 million, corresponding to an EBITA margin of 15.4% (2013/14: 14.6%).

EBIT was DKK 526 million in 2014/15.

EBITA

(DKK millions)	2014/15 FY	2013/14 FY	Growth	2014/15 Q4	2013/14 Q4	Growth
Operating profit	526.2	464.4	13.3%	100.1	87.9	13.9%
Net exceptional items	0.0	29.9		0.0	1.8	
Amortisation of intangible assets	75.9	76.5		18.9	19.2	
EBITA	602.1	570.8	5.5%	119.0	108.9	9.3%
EBITA margin	17.5%	17.1%		15.4%	14.6%	

Financial items and tax

Net interest expenses totalled DKK 65 million in 2014/15. This included a DKK 15 million fair value adjustment of an interest rate swap.

Net interest expenses excluding fair value adjustments amounted to DKK 50 million, which represented a minor year-on-year decline when adjusted for the write-down of capitalised financing costs in 2013/14.

Net interest expenses in Q4 2014/15 totalled DKK 15 million, which was a decline of DKK 6 million. Excluding the fair value adjustment by a negative DKK 3 million of the interest rate swap in 2014/15 and by a negative DKK 9 million in 2013/14, net interest expenses were down by DKK 1 million in Q4 2014/15.

The effective tax rate was 26.3% in 2014/15 (2013/14: 34.8%). The decline was due to a temporarily high effective tax rate in 2013/14, as tax recognised in connection with the completion of the transaction tax case totalling DKK 43.2 million more than offset the positive effect of the reduction of the corporate tax rate in Denmark in 2014-16. The reduction of the corporate tax rate in Denmark changed the Group's deferred tax, corresponding to a reduction of the effective tax rate by 8.3 percentage points in 2013/14.

See note 27 to the consolidated financial statements for additional information on the Group's tax litigation.

The effective tax rate in Q4 2014/15 was 25.8%.

Profit for the year

Profit for the year after tax was DKK 340 million (2013/14: DKK 249 million).

Adjusted profit for the year after tax was DKK 398 million in 2014/15. This was an increase of 6.3% from 2013/14. In Q4 2014/15, adjusted profit after tax was DKK 77 million (Q4 2013/14: DKK 62 million).

Total assets stood at DKK 5,337 million at 31 March 2015 (31 March 2014: DKK 5,488 million). Current assets totalled DKK 872 million, representing a year-on-year decline of DKK 78 million, which was attributable to the drop in cash and cash equivalents.

Inventories were 9% higher than at the end of 2013/14, which was attributable to the acquired stores and a minor general increase in inventories. Inventories accounted for 19.3% of the past 12 months' revenue at 31 March 2015 (31 March 2014: 18.2%). Inventories were at a high level throughout the year, and efforts to reduce inventories are continuing.

Trade receivables declined by DKK 20 million to DKK 34 million caused by shorter settlement periods for credit card sales and the acquisition of a number of stores.

Cash and cash equivalents stood at DKK 42 million (31 March 2014: DKK 140 million). The drop was due to the payment of dividend, share buybacks and repayment of bank debt.

Trade payables were down by DKK 30 million, which was attributable to minor timing differences in connection with payments to creditors at the end of the financial year.

Net working capital stood at minus DKK 77 million at 31 March 2015, which was a year-on-year increase of DKK 44 million. Net working capital accounted for approximately minus 2.3% of revenue for the past 12 months, as compared with minus 3.6% last year.

Equity stood at DKK 2,644 million at 31 March 2015 (31 March 2014: DKK 2,600 million). Dividend paid in the year amounted to DKK 224 million, and a total of 528,666 shares were bought back for DKK 75.2 million in the period until 31 March 2015.

Statement of financial position

NET INTEREST EXPENSES

(DKK millions)	2014/15 FY	2013/14 FY	2014/15 Q4	2013/14 Q4
Net financials	64.5	82.5	15.1	20.8
Fair value adjustment of interest rate swap	(15.0)	(13.1)	(3.4)	(8.5)
Write-off of capitalised financing costs	0.0	(18.5)	0.0	0.0
Net interest expenses	49.5	50.8	11.7	12.3

Total bank debt stood at DKK 1,606 million at 31 March 2015, which was within the defined target of gross debt at the level of DKK 1,600-1,800 million. Net interest bearing debt was DKK 1,564 million at 31 March 2015, representing a year-on-year reduction of DKK 59 million. Net interest bearing debt represents 2.4 times LTM EBITDA.

Statement of cash flows

Cash generated from operations was an inflow of DKK 621 million in 2014/15 (2013/14: an inflow of DKK 674 million) and was adversely affected by the change in working capital.

The cash flow from operating activities was DKK 422 million in 2014/15 (2013/14: DKK 350 million). The main reason for the increase was the decline in corporation tax paid, which was attributable to the payment in 2013/14 of DKK 31 million of tax relating to the transaction cost case and DKK 90 million of tax paid relating to the pending withholding tax case.

The cash flow from operating activities in Q4 2014/15 was DKK 69 million, which represented a DKK 123 million decline from 2013/14 when the cash flow was positively affected by a significant fall in net working capital.

The cash flow from investing activities was an outflow of DKK 62 million, which was attributable to reinvestments in the store network, IT investments and the acquisition of three associated stores, which accounted for an outflow of DKK 11 million.

In Q4 2014/15, the cash flow from investing activities was an outflow of DKK 13 million, of which the outflow of cash to invest in acquisitions was DKK 2 million.

The free cash flow was DKK 360 million in 2014/15 and DKK 56 million in Q4 2014/15.

Return on invested capital

The return on invested capital before tax in the past 12 months was 14.3% (114.9% excluding goodwill), as compared to 13.5% in 2013/14 (96.7% excluding goodwill).

Parent company performance

The parent company generated a profit of DKK 734 million in 2014/15 (2013/14: a loss of DKK 27 million), which was positively affected by dividend from a subsidiary. Equity stood at DKK 2,289 million at 31 March 2015 (31 March 2014: DKK 1,852 million).

Events after the date of the statement of financial position

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

Risk management

Risk management is an integral part of the management process of the Matas Group: 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 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. The Board of Directors receives an overview table 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.

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 an improvement in consumer confidence during the financial year, Danish consumers still appear to be reluctant to spend, which could affect the Group's sales or product mix. The Group monitors sales trends on a daily basis, so it can react swiftly to a decline in sales, if any, by implementing sales-promoting 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 retail network and the product range, by marketing and online sales, and by developing the Club Matas loyalty programme with the goal of bringing 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.

Product liability

The Group's operations involve risks which could potentially result in product liability, including personal injury claims. The Group has prepared a risk management policy and procedures to mitigate the risk of such risks occurring and has also taken out normal insurance cover.

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 note 27 'Contingent liabilities and security' to the consolidated financial statements 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 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: http://investor.en.matas.dk/governancestatement.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 ensure that they have the opportunity to exercise 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 Copenhagen and can subsequently be accessed from the corporate website at investor.matas.dk. All announcements are 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 can also contact the Investor Relations Department if they have further questions regarding the published reports.

Moreover, the company's general meeting provides an opportunity for active ownership by shareholders.

Not later than eight weeks before the contemplated date of the parent company's annual general meeting, the date of the general meeting is announces as well as 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 not more than five weeks' and not less than three 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

The Board of Directors discusses diversity at management levels annually and sets measurable objectives.

The Board of Directors of Matas consists of 60% men and 40% women, which meets the requirement for an equal gender distribution in its 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 56% men (2013/14: 57%) and 44% women (2013/14: 43%), 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 holds eight ordinary board meetings a year and, in addition, a strategy seminar and meets on an ad hoc basis. In the 2014/15 financial year, nine board meetings were held (16 meetings in 2013/14, of which eight were held before the IPO) and one strategy seminar.

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.

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 the Board of Directors must possess in order for the Board of Directors to best perform its tasks, taking into account the Group's current needs.

Each year the Board of Directors evaluates its work by filling in anonymous questionnaires. The evaluation in 2015 concluded that the Board of Directors has the necessary competencies and, thus, did not give rise to proposals for changes to the Board of Directors at the annual general meeting. See "Board of Directors and Executive Management" for a specification of the competencies of each member of the Board of Directors.

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 four meetings in the 2014/15 financial year (three meetings in 2013/14).

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 help the Board of Directors 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 2014/15 financial year (two meetings in 2013/14).

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 two meetings in the 2014/15 financial year (one meeting in 2013/14).

Compensation of members of the Board of Directors and the Executive Management

The Board of Directors has adopted a remuneration policy and overall guidelines for incentive pay, which have been approved by the general meeting. Both policies are available at 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.

See note 30 for a specification of the remuneration to each member of the Executive Management.

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 at least 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 relation to 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 for the Group.

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 accounting 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 risk of fraud is also evaluated. For additional information on significant 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 (KPIs).

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 accounting 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 2015.

Corporate social responsibility

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

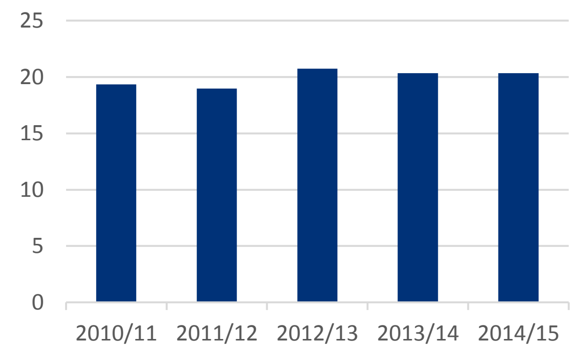
The state of the environment and the needs of consumers and employees are taken into consideration as a natural and important part of management's decision-making and prioritisation processes. As a natural consequence of Matas's CSR policy, the Group has worked proactively in the environmental and health area in a close dialogue with selected consumer organisations and patient associations, who are some of Matas's most competent stakeholders in the area. Accordingly, 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 and climate impact

Based on its CSR policy, Matas is active in the efforts to protect the environment and limit the impact on the climate from the Group's activities.

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. Matas's initiative fits very well environmentally with the EU packaging directive, which prioritises recycling over incineration of plastic packaging. Customers returned 20 tonnes of plastic packaging for recycling in 2014/15, and the packaging was returned without reimbursement of a deposit or any other payment to customers for doing so. The volume of plastic packaging returned by customers was unchanged compared with the prior financial year.

PLASTIC PACKAGING RETURNED BY CUSTOMERS (TONNES)



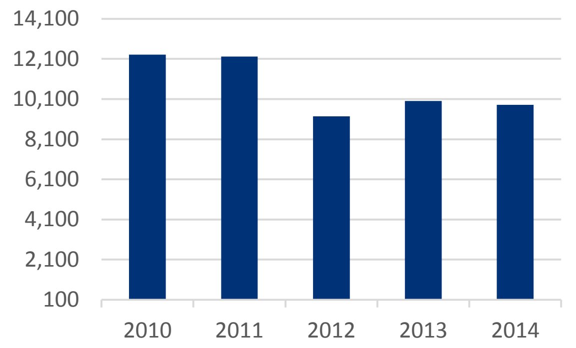
In addition to the return system for product packaging, Matas arranged for recycling of all packaging used to transport goods to Matas retail stores, which added up to a total of 29 tonnes of transport plastic and 599 tonnes of cardboard in 2014/15.

During the 2014/15 financial year, Matas and the Danish Society for Nature Conservation continued their collaboration to identify joint focus areas for nature and environmental protection. The Danish Society for Nature Conservation supports the Matas Return System and sales of Matas own brand products with the Nordic Ecolabel.

The Danish Society for Nature Conservation also recommends that consumers buy Matas's own recyclable bags (Environmental Fund bags). Profits from the sale of these 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 2015, the Fund had provided financial support for 2,041 day care institutions, 89 of them in the past financial year. Matas also recommends that customers buy and use these shopping bags and thereby support the Matas Environmental Fund rather than use disposable plastic bags. This is in line with the European Parliament's target of reducing the consumption of disposable carrier bags.

Matas has special focus on reducing energy consumption throughout the Group and not least in the stores, where energy consumption is highest. Based on this wish to reduce its energy consumption, the Group replaced some 10,000 halogen spots in 2014 by more energy-friendly LED spots in the stores. Overall, energy consumption in the stores was reduced by about 200,000 kWh in 2014 as compared with the prior calendar year, despite a net addition of seven new stores and an unusually warm summer, which resulted in an extraordinarily great need for cooling in the stores.

ENERGY CONSUMPTION IN MWH



As a natural consequence of the Group's CSR policy, Matas continued its proactive work to improve all the chain's own brand products during the financial year in order 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, 111 own-brand Matas products had the right to use the Swan label, which is the official Nordic ecolabel, which may only be used by the most environmentally friendly products on the market. In addition to the Group's work with environmental improvement of own-brand Matas products, preventive contractual environmental and ethical requirements apply to all other products in the product range. These requirements are stricter than the Danish statutory requirements. As an example, suppliers have signed declarations that all products supplied to Matas are without PVC.

Human rights

Under the Group's CSR policy, Matas will support and respect internationally declared human rights, including by avoiding any negative impact on the employees' right to establish labour unions, freedom of association, right to collective bargaining and equal opportunities for women and men. Moreover, Matas requires that its suppliers have developed and produced their products without exploitive child labour

Sickness prevention and health

In line with the Group's ambition of increasing its contribution towards the prevention of illness and disease, Matas continued its close collaboration with the Danish Heart Foundation and the Danish Cancer Society in 2014/15. The objective of the collaboration with the Danish Heart Foundation is to help reduce the number of women suffering from heart disorders, Today, one in four women in Denmark die from a cardiovascular disease. Up to and including the 2014/2015 financial year, Matas has donated a total of more than DKK 14.5 million to the Danish Heart Foundation. In the past financial year, the donation amounted to more than DKK 1.9 million. The amount came from fund-raising through sales of awareness bracelets and pins and from a proportion of revenue from sales of Matas's own-brand luxury Plaisir skin care line and Matas Christmas cards.

According to the Danish Heart Foundation, 270,000 people in Denmark unknowingly suffer from hypertension which, if untreated, can lead to cardiovascular diseases. In a collaboration with the Heart Foundation, Matas regularly offers free blood pressure testing in its stores, and Matas and the Heart Foundation held an event in 154 Matas stores during the financial year at which 6,763 persons had their blood pressure measured. In 8% of these people, the measurements showed moderate to severe hypertension, and they were consequently recommended to consult their own doctor for follow-up examinations.

Matas continued its close collaboration with the Danish Cancer Society during the financial year with the aim of contributing to a decline in the number of people with skin cancer, the most common type of cancer among people in Denmark.

Skin cancer can be prevented by following important sun advice from the Cancer Society. Matas and the Danish Cancer Society collaborate closely to disseminate this sun advice with a special focus on increasing people's knowledge about how much sunscreen should be used and the minimum UV index at which protection is needed. These messages are disseminated through Matas's various media, on Matas sun products and, in particular, in the oral communication between consumers and trained Matas shop assistants. The advisory skills of Matas staff in this area are updated regularly by way of a supplementary training course developed by the Danish Cancer Society.

The collaboration between Matas and the Cancer Society with be expanded in the next financial year to include a full-day event at 50 Matas stores at which consumers are offered a free subcutaneous examination to detect any damage due to sun exposure and personal advice from representatives of the Cancer Society.

As stated in the Group's CSR policy, Matas continually seeks to enter into partnerships with competent stakeholders regarding activities that could potentially make a positive difference to consumers' health. In the past financial year, Matas entered into a partnership with the Danish Lung Association. More than 200,000 people in Denmark suffer from a chronic pulmonary disease without knowing it, and a lung function test can reveal unhealthy lungs. For this reason, Matas and the Lung Association jointly offered free lung function tests at 50 Matas stores throughout Denmark. Nurses from the Danish Lung Association conducted the tests with the assistance of healthcare advisers from the stores. More than 2,200 people accepted the offer and had their lung function tested at Matas. Approximately 17% of the people tested were recommended to consult their own doctor for follow-up examinations.

In the 2014/15 financial year, Matas also collaborated with the Danish Doctors' Vaccination Service by offering flue vaccination by nurses in 51 Matas stores throughout Denmark. Almost 2,000 people in Denmark were vaccinated at Matas on that specific day.

Additional information on the Group's collaborative activities is available at www.matas.dk/responsibility.

Employee competencies

The Group is active in the efforts to strengthen Matas's market position. The Group's intellectual capital is deemed to be essential to meet the Group's growth strategy. Professional advice in the stores under the motto "Good advice makes the difference" is to ensure that consumers make a qualified choice among various products – relative to their needs and any special wishes with respect for instance to the environmental profile of products. Moreover, competent advice is to lead to continuing good customer experience, thereby strengthening the Group's strong market position.

In the 2014/15 financial year, the Group had 2,226 full-time employees (FTE), up from 2,216 last year.

In the 2014/2015 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.

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.

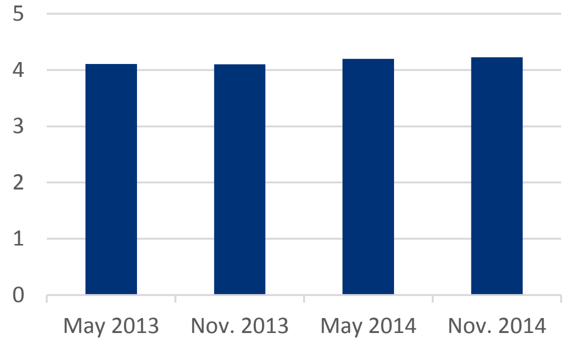
At Matas, it is the knowledge and know-how of the employees which ensures that customers get the best advice from industry specialists. This knowledge and know-how is constantly updated through supplementary training in health and beauty through courses which are to some extent offered by suppliers. 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. Special employment programmes such as Project KLAP (Kreativ, Langsigtet ArbejdsPlanlægning (creative, long-term work planning)) 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 people with cognitive difficulties. At the end of the financial year, the Group had 26 employees under Projekt KLAP.

EMPLOYEE SATISFACTION



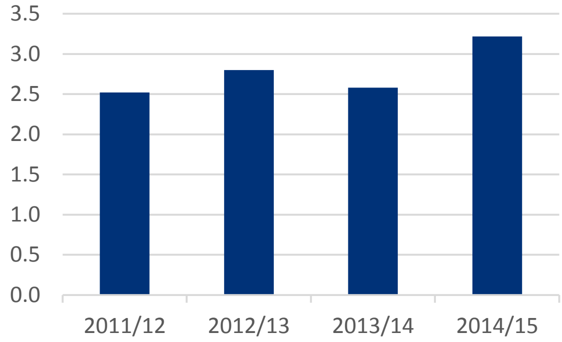
Welfare and responsibility in the workplace

The Group makes proactive efforts to ensure employee job satisfaction, working actively to maintain a safe and healthy 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 good score of more than 4.2 out of 5 for the Group as a whole.

In the expectation that it will be possible to increase general employee satisfaction in the Group, action plans are laid for the 30 stores performing lowest in the employee satisfaction survey. Partly as result of these efforts, the level of sickness absence in the Group is considered to be at a relatively low level compared with the level in the Danish retail industry in general and, more specifically, also compared with other workplaces with the same gender distribution.

SICKNESS ABSENCE (%)



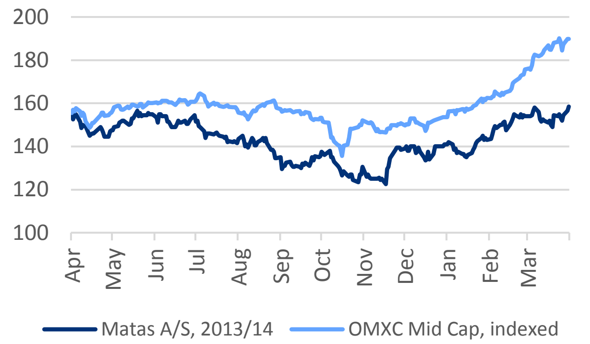
Under the heading of "Accountability", Matas's website contains further details on the Group's efforts in this respect; this information is updated regularly.

Shareholder information

Matas shares in 2014/15

Matas A/S has been listed on Nasdaq Copenhagen since 28 June 2013 and is a component of the OMX Copenhagen Mid Cap index. The share price closed at DKK 158.50 on 31 March 2015, equivalent to an increase of 4.3% in 2014/15. A dividend of DKK 5.50 per share was paid out as of 1 July 2014. Including this dividend, the rate of increase in the share price was 7.9% in 2014/15. By way of comparison, the OMX Copenhagen Mid Cap index rose by 22.1% in the same period. At the end of the 2014/15 financial year, the market capitalisation of Matas A/S was DKK 6,464 million. The average daily turnover in Matas's shares was 123,115 shares per day in 2014/15.

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.

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.

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 Copenhagen
Ticker symbol	MATAS
ISIN code	DK0060497295

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.

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 Copenhagen at the time of the purchase. The authority is valid until 24 June 2015.

Movements in the share capital of Matas A/S

		2014/15	2013/14
Share capital at 1 April	Ordinary shares	101,949,510	100,000,000
	Preference shares		1,688,101
Merger of share classes	Ordinary shares		1,688,101
	Preference shares		(1,688,101)
Issue of bonus shares			261,409
Share capital at 31 March		**101,949,510**	**101,949,510**

Ownership

At 31 March 2015, Matas A/S had approximately 10,600 registered shareholders, who represented approximately 96% of the share capital. Out of the registered shareholders, shares held by non-Danish shareholders accounted for 48.6%. KIRKBI Invest A/S, Denmark, has disclosed that it holds 14.2% of the shares, and Schroders plc, United Kingdom, has disclosed that it holds 5.0% of the shares.

At 31 March 2015, members of the Board of Directors held 163,203 shares, and members of the Executive Management held 172,124 shares, equivalent to 335,327 shares, or 0.8% of the share capital.

Treasury shares

At the annual general meeting held on 30 June 2014, the Board of Directors was authorised to acquire treasury shares for up to 10% of the share capital in the period until the annual general meeting to be held in 2015.

As part of the adjustment of the Group's capital structure, a share buyback programme for a total of DKK 100 million was initiated in November 2014. Under the buyback programme, which ran from 18 November 2014 until 20 May 2015, a total of 685,465 treasury shares of DKK 2.50 nominal value were acquired, equivalent to 1.7% of the share capital. A total of 528,666 shares of DKK 2.50 nominal value of these shares were acquired in the 2014/15 financial year. This brought to company's portfolio of treasury shares to 626,443 shares of DKK 2.50 nominal value at 31 March 2015, equivalent to 1.5% of the share capital.

It is expected that the treasury shares acquired under the share buyback programme will be proposed to be cancelled at the annual general meeting to be held in 2015. Other 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 5.80 per share for the 2014/15 financial year. The proposed dividend per share corresponds to a total dividend distribution of DKK 236.5 million, equivalent to 60% of adjusted profit after tax.

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 Copenhagen.

The Group wishes to be perceived as credible and open and to have a top position among its peers with respect to investor relations. 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 activities and road shows take place. In the 2014/15 financial year, approximately 130 individual meetings were held with investors and analysts.

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

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
Handelsbanken	Erik Sandstedt
Jyske Bank	Frans Høyer
Morgan Stanley	Anisha Singhal
Nordea	Patrik Setterberg

Contact

Day-to-day contact with investors and analysts is handled the Group CFO.

Anders Skole-Sørensen
Tel: +45 4816 5604
E-mail: as@matas.dk

Annual general meeting

The annual general meeting will be held on Wednesday, 24 June 2015 at 4:00 at the Tivoli Hotel & Congress Center, Arni Magnussons Gade 2-4, DK-1577 Copenhagen V, Denmark.

Financial calendar.

28 August 2015	Interim report - 1 April 2015 to 30 June 2015
19 November 2015	Interim report - 1 April 2015 to 30 September 2015
8 January 2016	Trading update for Q3 2015/16
9 February 2016	Interim report - 1 April 2015 to 31 December 2015
27 May 2016	Annual report for the financial year 2015/16
29 June 2016	Annual general meeting for 2015/16

Board of Directors and Executive Management

Board of Directors

Lars Vinge Frederiksen, Chairman

- Born 1958, Danish nationality
- Position: Professional board member since 2013
- First elected to the Board of Directors in 2013
- Re-elected: 2015
- Chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee
- Independent board member
- Member of the boards of directors of Falck A/S, Rockwool A/S, Widex A/S, Augustinus Industri A/S and Hedorf Holding A/S. Deputy Chairman of the Danish Committee on Corporate Governance and a member of the Supervisory Board of PAI Partners SA, France.
- Special competencies: Management experience from Chr. Hansen Holding A/S (CEO) and general experience in strategic development.

Lars Frederiksen, Deputy Chairman

- Born 1969, Danish nationality
- Position: Professional board member since since 2007
- First elected to the Board of Directors in 2007
- Re-elected: 2015
- Member of the Remuneration Committee, the Nomination Committee and the Audit Committee
- Independent board member
- Chairman of 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.

Ingrid Jonasson Blank, board member

- Born 1962, Swedish nationality
- Position: Professional board member since since 2010
- First elected to the Board of Directors in 2013
- Re-elected: 2015
- Member of the Remuneration Committee and the Nomination Committee
- Independent board member
- Member of the boards of directors of Ambea Vård & Omsorg AB, Musti ja Mirri Grp Oy, Fiskars Oyj, Orkla ASA, Bilia AB, Royal Unibrew A/S, ZetaDisplay AB, Travel Support & Services AB and Norm Research & Consulting 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.

Christian Mariager, board member

- Born 1961, Danish nationality
- Position: Professional board member since since 2015
- First elected to the Board of Directors in 2014
- Re-elected: 2015
- Independent board member
- Member of the board of directors of Ferrara Inc.
- Special competencies: General strategy and management experience in consumer goods and retailing.

Board of Directors (continued)

Birgitte Nielsen, board member

- Born 1963, Danish nationality
- Position: Professional board member since since 2006
- First elected to the Board of Directors in 2013
- Re-elected: 2015
- Chairman of the Audit Committee
- Independent board member
- Member of the boards of directors of Topdanmark A/S, Kirk Kapital A/S, Arkil Holding A/S, the Danish Rheumatism Association 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 Holding A/S and a member of the audit committee of Topdanmark A/S.

Executive Management

Terje List

Chief Executive Officer

- Born 1965, Danish nationality
- Board member: 3C RETAIL A/S, Svenska S Holding 3 AB and the Danish Chamber of Commerce

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 2014 to 31 March 2015.

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 2015 and of the results of the Group's and the company's operations and cash flows for the financial year 1 April 2014 to 31 March 2015.

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, 28 May 2015

Executive Management

Terje List
CEO

Anders Skole-Sørensen CFO

Board of Directors

Lars Vinge Frederiksen
Chairman

Lars Frederiksen
Deputy Chairman

Ingrid Jonasson Blank

Christian Mariager

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 2014 – 31 March 2015. 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 2015 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 April 2014 – 31 March 2015 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, 28 May 2015

Ernst & Young
Godkendt Revisionspartnerselskab

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

Consolidated financial statements 2014/15

Statement of comprehensive income

(DKK millions)	Note	2014/15	2013/14
Revenue	3, 4	3,433.3	3,344.5
Cost of goods sold	5	(1,838.3)	(1,803.2)
Gross profit		1,595.0	1,541.3
Other external costs	6	(292.3)	(314.6)
Staff costs	7	(642.2)	(626.9)
Amortisation, depreciation and impairment losses	8	(134.3)	(135.4)
Operating profit		526.2	464.4
Financial income	9	0.1	0.9
Financial expenses	10	(64.6)	(83.4)
Profit before tax		461.7	381.9
Tax on the profit for the year	11	(121.4)	(133.0)
Profit for the year		340.3	248.9
Other comprehensive income			
Other comprehensive income after tax		0.0	(0.2)
Total comprehensive income		340.3	248.7
Earnings per share:			
Earnings per share, DKK	12	8.39	6.12
Diluted earnings per share, DKK	12	8.38	6.11

Statement of cash flows

(DKK millions)	Note	**2014/15**	**2013/14**
Profit before tax		461.7	381.9
Adjustment for non-cash operating items, etc.:			
Amortisation, depreciation and impairment losses	8	134.3	135.4
Other non-cash operating items, net		1.9	1.5
Financial income	9	(0.1)	(0.9)
Financial expenses	10	64.6	83.4
Cash generated from operations before changes in working capital		662.4	601.3
Changes in working capital	25	(41.8)	72.3
Cash generated from operations		620.6	673.6
Interest received	9	0.1	0.9
Interest paid	10	(46.7)	(49.2)
Corporation tax paid		(151.7)	(275.3)
Cash flow from operating activities		422.3	350.0
Acquisition of intangible assets	14	(23.5)	(22.5)
Acquisition of property, plant and equipment	16	(27.9)	(39.9)
Acquisition of subsidiaries and operations	26	(10.7)	(113.8)
Cash flow from investing activities		(62.1)	(176.2)
Free cash flow		360.2	173.8
Debt settled with banks		(159.7)	(561.1)
Dividend paid		(223.8)	0.0
Purchase and sale of treasury shares	17	(75.2)	(9.3)
Cash flow from financing activities		(458.7)	(570.4)
Net cash flow from operating, investing and financing activities		(98.5)	(396.6)
Cash and cash equivalents at 1 April		140.0	536.6
Cash and cash equivalents at 31 March		41.5	140.0

Assets at 31 March

(DKK millions)	Note	2014/15	2013/14
NON-CURRENT ASSETS			
Goodwill		3,691.0	3,684.7
Trademarks and trade names		509.7	583.6
Shares in co-operative property		3.9	3.9
Other intangible assets		39.4	41.0
Total intangible assets	14, 15	4,244.0	4,313.2
Land and buildings		98.7	101.2
Plant and machinery		53.2	50.5
Leasehold improvements		13.6	21.1
Total property, plant and equipment	16	165.5	172.8
Deferred tax assets	22	18.0	15.9
Deposits		36.2	34.7
Other securities and investments		1.3	1.3
Total other non-current assets		55.5	51.9
Total non-current assets		4,465.0	4,537.9
CURRENT ASSETS			
Inventories	18	662.1	607.3
Trade receivables	19	34.3	54.4
Corporation tax receivable	20	112.3	116.4
Other receivables		2.6	9.5
Prepayments		19.0	22.1
Cash and cash equivalents		41.5	140.0
Total current assets		871.8	949.7
TOTAL ASSETS		5,336.8	5,487.6

Equity and liabilities at 31 March

(DKK millions)	Note	**2014/15**	**2013/14**
EQUITY AND LIABILITIES			
Share capital	21	101.9	101.9
Share premium		1,787.3	1,787.3
Translation reserve		0.3	0.3
Treasury share reserve		(85.7)	(10.5)
Retained earnings		603.2	496.6
Proposed dividend for the financial year	13	236.5	224.3
Total equity		2,643.5	2,599.9
Deferred tax	22	263.9	297.5
Banks	23	1,560.6	1,762.7
Other payables	24	28.1	13.1
Total non-current liabilities		1,852.6	2,073.3
Banks	23	45.3	0.0
Prepayments from customers		141.2	129.8
Trade payables		499.5	529.7
Other payables	24	154.7	154.9
Total current liabilities		840.7	814.4
Total liabilities		2,693.3	2,887.7
TOTAL EQUITY AND LIABILITIES		5,336.8	5,487.6

Statement of changes in equity

	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity at 1 April 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/(loss) for the year	0.0	0.0	0.0	0.0	236.5	103.8	340.3
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**236.5**	**103.8**	**340.3**
Transactions with owners							
Dividend paid	0.0	0.0	0.0	0.0	(223.8)	0.0	(223.8)
Dividend on treasury shares	0.0	0.0	0.0	0.0	(0.5)	0.5	0.0
Acquisition of treasury shares	0.0	0.0	0.0	(75.2)	0.0	0.0	(75.2)
Share-based payment	0.0	0.0	0.0	0.0	0.0	2.3	2.3
Total transactions with owners	**0.0**	**0.0**	**0.0**	**(75.2)**	**(224.3)**	**2.8**	**(296.7)**
Equity at 31 March 2015	**101.9**	**1,787.3**	**0.3**	**(85.7)**	**236.5**	**603.2**	**2,643.5**

	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity at 1 April 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 share issue	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares	0.0	1.1	0.0	4.6	0.0	0.0	5.7
Acquisition of treasury shares	0.0	0.0	0.0	(15.0)	0.0	0.0	(15.0)
Share-based payment	0.0	0.0	0.0	0.0	0.0	1.1	1.1
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**

Summary of notes to the financial statements

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 2014 – 31 March 2015 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 2014/15 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 2014/15 on 28 May 2015. The annual report will be presented to the shareholders of Matas A/S for approval at the annual general meeting to be held on 24 June 2015.

Basis of preparation

The consolidated financial statements are presented in DKK millions. The consolidated financial statements are prepared under the historical cost convention 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

Matas has changed its accounting policies with respect to 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 2013 with a carrying amount of DKK 32.1 million and restatement of the comparative figures for 2013/14. The reclassification, which solely affects the split of amortisation and depreciation, line items in the statement of financial position and the statement of cash flows and not totals or EBITA is distributed as set out below:

(DKK millions)	
Changes in the statement of financial position as at 1 April 2013	
Other intangible assets under previous policy	4.6
Reclassification	32.1
Other intangible assets under new policy	**36.7**
Plant and machinery under previous policy	69.7
Reclassification	(32.1)
Plant and machinery under new policy	**37.6**
Changes in the statement of cash flows for 2013/14	
Acquisition of intangible assets under previous policy	(0.5)
Reclassification	(22.0)
Acquisition of intangible assets under new policy	**(22.5)**
Acquisition of property, plant and equipment under previous policy	(61.9)
Reclassification	22.0
Acquisition of property, plant and equipment under new policy	**(39.9)**
Distribution of amortisation, depreciation and impairment for 2013/14	
Depreciation of property, plant and equipment	36.1
Amortisation of software	22.8
Amortisation of other intangible assets	76.5
Amortisation, depreciation and impairment losses	**135.4**

Note 1 - Accounting policies - cont.

With effect from the financial year 2014/15, Matas A/S has implemented the standards and interpretations that have come into force for 2014/15. None of these have affected the recognition and measurement in 2014/15 or are expected to affect Matas A/S with the current activities.

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. The Group has control of a company if the Group is exposed to or has rights to variable returns from its involvement in the company and has the ability to affect those returns through its power over the company.

In the assessment of whether the Group has control, de facto control and potential voting rights that are real and of substance 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 forms 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 and 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.

Note 1 - Accounting policies - cont.

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 comprehensive income from the exchange rates at the transaction date to the exchange rates at the date of the statement of financial position are recognised in other comprehensive income in a separate translation reserve under equity.

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.

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 primarily comprise rental costs, net marketing costs, administrative expenses and other operating and maintenance costs.

Note 1 - Accounting policies - cont.

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

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 the 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 on 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 primarily comprise software and payment regarding tenancy takeovers, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on 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 other costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Note 1 - Accounting policies - cont.

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
Plant 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.

Note 1 - Accounting policies - cont.

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 and gains and losses on the sale of treasury shares.

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 the 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.

Note 1 - Accounting policies - cont.

Employee shares
To the extent 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, 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.

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 when used and/or expired.

Note 1 - Accounting policies - cont.

Financial liabilities

Financial liabilities etc. 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 liabilities are measured at net realisable value.

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 operations 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 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.

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.

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.

Note 2 – Accounting estimates and judgments, cont.

Furthermore, the company is subject to risks and uncertainties which may result in actual results differing from these estimates. The 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 relevant part 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 2015, there had been no write-downs to net realisable value (31 March 2014: DKK 0).

Rolling stock counts in the stores are made evenly distributed over the year. Moreover, full stock counts were made for 21% of the stores at the end of the financial year (2013/14: 25%). Inventories subjected to rolling stock counts consequently have to be measured taking into account shrinkage. Shrinkage is estimated at 1.3% of sales in 2014/15 (2013/14: 1.5%).

Tax litigation

The outcome of the pending case with the Danish tax authorities concerning withholding tax on interest is inherently uncertain. See the description in note 27.

Note 3 – Segment information

The Matas Group has one reportable segment that is 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)	**2014/15**	**2013/14**	**Reclassi-fication of 2013/14**
Beauty	2,447.0	2,362.3	11.2
Vital	347.9	324.4	0.0
Material	287.6	259.3	(17.8)
MediCare	186.2	178.5	6.7
Other including Sweden	39.0	35.0	(0.1)
Total revenue from own retail stores	**3,307.7**	**3,159.5**	**0.0**
Sales of goods to associated stores, etc.	125.6	185.0	0.0
Total revenue	**3,433.3**	**3,344.5**	**0.0**

Note 3 – Segment information, cont.

Certain products were recategorised effective 31 December 2014. The change had a minor impact on the distribution of revenue by product area in Matas's own retail stores. The figures for 2013/14 have been restated to reflect the change.

Geographical information

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

Revenue from sales through Danish retail stores and to associated stores in Denmark amounted to 99.7% (2013/14: 99.7%) of total revenue.

The Group’s non-current assets are substantially physically located in Denmark. At 31 March 2015, the value of non-current assets located in Denmark amounted to 100% (31 March 2014: 100%) of total non-current assets.

Note 4 – Revenue

(DKK millions)	2014/15	2013/14
Sale of goods from retail stores	3,307.7	3,159.5
Sale of goods to associated stores	125.6	185.0
Total revenue	**3,433.3**	**3,344.5**

Note 5 – Cost of goods sold, etc.

(DKK millions)	2014/15	2013/14
Cost of goods sold for the year	1,838.3	1,803.2
Write-down of inventories for the year	0.0	0.0
Reversed write-down of inventories	0.0	0.0

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

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

(DKK millions)	2014/15	2013/14
Fee to EY	1.1	5.1
Fee to other auditors	0.1	0.1
Total	**1.2**	**5.2**

Which is specified as follows:

(DKK millions)	2014/15	2013/14
Audit	0.9	1.3
Other assurance engagements	0.0	0.1
Tax and VAT assistance	0.1	2.5
Other services	0.2	1.3
Total	**1.2**	**5.2**

Note 6 – Fees to auditors appointed at the annual general meeting, cont.

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.

Note 7 – Staff costs

(DKK millions)	2014/15	2013/14
Wages and salaries	585.4	575.9
Defined contribution plans	41.8	39.4
Share-based payment	2.3	1.1
Discount to market price on subscription of employee shares	0.0	1.1
Other staff costs	16.1	15.3
Total staff costs	**645.6**	**632.8**

Total staff costs are recognised as follows:

(DKK millions)	2014/15	2013/14
Staff costs in statement of comprehensive income	642.2	626.9
Intangible assets	3.4	5.9
Total	**645.6**	**632.8**
Average number of employees	2,226	2,216

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)	2014/15	2013/14
Amortisation, intangible assets	99.0	99.3
Depreciation, property, plant and equipment	35.3	36.1
Total depreciation, amortisation and impairment losses	**134.3**	**135.4**

Note 9 – Financial income

(DKK millions)	2014/15	2013/14
Interest, cash, etc.	0.1	0.9
Total	**0.1**	**0.9**
Interest from financial assets measured at amortised cost amounts to	0.0	0.0

Note 10 – Financial expenses

(DKK millions)	2014/15	2013/14
Interest, banks	46.2	48.9
Amortisation of financing costs	2.9	20.7
Changes in the fair value of derivative financial instruments	15.0	13.1
Other	0.5	0.7
Total financial expenses	64.6	83.4
Interest on financial liabilities measured at amortised cost amounts to	35.2	42.9

Note 11 – Tax

(DKK millions)	2014/15	2013/14
Tax on the profit/(loss) for the year is specified as follows:		
Tax on profit/(loss) for the year	121.4	133.0
Total	**121.4**	**133.0**
Tax on the profit/(loss) for the year has been calculated as follows:		
Current tax	156.7	142.5
Deferred tax	(35.3)	(52.7)
Current tax regarding previous years	0.0	43.2
Total	**121.4**	**133.0**
Tax on the profit/(loss) for the year is explained as follows:		
Computed 24.5% tax on profit before tax (25% in 2013/14)	113.1	95.5
Limitation of right to deduct interest	8.0	22.4
Other	4.6	3.5
Change of Danish corporate tax rate	(4.3)	(31.6)
Tax regarding previous years	0.0	43.2
Total	**121.4**	**133.0**
Effective tax rate	26.3%	34.8%

Note 12 – Earnings per share

(DKK millions)	2014/15	2013/14
Profit for the year	**340.3**	**248.9**
Average number of shares	40,779,804	40,779,804
Average number of treasury shares	(208,203)	(91,340)
Average number of outstanding shares	**40,571,601**	**40,688,464**
Average dilutive effect of share options	51,853	43,379
Diluted average number of outstanding shares	**40,623,454**	**40,731,843**
Earnings per share of DKK 2.50	8.39	6.12
Diluted earnings per share of DKK 2.50	8.38	6.11

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.

Note 13 – Dividend per share

The Board of Directors recommends to the annual general meeting that a dividend of DKK 5.80 (2013/14: DKK 5.50) be declared and paid.

The dividend is determined as 60% of adjusted profit after tax for the 2014/15 financial year. For a definition of adjusted profit after tax, see "Definitions of key financials".

Note 14 – Intangible assets

(DKK millions)	Goodwill	Trademarks and trade names	Shares in co-operative property	Other intangible assets	Total
Cost at 1 April 2014	**3,684.7**	**1,107.1**	**3.9**	**133.5**	**4,929.2**
Additions on acquisitions	6.3	0.0	0.0	0.0	6.3
Additions	0.0	0.0	0.0	23.5	23.5
Cost at 31 March 2015	**3,691.0**	**1,107.1**	**3.9**	**157.0**	**4,959.0**
Amortisation and impairment at 1 April 2014	**0.0**	**523.5**	**0.0**	**92.5**	**616.0**
Amortisation	0.0	73.9	0.0	25.1	99.0
Amortisation and impairment at 31 March 2015	**0.0**	**597.4**	**0.0**	**117.6**	**715.0**
Carrying amount at 31 March 2015	**3,691.0**	**509.7**	**3.9**	**39.4**	**4,244.0**
Cost at 1 April 2013	**3,580.3**	**1,107.1**	**3.9**	**12.5**	**4,703.8**
Reclassification of software	0.0	0.0	0.0	91.3	91.3
Additions on acquisitions	104.4	0.0	0.0	7.2	111.6
Additions	0.0	0.0	0.0	22.5	22.5
Cost at 31 March 2014	**3,684.7**	**1,107.1**	**3.9**	**133.5**	**4,929.2**
Amortisation and impairment at 1 April 2013	**0.0**	**449.6**	**0.0**	**7.9**	**457.5**
Reclassification of software	0.0	0.0	0.0	59.2	59.2
Amortisation	0.0	73.9	0.0	25.4	99.3
Amortisation and impairment at 31 March 2014	**0.0**	**523.5**	**0.0**	**92.5**	**616.0**
Carrying amount at 31 March 2014	**3,684.7**	**583.6**	**3.9**	**41.0**	**4,313.2**
Amortised over	-	15 years	-	5-10 years	

Other intangible assets comprise payments regarding software, 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 carrying amount of goodwill for the Group amounted to DKK 3,691.0 million at 31 March 2015 (31 March 2014: DKK 3,684.7 million). Management performs impairment tests of the carrying amounts of goodwill in connection with the presentation of the financial statements as at 31 March 2015, at the latest.

Note 15 – Impairment testing, cont.

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 2015-2019 and a discount factor before tax of 9.8% (31 March 2014: 9.7%). The rate of revenue growth expected in the budget period is around 3%, which is in line with the estimated market growth within beauty, personal care and health products.

The contribution ratio for the budget period is based on the historical average contribution ratio, which is expected to be maintained despite the continuing competitive market.

The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2019 is estimated at 1.5% (31 March 2014: 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 2015, there is no current evidence of impairment. Management assesses that likely changes in the basic assumptions will not lead to the carrying amount exceeding the recoverable amount.

Note 16 – Property, plant and equipment

(DKK millions)	Land and buildings	Plant and machinery	Leasehold improvements	Total
Cost at 1 April 2014	**119.1**	**171.9**	**155.8**	**446.8**
Additions on acquisitions	0.0	0.0	0.1	0.1
Additions	0.0	25.3	2.6	27.9
Disposals	0.0	(0.9)	(0.3)	(1.2)
Cost at 31 March 2015	**119.1**	**196.3**	**158.2**	**473.6**
Depreciation and impairment at 1 April 2014	**17.9**	**121.4**	**134.7**	**274.0**
Depreciation	2.5	22.6	10.2	35.3
Disposals	0.0	(0.9)	(0.3)	(1.2)
Depreciation and impairment at 31 March 2015	**20.4**	**143.1**	**144.6**	**308.1**
Carrying amount at 31 March 2015	**98.7**	**53.2**	**13.6**	**165.5**
Cost at 1 April 2013	**116.5**	**229.1**	**151.2**	**496.8**
Reclassification of software	0.0	(91.3)	0.0	(91.3)
Additions on acquisitions	0.0	1.1	0.6	1.7
Additions	2.6	33.1	4.2	39.9
Disposals	0.0	(0.1)	(0.2)	(0.3)
Cost at 31 March 2014	**119.1**	**171.9**	**155.8**	**446.8**
Depreciation and impairment at 1 April 2013	**15.4**	**159.4**	**122.6**	**297.4**
Reclassification of software	0.0	(59.2)	0.0	(59.2)
Depreciation	2.5	21.3	12.3	36.1
Disposals	0.0	(0.1)	(0.2)	(0.3)
Depreciation and impairment at 31 March 2014	**17.9**	**121.4**	**134.7**	**274.0**
Carrying amount at 31 March 2014	**101.2**	**50.5**	**21.1**	**172.8**
Depreciated over	15-25 years	1-7 years	5-10 years	

Note 17 – Treasury shares

(DKK millions)	Number of shares of DKK 2.5 2014/15	2013/14	% of share capital 2014/15	2013/14
1 April	97,777	250,000	0.24%	0.02%
Merger of share classes and issuance of bonus shares on 4 June 2013 in connection with IPO	-	(239,968)	-	0.00%
	97,777	10,032	0.24%	0.02%
Acquisition of treasury shares	528,666	130,435	1.30%	0.32%
Sale of treasury shares to employees	0	(42,690)	0.00%	(0.10)%
31 March	**626,443**	**97,777**	**1.54%**	**0.24%**

On 18 November 2014, the Group began a share buyback programme for DKK 100 million. See description under "Shareholder information". As at 31 March 2015, 528,666 treasury shares had been bought back for DKK 75.2 million.

In the 2013/14 financial year, 130,435 treasury shares were acquired for DKK 15.0 million 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 42,690 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)	2014/15	2013/14
Carrying amount of goods for resale	662.1	607.3
Carrying amount of inventories recognised at net sales value	0.0	0.0
31 March	**662.1**	**607.3**

Note 19 – Trade receivables

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

(DKK millions)	2014/15	2013/14
1 April	0.6	0.2
Write-down during the year	0.2	0.4
Write-down realised during the year	(0.3)	0.0
31 March	**0.5**	**0.6**

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

(DKK millions)	2014/15	2013/14
Maturity:		
Up until 30 days	0.7	0.5
Between 30 and 90 days	0.0	0.1
More than 90 days	0.0	0.4
Total	**0.7**	**1.0**

Note 20 – Corporation tax receivable

Corporation tax receivable includes DKK 89.6 million including interest on 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 retain its gross debt at the level of DKK 1,600-1,800 million and to return any excess capital to shareholders by way of dividends and share buybacks. The Group's policy is to declare 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 49.5% at 31 March 2015 (31 March 2014: 47.4%).

Note 22 – Deferred tax

(DKK millions)	**2014/15**	**2013/14**
Deferred tax at 1 April	281.6	340.7
Additions on acquisitions	0.0	(6.4)
Deferred tax for the year, recognised in the profit for the year	(35.7)	(52.7)
Deferred tax at 31 March	**245.9**	**281.6**
Deferred tax is recognised as follows in the statement of financial position:		
Deferred tax (asset)	(18.0)	(15.9)
Deferred tax (liability)	263.9	297.5
Deferred tax at 31 March, net	**245.9**	**281.6**
Deferred tax relates to:		
Intangible assets	246.9	273.2
Property, plant and equipment	16.1	23.0
Inventories	(18.0)	(15.9)
Other assets	0.9	1.3
Total	**245.9**	**281.6**

Unrecognised deferred tax assets which are not expected to be utilised against future earnings amount to DKK 17.7 million (2013/14: DKK 17.5 million).

Note 22 – Deferred tax, cont.

Changes in temporary differences during the year:

(DKK millions)	Balance at 1 April	Additions on acquisitions	Recognised in the profit for the year, net	Balance at 31 March
2014/15				
Intangible assets	273.2	0.0	(26.3)	246.9
Property, plant and equipment	23.0	0.0	(6.9)	16.1
Inventories	(15.9)	0.0	(2.1)	(18.0)
Other assets	1.3	0.0	(0.4)	0.9
Total	**281.6**	**0.0**	**(35.7)**	**245.9**
2013/14				
Intangible assets	336.4	(5.9)	(57.3)	273.2
Property, plant and equipment	27.5	0.0	(4.5)	23.0
Inventories	(15.7)	0.0	(0.2)	(15.9)
Other assets	(7.5)	(0.5)	9.3	1.3
Total	**340.7**	**(6.4)**	**(52.7)**	**281.6**

Note 23 – Amounts owed to banks

(DKK millions)	2014/15	2013/14
Amounts owed to banks are recognised in the statement of financial position as follows:		
Non-current liabilities	1,560.6	1,762.7
Current liabilities	45.3	0.0
Total	**1,605.9**	**1,762.7**
Nominal value	**1,615.3**	**1,775.0**
Falls due more than 5 years after the reporting date, nominal value	0.0	0.0
Fair value	**1,615.3**	**1,775.0**

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 variable interest rates and are priced at an initial margin in the range of 150-200 basis points above CIBOR, and include a margin ratchet dependent on the level of leverage. At 31 March 2015, the effective interest rate was 1.4-1.5% p.a. (31 March 2014: 1.7-1.9% 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 facility.

Note 24 – Other payables

(DKK millions)	2014/15	2013/14
Included in non-current liabilities:		
Fair value of hedging instrument	28.1	13.1
Total	**28.1**	**13.1**
Included in current liabilities:		
VAT payable	43.2	40.6
Holiday pay obligation	90.3	89.1
Salary-related liabilities	21.1	16.6
Other creditors	0.1	8.6
Total	**154.7**	**154.9**

Note 25 – Changes in working capital

(DKK millions)	2014/15	2013/14
Change in inventories	(54.8)	37.7
Change in deposits and receivables	28.7	35.1
Change in trade and other payables	(15.7)	(0.5)
Total	**(41.8)**	**72.3**

Note 26 – Acquisition of subsidiaries and operations

In the 2014/15 financial year, the Group acquired three associated Matas stores, two on 1 October 2014 and one on 1 February 2015.

In the 2013/14 financial year, the Group acquired a total of 13 associated Matas stores.

(DKK millions)	2014/15	2013/14
Intangible assets	0.0	7.2
Property, plant and equipment	0.1	1.7
Financial assets	0.2	2.2
Inventories	4.2	43.4
Deferred tax assets	0.0	6.4
Other receivables	0.2	8.2
Cash and cash equivalents	0.0	2.2
Liabilities	(3.8)	(54.6)
Acquired net assets	**0.9**	**16.7**
Goodwill	6.3	104.4
Acquisition cost	**7.2**	**121.1**
Of which cash and cash equivalents	0.0	(2.2)
Of which paid relating to prior years	3.6	0.0
Non-paid acquisition cost	(0.1)	(5.1)
Cash acquisition cost	**10.7**	**113.8**

After recognition of identifiable assets and liabilities at fair value, goodwill in connection with the Group's acquisition was computed at DKK 6.7 million (2013/14: DKK 104.4 million).

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

Note 26 – Acquisition of subsidiaries and operations. cont.

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

In 2014/15, the acquired subsidiaries and operations were recognised in revenue and profit for the year at DKK 7.0 million (2013/14: DKK 65.0 million) and DKK 0 million (2013/14: a loss of DKK 9.8 million) respectively for the period since the acquisition.

Consolidated revenue and profit for the year in 2014/15, prepared on a pro forma basis as if the acquired subsidiaries and operations had been acquired on 1 April 2014, amounted to DKK 3,442.8 million (2013/14: DKK 3,439.6 million) and DKK 340.4 million (2013/14: DKK 253.1 million) respectively.

In connection with the acquisition of subsidiaries and operations, transaction costs were incurred in the amount of DKK 0 million (2013/14: DKK 1.7 million).

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 liabilities have been recognised 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.

The Group's Danish subsidiaries are jointly and severally liable for the joint registration of VAT.

Note 28 – Financial risks and financial instruments

The Group’s risk management policy

As a consequence of its financing, the Group is exposed to changes in the level of 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 long-term debt obligations at 30 June 2018. It was decided that the interest rate swap, which partially hedges the Group’s interest rate risks on floating-rate loans, was not to be documented as a hedging instrument for accounting purposes. Fair value was negative at DKK 28.1 million at 31 March 2015 (31 March 2014: negative at DKK 13.1 million). The interest rate for the term of the agreement has been fixed at 1.15%.

Note 28 – Financial risks and financial instruments, cont.

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 a negative effect on the profit for the year of DKK 8 million (2013/14: DKK 12 million) and on equity at 31 March 2015 of DKK 8 million (31 March 2014: DKK 12 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' profits/(losses) for the year are translated into Danish kroner on the basis of average exchange rates. However, the size of the foreign companies makes the effect immaterial to the Group as a whole.

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 amounted to DKK 676 million at 31 March 2015 (31 March 2014: DKK 590 million). It is the Group's aim to maintain sufficient cash resources to continue to acquire Matas stores.

The Group's financial liabilities fall due as follows:

(DKK millions)	Carrying amount	Contractua l cash flows	Within 1 year	2 to 3 years	4 to 5 years	After 5 years
2014/15						
Derivative financial instruments						
Interest rate swap	28.1	36.8	11.3	22.7	2.8	0.0
Non-derivative financial instruments						
Banks	1,560.6	1,701.9	72.6	52.6	1,576.8	0.0
Trade payables	499.5	499.5	499.5	0.0	0.0	0.0
Other payables	11.7	11.7	11.7	0.0	0.0	0.0
31 March 2015	**2,099.9**	**2,249.9**	**595.1**	**75.3**	**1,579.6**	**0.0**
2013/14						
Derivative financial instruments						
Interest rate swap	13.1	32.6	7.7	15.3	9.6	0.0
Non-derivative financial instruments						
Banks	1,762.7	1,931.6	36.8	73.7	1,821.1	0.0
Trade payables	529.7	529.7	529.7	0.0	0.0	0.0
Other payables	17.0	17.0	17.0	0.0	0.0	0.0
31 March 2014	**2,322.5**	**2,510.9**	**591.2**	**89.0**	**1,830.7**	**0.0**

Note 28 – Financial risks and financial instruments, cont.

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 linked to receivables and cash equivalents. 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 2014/15	Fair value 2014/15	Carrying amount 2013/14	Fair value 2013/14
Deposits	36.2	36.2	34.7	34.7
Trade receivables	34.3	34.3	54.4	54.4
Other receivables	2.6	2.6	9.5	9.5
Cash and cash equivalents	41.5	41.5	140.0	140.0
Loans and receivables	**114.6**	**114.6**	**238.6**	**238.6**
Derivative financial instruments included in the trading portfolio	28.1	28.1	13.1	13.1
Financial liabilities at fair value through profit or loss	**28.1**	**28.1**	**13.1**	**13.1**
Non-current financial liabilities				
Banks	1,560.6	1,570.0	1,762.7	1,775.0
Current financial liabilities				
Banks	45.3	45.3	0.0	0.0
Trade payables	499.5	499.5	529.7	529.7
Other payables including employee bonds	11.7	11.7	17.0	17.0
Financial liabilities measured at amortised cost	**2,117.1**	**2,126.5**	**2,309.4**	**2,321.7**

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

The methods applied are unchanged from 2013/14.

Note 28 – Financial risks and financial instruments, cont.

(DKK millions)	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
2014/15				
Financial liabilities				
Derivative financial instruments included in the trading portfolio	0.0	28.1	0.0	28.1
Total financial liabilities	**0.0**	**28.1**	**0.0**	**28.1**
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**

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 adjustment recognised in income statement	Fair value	Time to maturity (mths)
2014/15				
Interest rate risks				
Interest rate swap, trading portfolio	750.0	(15.0)	(28.1)	39.0
2013/14				
Interest rate risks				
Interest rate swap, trading portfolio	750.0	(13.1)	(13.1)	51.0

Note 29 – Operating leases

The Group leases retail premises, buildings and operating equipment on operating lease terms. The lease period for retail premises is typically between 3 and 12 months 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.

Note 29 – Operating leases, cont.

Interminable leases are specified as follows:

(DKK millions)	2014/15	2013/14
0-1 years	89.8	97.2
1-5 years	10.2	24.7
> 5 years	0.0	0.1
Total	**100.0**	**122.0**

In 2014/15, DKK 173.2 million (2013/14: DKK 166.2 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 receives up to 1.5 times the fee. The chairman of the Audit Committee receives 0.25 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 their annual base salary excluding pension contributions as at the date of grant. Breakdown of management compensation included in staff costs (see note 7):

(DKK millions)	Base salary incl. benefits	Pension contributions	Short-term bonus	Total	Share options (1)	Total incl. share options
2014/15						
Terje List	5.2	0.1	1.7	7.0	3.7	10.7
Anders Skole-Sørensen	2.4	0.2	0.6	3.2	1.7	4.9
Executive Management, total	7.6	0.3	2.3	10.2	5.4	15.6
Other executives, total	8.1	0.5	1.3	9.9	2.9	12.8
Lars Vinge Frederiksen	0.8	-	-	0.8	-	0.8
Lars Frederiksen	0.4	-	-	0.4	-	0.4
Birgitte Nielsen	0.4	-	-	0.4	-	0.4
Ingrid Jonasson Blank	0.3	-	-	0.3	-	0.3
Christian Mariager (2)	0.2	-	-	0.2	-	0.2
Søren Vestergaard-Poulsen (3)	0.0	-	-	0.0	-	0.0
Board of Directors, total	2.1	-	-	2.1	-	2.1
Total	**17.8**	**0.8**	**3.6**	**22.2**	**8.3**	**30.5**

(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.

(2) Christian Mariager was elected to the Board of Directors on 30 June 2014

(3) Søren Vestergaard-Poulsen resigned from the Board of Directors on 30 June 2014

Note 30 – Management's remuneration, share options and shareholdings, cont.

(DKK millions)	Base salary incl. benefits	Pension contributions	Short-term bonus	IPO bonus	Total	Share options (1)	Total incl. share options
2013/14							
Terje List	4.9	0.1	2.0	5.1	12.1	3.2	15.3
Anders Skole-Sørensen	2.2	0.2	0.8	2.3	5.5	1.5	7.0
Executive Management, total	7.1	0.3	2.8	7.4	17.6	4.7	22.3
Other executives, total	7.1	0.4	1.4	2.6	11.5	2.5	14.0
Lars Vinge Frederiksen	0.6	-	-	-	0.6	-	0.6
Søren Vestergaard-Poulsen	0.0	-	-	-	0.0	-	0.0
Lars Frederiksen	0.2	-	-	-	0.2	-	0.2
Birgitte Nielsen	0.2	-	-	-	0.2	-	0.2
Ingrid Jonasson Blank	0.2	-	-	-	0.2	-	0.2
Mads Pilgren	0.0	-	-	-	0.0	-	0.0
Peter Törnquist	0.0	-	-	-	0.0	-	0.0
Christoffer H. Sjøqvist	0.0	-	-	-	0.0	-	0.0
Board of Directors, total	1.2	-	-	-	1.2	-	1.2
Total	**15.4**	**0.7**	**4.2**	**10.0**	**30.3**	**7.2**	**37.5**

(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.

In accordance with Matas A/S's overall guidelines on incentive pay, Matas 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.

The share options granted are subject to the fulfilment of two KPIs, weighted at 50% each: one based on EBITDA and one based on the share price. Upon fulfilment of the KPIs, vesting will take place in three equal tranches after each of the financial years 2014/15, 2015/16 and 2016/17, 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 2016/17 annual report, i.e. three years after the date of grant.

Provided that 100% of the 72,789 granted share options vest, their theoretical value will be DKK 8.3 million calculated according to the Black-Scholes formula, assuming a strike price of DKK 7.16, an average term of 5 years, a volatility of 18%, a dividend yield of 3.6% and an interest rate of 0.5%.

Programme	Number of employees	Number of options granted	Strike price (*)	Market value at grant (DKK millions)
2014/15	9	72,789	7.16	8.3
2013/14	8	82,770	5.93	7.2

(*) The exercise period for the 2014/15 programme runs for two years from the date of publication of the 2016/17 annual report. For the 2013/14 programme, the exercise period runs for two years from the date of publication of the 2015/16 annual report.

Note 30 – Management's remuneration, share options and shareholdings, cont.

Movements in outstanding options:

(No. of shares)	Terje List	Anders Skole-Sørensen	Executive Management, total	Executives	Total	Average strike price per option
Outstanding at 1 April 2014	28,853	13,849	42,702	22,366	65,068	5.93
Granted	32,892	14,624	47,516	25,273	72,789	7.16
Exercised	0	0	0	0	0	
Cancelled	0	0	0	0	0	
Unvested in tranche 2 in 2013/14 programme	(10,927)	(5,245)	(16,172)	(8,471)	(24,643)	5.93
Unvested in tranche 1 in 2014/15 programme	(2,686)	(1,194)	(3,880)	(2,063)	(5,943)	7.16
Outstanding at 31 March 2015	**48,132**	**22,034**	**70,166**	**37,105**	**107,271**	
2013/14 programme: Of which unvested in tranche 3 (2015/16)	12,235	5,873	18,108	9,485	27,593	5.93
2014/15 programme: Of which unvested in tranche 2 (2015/16) and tranche 3 (2016/17)	21,928	9,749	31,677	16,848	48,525	7.16
Vested options at 31 March 2015	**13,969**	**6,412**	**20,381**	**10,772**	**31,153**	
Options that may be exercised at the end of the 2014/15 financial year	0	0	0	0	0	

For unexercised options, the average share price is DKK 6.70 per share at the date of exercise.

For outstanding options at 31 March 2015, the average term to maturity is 3.5 years.

In 2014/15, the cost recognised relating to share options is DKK 2.3 million.

Shareholdings

Shareholdings of the Board of Directors and the Executive Management in Matas A/S and changes in shareholdings in 2014/15:

	Shares held at 1 April 2014 No. of shares	Purchased/sold during period No. of shares	Shares held at 31 March 2015 No. of shares	Market value at 31 March 2015 (DKK millions)
Board of Directors				
Lars Vinge Frederiksen, Chairman	8,695	-	8,695	1.4
Lars Frederiksen	746,269	(600,000)	146,269	23.2
Birgitte Nielsen	1,739	-	1,739	0.3
Ingrid Jonasson Blank	3,000	-	3,000	0.5
Christian Mariager	0	3,500	3,500	0.6
Executive Management				
Terje List	201,295	(111,380)	89,915	14.3
Anders Skole-Sørensen	82,209		82,209	13.0

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 retail leases was DKK 0.9 million (2013/14: DKK 0.9 million).

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 2015.

Note 33 – New financial reporting regulation

As of the date of release of this annual report, the ISAB has issued the following new financial reporting standards and interpretations which are not mandatory for Matas A/S in the preparation of the annual report for 2014/15:

- IFRS 9, IFRS 14 and IFRS 15, amendments to IAS 1, IAS 16, IAS 19, IAS 27, IAS 28, IAS 38 and IAS 41, IFRS 10, IFRS 11 and IFRS 12, parts of Annual Improvements to IFRS's 2010-2012 Cycle, Annual Improvements to IFRS's 2011-2013 Cycle and Annual Improvements to IFRS's 2012-2014 Cycle.

Out of the above, IAS 19, Annual Improvements to IFRS's 2010-2012 Cycle and Annual Improvements to IFRS's 2011-2013 Cycle have been adopted by the EU.

Material standards and interpretations that have not yet come into force include:

- IFRS 15 "Revenue from Contracts with Customers", replacing the current revenue standards (IAS 11 and IAS 18) and interpretations.

- IFRS 9 "Financial Instruments", replacing IAS 39, changes the classification and related measurement of financial assets and liabilities.

Adopted standards and interpretations that have not yet come into force are implemented as and when they become mandatory to Matas A/S. None of these new standards and interpretations are expected to materially affect recognition and measurement for Matas A/S.

Group overview

	Domicile	Ownership
Parent company		
Matas A/S	Denmark	-
Subsidiaries		
Denmark		
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%
Jens Kongsgaard, Nørreport-Centret, Holstebro ApS	Denmark	100%
Jens Kongsgaard, Torvet Holstebro ApS	Denmark	100%
	Denmark	100%
Other countries		
Matas Torshavn P/F	Faroe Islands	100%
Matas Sverige AB	Sweden	100%

Companies discontinued or merged in the 2014/15 financial year

MHolding 2 A/S discontinued as of 19 November 2014

Andersen & Christensen Aalborg ApS (1)

Marianne Petersen ApS (1)

A/S Odder Materialhandel, Materialisten (1)

Materialisten Østergågade ApS (1)

Materialisten Solrød/Centret ApS (1)

Materialisten i Høng ApS (1)

Materialisten Skælskør ApS (1)

(1) Merged with Mholding 3 ApS on 1 April 2014

Financial statements of the parent company Matas A/S 2014/15

Statement of comprehensive income

(DKK millions)	Note	2014/15	2013/14
Other external costs	3	(3.1)	(10.9)
Staff costs	4	(14.1)	(19.1)
Operating profit/(loss)		(17.2)	(30.0)
Financial income	5	750.5	0.0
Financial expenses	6	(3.7)	(2.3)
Profit/(loss) before tax		729.6	(32.3)
Tax on profit/(loss) for the year	7	4.3	5.6
Profit/(loss) for the year		733.9	(26.7)
Other comprehensive income			
Other comprehensive income after tax		0.0	0.0
Total comprehensive income		733.9	(26.7)
Proposed appropriation of profit/(loss)			
Proposed dividend: DKK 5.80 per share (2013/14: DKK 5.50 per share)		236.5	224.3
Retained earnings		497.4	(251.0)
Total		733.9	(26.7)

Statement of cash flows

(DKK millions)	Note	**2014/15**	**2013/14**
Profit/(loss) before tax		729.6	(32.3)
Non-cash operating items, etc.		2.3	1.1
Financial income	5	(750.5)	0.0
Financial expenses	6	3.7	2.3
Cash generated from operations before changes in working capital		(14.9)	(28.9)
Changes in working capital	11	158.6	(159.9)
Cash generated from operations		143.7	(188.8)
Interest received	5	2.3	0.0
Interest paid	6	(3.7)	(2.3)
Corporation tax paid		(146.9)	(96.0)
Cash flow from operating activities		(4.6)	(287.1)
Cash flow from investing activities		0.0	0.0
Free cash flow		(4.6)	(287.1)
Debt settled with banks	10	(296.4)	296.4
Dividend paid		(223.8)	0.0
Dividend received	5	600.0	0.0
Purchase and sale of treasury shares		(75.2)	(9.3)
Cash flow from financing activities		4.6	287.1
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	**2014/15**	**2013/14**
NON-CURRENT ASSETS			
Investments in subsidiaries	8	2,036.3	1,888.1
Total non-current assets		2,036.3	1,888.1
CURRENT ASSETS			
Receivables from Group companies	13	142.3	143.7
Corporation tax receivable	7	112.1	117.2
Prepayments		0.5	0.5
Total current assets		254.9	261.4
TOTAL ASSETS		2,291.2	2,149.5

(DKK millions)	Note	**2014/15**	**2013/14**
EQUITY AND LIABILITIES			
Share capital	9	101.9	101.9
Share premium		1,787.3	1,787.3
Treasury share reserve		(85.7)	(10.5)
Retained earnings		249.2	(251.0)
Proposed dividend for the financial year		236.5	224.3
Total equity		2,289.2	1,852.0
Banks	10	0.0	296.4
Trade payables	13	0.8	1.1
Other payables		1.2	0.0
Total current liabilities		2.0	297.5
Total liabilities		2.0	297.5
TOTAL EQUITY AND LIABILITIES		2,291.2	2,149.5

Statement of changes in equity

(DKK millions)	Share capital	Share premium	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity at 31 March 2014	**101.9**	**1,787.3**	**(10.5)**	**224.3**	**(251.0)**	**1,852.0**
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	236.5	497.4	733.9
Total comprehensive income	**0.0**	**0.0**	**0.0**	**236.5**	**497.4**	**733.9**
Transactions with owners						
Dividend paid	0.0	0.0	0.0	(223.8)	0.0	(223.8)
Dividend on treasury shares	0.0	0.0	0.0	(0.5)	0.5	0.0
Share-based payment	0.0	0.0	0.0	0.0	2.3	2.3
Acquisition of treasury shares	0.0	0.0	(75.2)	0.0	0.0	(75.2)
Total transactions with owners	**0.0**	**0.0**	**(75.2)**	**(224.3)**	**2.8**	**(296.7)**
Equity at 31 March 2015	**101.9**	**1,787.3**	**(85.7)**	**236.5**	**249.2**	**2,289.2**

(DKK millions)	Share capital	Share premium	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity at 31 March 2013	**101.7**	**1,786.4**	**(0.1)**	**0.0**	**(1.1)**	**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	224.3	(251.0)	(26.7)
Total comprehensive income	**0.0**	**0.0**	**0.0**	**224.3**	**(251.0)**	**(26.7)**
Transactions with owners						
Bonus share issue	0.2	(0.2)	0.0	0.0	0.0	0.0
Sale of treasury shares	0.0	1.1	4.6	0.0	0.0	5.7
Share-based payment	0.0	0.0	0.0	0.0	1.1	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)**	**0.0**	**1.1**	**(8.2)**
Equity at 31 March 2014	**101.9**	**1,787.3**	**(10.5)**	**224.3**	**(251.0)**	**1,852.0**

Summary of notes to the financial statements

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 statement of financial position under receivables from and 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.

Note 2 – Accounting estimates and judgments, cont.

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)	2014/15	2013/14
Fee to EY	0.1	0.3
Total	**0.1**	**0.3**

Which is specified as follows:

(DKK millions)	2014/15	2013/14
Audit	0.1	0.1
Other services	0.0	0.2
Total	**0.1**	**0.3**

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 2.1 million (2013/14: DKK 1.2 million). The remuneration of the Executive Management is recognised in the income statement in the amount of DKK 10.2 million (2013/14: DKK 16.0 million). The remuneration of the Executive Management in 2013/14 covered ten months, 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 2.3 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 income

(DKK millions)	2014/15	2013/14
Dividend from MHolding 2 A/S	600.0	0.0
Gain on distribution of MHolding 3 A/S from MHolding 2 A/S	147.9	0.0
Other interest	2.6	0.0
Total	**750.5**	**0.0**

Note 6 – Financial expenses

(DKK millions)	2014/15	2013/14
Interest, banks	3.7	2.3
Total	**3.7**	**2.3**

Note 7 – Tax

(DKK millions)	2014/15	2013/14
Tax on the profit/(loss) for the year is specified as follows:		
Tax on profit/(loss) for the year	(4.4)	(5.6)
Total	**(4.4)**	**(5.6)**
Tax on the profit/(loss) for the year has been calculated as follows:		
Joint taxation contributions	(4.4)	(5.6)
Total	**(4.4)**	**(5.6)**
Tax on the profit/(loss) for the year is explained as follows:		
Computed 24.5 % tax on profit before tax (25% in 2013/14)	178.8	(8.0)
Non-taxable income	(183.2)	0.0
Non-deductible costs	0.0	2.4
Total	**(4.4)**	**(5.6)**
Effective tax rate	0.6%	17.3%

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

Note 8 – Investments in subsidiaries

(DKK millions)	2014/15	2013/14
Cost at 1 April	1,888.1	1,888.1
Addition of MHolding 3 A/S through distribution from MHolding 2 A/S at the carrying amount	2,036.3	0.0
Discontinuation of MHolding 2 A/S at cost	(1,888.1)	0.0
Carrying amount at 31 March	**2,036.3**	**1,888.1**

The company's ownership interest in MHolding 3 A/S was 100% as at 31 March 2015 (2013/14: ownership interest in MHolding 2 A/S, 100%). MHolding 2 A/S was discontinued as of 19 November 2014

Note 9 – 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 retain its gross debt at the level of DKK 1,600-1,800 million and to return any excess capital to shareholders by way of dividends and share buybacks. The Group's policy is to declare annual dividends of at least 60% of adjusted profit after tax. For a definition of adjusted profit after tax, see "Definitions of key financials".

Note 9 – Equity and treasury shares, cont.

Treasury shares

See note 17 to the consolidated financial statements.

Note 10 – Amounts owed to banks

(DKK millions)	2014/15	2013/14
Amounts owed to banks are recognised in the statement of financial position as follows:		
Current liabilities	0.0	296.4
Nominal value	**0.0**	**296.4**
Fair value	**0.0**	**296.4**

Note 11 – Changes in working capital

(DKK millions)	2014/15	2013/14
Change in receivables and receivables from subsidiaries	157.6	(132.1)
Change in trade payables, other payables, and debt to subsidiaries	1.0	(27.8)
Total	**158.6**	**(159.9)**

Note 12 – 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 2015 (31 March 2014: DKK 0). 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 13 – 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

The company's financial liabilities fall due as follows:

(DKK millions)	Carrying amount	Contractual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
2014/15						
Non-derivative financial instruments						
Trade payables	0.8	0.8	0.8	0.0	0.0	0.0
31 March 2015	**0.8**	**0.8**	**0.8**	**0.0**	**0.0**	**0.0**
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
31 March 2014	**297.5**	**297.5**	**297.5**	**0.0**	**0.0**	**0.0**

Note 13 – Financial risks and financial instruments, cont.

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 2014/15	Fair value 2014/15	Carrying amount 2013/14	Fair value 2013/14
Receivables from Group companies	142.3	142.3	143.7	143.7
Loans and receivables	**142.3**	**142.3**	**143.7**	**143.7**
Banks	0.0	0.0	296.4	296.4
Trade payables	0.8	0.8	1.1	1.1
Financial liabilities measured at amortised cost	**0.8**	**0.8**	**297.5**	**297.5**

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 14 – 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 8 to the parent company's financial statements.

Matas A/S is jointly taxed with its subsidiaries. The joint taxation contributions from subsidiaries amounted to DKK 4.4 million in 2014/15 (2013/14: DKK 5.6 million). Matas A/S has received DKK 600 million in dividend from a subsidiary.

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 management remuneration. For additional information thereon, see note 4 to the parent company's financial statements and note 30 to the consolidated financial statements.

Note 15 – 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.
EBITA margin	Operating profit plus amortisation of trade marks and other intangibles in addition to software 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.
EBITDA margin before exceptional items	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 in addition to software 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	EBITDA before exceptional items plus change in net working capital less capital expenditure divided by EBITDA before exceptional items
Net interest-bearing debt	Liabilities to banks and other interest bearing debt less cash and cash equivalents
Net interest bearing debt to EBITDA before exceptional items	Ratio of net interest bearing debt at year end to latest 12 months' EBITDA before exceptional items
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, pre-tax	EBIT as a percentage of average invested capital
Return on invested capital, pre-tax and excluding goodwill	EBITA as a percentage of average invested capital excluding goodwill

Interim financial highlights

(unaudited)

	2014/15				2013/14			
(DKK millions)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Income statement								
Revenue	827.2	792.6	1,041.3	772.2	803.0	779.1	1,018.4	744.0
Gross profit	385.9	372.8	481.0	355.3	374.1	348.1	464.1	355.0
EBITDA	144.6	140.6	241.6	133.7	122.4	130.4	224.9	122.1
Operating profit/(loss)	111.3	106.3	208.5	100.1	88.6	96.7	191.2	87.9
Net interest expenses	(19.7)	(16.9)	(12.8)	(15.1)	(33.9)	(11.4)	(16.4)	(20.8)
Profit/(loss) before tax	91.6	89.4	195.7	85.0	54.7	85.3	174.8	67.1
Profit/(loss) for the period	67.6	65.8	143.8	63.1	42.6	66.3	135.9	4.1
Statement of financial position								
Assets	5,689.4	5,647.3	5,757.8	5,337.2	5,518.2	5,511.1	5,767.3	5,487.6
Equity	2,444.0	2,510.6	2,625.7	2,643.9	2,387.0	2,453.5	2,595.5	2,599.9
Net working capital	(156.8)	(14.7)	(99.9)	(77.4)	9.8	57.0	11.2	(121.1)
Net interest-bearing debt	1,467.9	1,726.3	1,574.2	1,564.4	1,775.8	1,719.4	1,761.2	1,623.3
Statement of cash flows								
Cash flow from operating activities	172.3	(13.1)	194.3	68.9	30.3	84.6	43.6	191.5
Cash flow from investing activities	(16.2)	(20.8)	(12.1)	(13.0)	(27.1)	(13.5)	(90.4)	(45.2)
Free cash flow	156.1	(33.9)	182.2	55.9	3.2	71.1	(46.8)	146.3
Net cash flow from operating, investing and financing activities	156.1	(82.7)	122.8	(294.6)	(325.3)	31.1	58.9	(161.3)
Key performance indicators								
Number of transactions (in millions)	5.8	5.7	6.6	5.5	5.5	5.5	6.5	5.3
Average basket size (in DKK)	134.8	130.4	150.0	133.9	134.0	128.9	149.4	131.5
Total retail floor space (in thousands of square metres)	50.9	51.0	51.0	51.1	48.1	48.1	49.8	50.9
Average revenue per square metre (in DKK thousands) - LTM	63.9	63.7	63.8	64.2	62.5	62.9	64.0	63.9
Like-for-like growth	1.4%	0.5%	0.8%	3.7%	2.5%	3.9%	5.5%	1.2%
Adjusted figures								
EBITDA	144.6	140.6	241.6	133.7	122.4	130.4	224.9	122.1
Net exceptional items	0.0	0.0	0.0	0.0	28.1	0.0	0.0	1.8
EBITDA before exceptional items	144.6	140.6	241.6	133.7	150.5	130.4	224.9	123.9
Depreciation of property, plant and equipment and software	(14.3)	(15.3)	(14.1)	(14.7)	(14.7)	(14.6)	(14.6)	(15.0)
EBITA	130.3	125.3	227.5	119.0	135.8	115.8	210.3	108.9
Adjusted profit after tax	81.9	80.1	158.1	77.4	81.7	80.6	150.2	61.6
Gross margin	46.7%	47.0%	46.2%	46.0%	46.6%	44.7%	45.6%	47.7%
EBITDA margin	17.5%	17.7%	23.2%	17.3%	15.2%	16.7%	22.1%	16.4%
EBITDA margin before exceptional items	17.5%	17.7%	23.2%	17.3%	18.7%	16.7%	22.1%	16.7%
EBIT margin	13.5%	13.4%	20.0%	13.0%	11.0%	12.4%	18.8%	11.8%
EBITA margin	15.8%	15.8%	21.8%	15.4%	16.9%	14.9%	20.7%	14.6%

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