

# Interim report – H1 2020/21

## (1 April – 30 September 2020)

### Best summer quarter ever: Record sales and strong earnings growth – Guidance lifted

Matas generated revenue of DKK 932.6 million in Q2 2020/21, a year-on-year increase of DKK 110.1 million, or 13.4%.

Earnings (EBITDA before special items) amounted to DKK 179.6 million in Q2, up DKK 26.0 million on Q2 2019/20.

Online sales continued to grow at a strong rate in Q2. Sales on matas.dk were ahead by 115% year on year with 40,000 new customers shopping at matas.dk for the first time. Physical store sales grew by 3.8% year on year.

All categories recorded higher sales. Boosting sales by 16.9%, Health & Wellbeing recorded the strongest sales growth, while High-End Beauty grew sales by an also solid 15.6%.

Based on the strong Q2 performance, guidance for full-year 2020/21 is adjusted upward. The Group now forecasts growth in both overall revenue and underlying revenue of about 8%, compared with its previous guidance of about 6%. EBITDA margin guidance has been lifted from about 18% to above 18%.

"The summer quarter was doubly good for Matas. Growth was at a record high with the physical stores recovering strongly, while the buoyant online sales momentum continued. Earnings also improved markedly, despite the additional costs incurred to ensure a safe shopping environment amid the coronavirus pandemic", says Gregers Wedell-Wedellsborg, CEO of Matas A/S, and adds:

"The staycation trend gave Matas significant momentum over the summer, but sales have remained exceptionally strong in all categories also after the school holidays. Against this background, we are lifting our full-year guidance for both sales and earnings, but we must also emphasise that developments during the remainder of the Christmas season quarter are subject to considerable uncertainty due to the growing number of COVID-19 infections and the new retail sector restrictions.

Based on the strong sales momentum – in physical stores and online – we're working full speed to hire additional staff to ensure next-day delivery of Christmas purchases at matas.dk and a safe Christmas shopping environment at our stores", Gregers Wedell-Wedellsborg concludes.

### Q2 2020/21 highlights

- Revenue grew by 13.4% year on year, while underlying like-for-like sales, i.e. sales in stores operated by the Group in both Q2 2020/21 and Q2 2019/20, were up by 13.6% in Q2 2020/21. All categories recorded higher sales. Boosting sales by 16.9%, Health & Wellbeing recorded the strongest sales growth, while High-End Beauty grew sales by an also solid 15.6%. The number of trading days was unchanged compared with Q2 2019/20.
- Online sales via matas.dk were up by 115% year on year with 40,000 new customers shopping at matas.dk for the first time. Overall online sales, including revenue generated by Firtal, grew by 90% to make up 20.1% of Q2 2020/21 revenue against 12.0% in Q2 2019/20.
- Underlying like-for-like sales in the Group's physical stores were up by 3.8% year on year, driven mainly by an increasing basket size.
- The gross margin was 43.1% compared with 43.5% in Q2 2019/20. The lower gross margin was attributable mainly to a higher proportion of online sales and low-margin sales of personal protective equipment.
- Overall costs accounted for 24.1% of revenue against 26.6% in the same quarter of last year. Overall costs were up by DKK 5.9 million as a consequence of higher activity and acquisitions. Underlying costs continued to decline thanks to rationalisation measures.
- EBITDA before special items came to DKK 179.6 million, up from DKK 153.6 million in the year-earlier period. Growth was driven by higher revenue combined with a lower cost to revenue ratio attributable in part to greater economies of scale in the online business. The EBITDA margin before special items was 19.3% against 18.7% in Q2 2019/20.

- Cash generated from operations was an inflow of DKK 119.2 million in Q2 2020/21 against an inflow of DKK 109.0 million in Q2 2019/20.
- Full-year guidance is adjusted up: The Group now forecasts growth in both overall revenue and underlying revenue of about 8%, compared with its previous guidance of about 6%. EBITDA margin guidance has been lifted from about 18% to above 18%.

## H1 2020/21 highlights

- Revenue grew by 10.7% year on year, while underlying like-for-like sales, i.e. sales in stores operated by the Group in both H1 2020/21 and H1 2019/20, were up by 10.9%. Boosting sales by 16.4%, Health & Wellbeing recorded the strongest H1 sales growth. The number of trading days was unchanged compared with H1 2019/20.
- Online sales via matas.dk were ahead by 165% year on year, while overall online sales, including revenue generated by Firtal, surged by 120% to make up 22.8% of H1 2020/21 revenue against 11.5% in H1 2019/20.
- Underlying sales in the Group's physical stores were down by 2.9% year on year as footfall was adversely affected by the COVID-19 pandemic, especially at the beginning of the first half of the financial year. In the latter half of the H1 reporting period, footfall was in line with the year-earlier level.
- The gross margin was 43.8% compared with 44.3% in H1 2019/20. The lower gross margin was attributable to a higher percentage of online sales.
- Up by DKK 21.3 million as a consequence of higher activity and acquisitions, overall costs accounted for 25.2% of revenue against 26.6% in H1 2019/20. Underlying costs fell as a result of ongoing rationalisation measures.
- EBITDA before special items came to DKK 352.4 million against DKK 316.9 million in the year-earlier period, for an EBITDA margin before special items of 18.7%, in line with the H1 2019/20 level.
- Cash generated from operations was an inflow of DKK 420.2 million in H1 2020/21 against an inflow of DKK 191.8 million in H1 2019/20. The DKK 228.4 million increase was attributable to favourable working capital and earnings developments. In the first half of the financial year, Matas benefited from the postponed payment of A tax and VAT under the government's COVID-19 relief packages.

(DKKm)	2020/21	2019/20	2020/21	2019/20
	Q2	Q2	H1	H1
Revenue	932.6	822.5	1,879.4	1,698.1
Gross profit	402.4	357.5	822.6	751.5
EBITDA before special items	179.6	153.6	352.4	316.9
EBIT	77.2	45.7	149.3	116.5
Adjusted profit after tax	72.5	56.1	139.9	122.1
Free cash flow	89.8	64.5	326.6	(16.5)
Revenue growth	13.4%	5.8%	10.7%	4.8%
Underlying like-for-like revenue growth	13.6%	0.3%	10.9%	(0.5)%
Gross margin	43.1%	43.5%	43.8%	44.3%
EBITDA margin before special items	19.3%	18.7%	18.7%	18.7%
Net interest-bearing debt/EBITDA before special items			2.9	n.a.*

\* The number cannot be calculated at 30 September 2019 due to a lack of historical EBITA numbers after IFRS 16 implementation.

## Financial targets

The health, financial and structural consequences of the COVID-19 pandemic have been and continue to be severe, and the pandemic could potentially affect consumer behaviour and society at large for a long time to come. As a result, the current uncertainty pertaining to the retail industry in particular and economic developments in general has increased.

Based on the current uncertainty caused by the COVID-19 pandemic, Matas Group decided not to provide specific financial guidance for financial year 2020/21 in connection with the presentation of the annual report for 2019/20 on 27 May 2020. In connection with the presentation of the interim report for Q1 2020/21, the management of Matas A/S provided the following financial guidance for financial year 2020/21:

- Overall revenue growth of about 6% relative to financial year 2019/20
- Underlying (like-for-like) revenue growth of about 6%
- EBITDA margin before special items of about 18% (after IFRS 16 effects)
- CAPEX between DKK 120 million and DKK 140 million

Based on the strong revenue performance in the second quarter and the first month of the third quarter and the increase in earnings in the second quarter, management has decided to adjust the Group's financial guidance for financial year 2020/21 as a whole as follows:

- Overall revenue growth of about 8% relative to financial year 2019/20
- Underlying (like-for-like) revenue growth of about 8%
- EBITDA margin before special items above 18% (after IFRS 16 effects)
- CAPEX between DKK 120 million and DKK 140 million (unchanged)

It should be noted that the assumptions are subject to higher-than-usual uncertainty. The above targets do not factor in the effects of a potential aggravation of the current second wave of COVID-19 or a dramatic change in consumer behaviour in the wake of, for example, a recession in the second half of the financial year.

Financial targets and ambitions	Realised Q2 2020/21	Realised H1 2020/21	Targets for 2020/21	Ambitions for 2022/23
Customer engagement (M-NPS)	62.8 (index 98)	62.8 (index 98)	Ongoing improvement	70 (index 110)
Revenue growth*/Revenue (DKK)	13.4%	10.7%	About 8%	Approx. DKK 4.0 billion
Underlying (like-for-like) revenue growth	13.6%	10.9%	About 8%	Positive
EBITDA margin before special items	19.3%	18.7%	Above 18%	Above 18%
CAPEX (DKK)	29 million	69 million	120-140 million	Below 90 million
Gearing		2.9	2.5-3	2.5-3

\* Includes revenue from Firtal and Kosmolet A/S.

## Video conference

Matas will host a video conference for investors and analysts on Thursday, 5 November 2020 at 11:00 a.m. The video conference and the presentation can be accessed on Matas' investor website: <https://investor.en.matas.dk>.

Video conference access numbers for investors and analysts:

DK: +45 78 72 32 51  
UK: +44 333 300 9269  
US: +1 8332498406

Link to webcast: <https://streams.eventcdn.net/matas/2020h1>

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## Forward-looking statements

*This interim report contains statements relating to the future, including statements regarding Matas Group's future operating results, financial position, cash flows, business strategy and future targets. Such statements are based on management's reasonable expectations and forecasts at the time of release of the announcement. Forward-looking statements are subject to risks and uncertainties and a number of other factors, many of which are beyond Matas Group's control. This may have the effect that actual results may differ significantly from the expectations expressed in the announcement. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive conditions, supplier issues and financial and regulatory issues as well as any effects of measures to contain the spread of COVID-19 that are not specifically mentioned above.*

## Key financials

(DKKm)	2020/21 Q2	2019/20 Q2	2020/21 H1	2019/20 H1
<b>Statement of comprehensive income</b>				
Revenue	932.6	822.5	1,879.4	1,698.1
Gross profit	402.4	357.5	822.6	751.5
EBITDA	178.0	139.0	349.3	299.5
EBIT	77.2	45.7	149.3	116.5
Net financials	(11.0)	(10.2)	(23.2)	(19.9)
Profit before tax	66.2	35.5	126.1	96.6
Profit for the period after tax	51.5	26.0	98.2	72.0
Special items	1.6	14.6	3.1	17.4
EBITDA before special items	179.6	153.6	352.4	316.9
Adjusted profit after tax	72.5	56.1	139.9	122.1
<b>Statement of financial position</b>				
Total assets			6,276.0	6,537.3
Total equity			2,864.3	2,640.1
Net working capital			49.4	(26.0)
Net interest-bearing debt			2,136.9	2,591.9
<b>Statement of cash flows</b>				
Cash flow from operating activities	119.2	109.0	420.2	191.8
Cash flow from investing activities	(29.4)	(44.5)	(93.7)	(208.3)
Free cash flow	89.8	64.5	326.6	(16.5)
<b>Ratios</b>				
Revenue growth	13.4%	5.8%	10.7%	4.8%
Underlying like-for-like revenue growth	13.6%	0.3%	10.9%	(0.5)%
Gross margin	43.1%	43.5%	43.8%	44.3%
EBITDA margin	19.1%	16.9%	18.6%	17.6%
EBITDA margin before special items	19.3%	18.7%	18.7%	18.7%
EBIT margin	8.3%	5.6%	7.9%	6.9%
Cash conversion	50.5%	n.a.	99.9%	n.a.
Earnings per share, DKK	1.35	0.68	2.57	1.89
Diluted earnings per share, DKK	1.33	0.68	2.55	1.87
Share price, end of period, DKK			73.9	50.5
ROIC before tax			8.2%	n.a.*
Net working capital as a percentage of LTM revenue			1.3%	(0.7)%
Investments as a percentage of revenue	3.2%	5.4%	5.0%	12.3%
Net interest-bearing debt/EBITDA before special items			2.9	n.a.*
Number of transactions (millions)**	5.3	4.9	10.1	10.1
Average basket size (DKK)**	176.8	164.7	185.1	167.2
Average no. of employees	2,154	2,180	2,119	2,177

For definitions of key financials, see pages 104-105 of the 2019/20 Annual Report. Firtal and Kosmolet A/S were consolidated as of the date of closing, i.e. 13 November 2018 and 11 June 2019, respectively.

\* The number cannot be calculated at 30 September 2019 due to a lack of historical EBITA numbers after IFRS 16 implementation. \*\* Number of transactions and basket size now also include Firtal transactions.

# Management's review

## Implementing the 'Renewing Matas' strategy

Launched in May 2018 to adapt Matas to a market affected by new customer requirements, intensified competition and retail sector digitalisation, the first stage of the 'Renewing Matas' strategy has produced satisfactory progress in each of the Group's five strategic focus areas: Live our purpose, stimulate growth in three areas (online, store and new growth) and maintain an unwavering focus on developing new ways of working. Matas' overriding challenge is to remain our customers preferred choice – whether shopping at physical stores or online.

The work to implement the strategy has been accelerated by the developments brought about by the COVID-19 pandemic and the health requirements imposed by the authorities in an effort to contain the virus. Thanks to its nationwide presence and strong sales channels, Matas has strengthened its overall market position and its position in the healthcare segment since the lockdown. Combined with a temporary easing of competition, this has driven a strong recovery of physical store sales. At the same time, the rate of sales growth on matas.dk remains very high.

The current strategy pursues three key ambitions going forward to 2023: lift customer engagement, grow revenue and secure earnings.

	Ambitions for 2022/23	Targets for 2020/21	Realised for H1 2020/21
Lift customer engagement (M-NPS)	70 (index 110)	Ongoing improvement	62.8 (index 98)
Grow revenue/revenue growth*	Approx. DKK 4.0 billion	About 8%	10.7%
Secure earnings (EBITDA margin before special items)*	Above 18%	Above 18%	18.7%

\* Including Firtal and Kosmolet A/S.

## 1. Live our purpose

Together, Matas' purpose, 'Beauty and wellbeing for life', and its six guideposts set the course for the strategy and the Group's efforts to lift customer engagement through, among other things, an improved customer experience. The six guideposts aim to make the Matas profile more personal, more green, more Danish, more sensuous, more simple, and more for everyone.

A number of customer and consumer surveys conducted during the second quarter of the financial year showed that Matas' efforts to strengthen its brand and lift customer satisfaction continue to pay off. More than 2,000 company executives were surveyed about which Danish brands they see as the biggest and strongest (IFO Image Survey). Matas recorded the strongest improvement of all from 2019 to 2020. In Q2, Matas also won the Detailforum Award (formerly the MMM Award) for Retailer of the Year and, at the same event, was crowned winner in the Omnichannel Retailer of the Year category.

In terms of awareness, Club Matas remains one of Denmark's leading customer clubs. At 30 September 2020, Club Matas had a membership of 1.6 million and thus retained its position as one of Denmark's largest loyalty concepts. More than two thirds of all Danish women between the ages of 18 and 65 are members of Club Matas. This is a net increase of 4% relative to Q1 2020/21. More than 90% of members have consented to being contacted by the club via Matas' media, while some 1.4 million were active, shopping members during the past 12 months.

The Group's CSR strategy is focused on specific initiatives to promote diversity, sustainability and health. In 2020 for the first time, Matas supported the annual Copenhagen Pride event, which promotes diversity and minority rights. Copenhagen Pride took place in August, but mainly as a digital event due to the COVID-19 restrictions. In addition, Matas has supported the health authorities' efforts to contain the spread of COVID-19, with measures including the sale of more than two million face masks at little more than cost in August when the spread of coronavirus increased dramatically in and around Aarhus amid a serious shortage of personal protective equipment. Matas also made its stores available for a large-scale national vaccination programme offering free flu shots to elderly people.

## 2. Win online

Matas aims to be the undisputed online market leader in the Danish market for beauty and wellbeing by 2023.

Online sales via matas.dk were ahead by 115% year on year, while overall online sales, including revenue generated by Firtal, surged by 90% to make up 20.1% of Q2 2020/21 revenue against 12.0% in Q2 2019/20.

Management believes that matas.dk gained additional market share in the second quarter. Firtal's webshops also recorded above-market sales growth. According to trade association FDIH, matas.dk was among the four most widely used webshops in Denmark as of September 2020.

Ongoing efforts were made during the second quarter of the financial year to expand the personal dialogue with customers through the Group's digital channels. By the end of September 2020, our customers were able to follow 262 Matas stores on Facebook. In addition, Matas has some 290,000 followers on Facebook and some 92,000 followers on Instagram.

The work to develop the Group's digital media continues as well. By way of example, in 2020, Matas launched a new live online shopping concept offering customers direct interaction with materialists and product specialists.

In the second quarter of the year, 50% of all customers shopping on matas.dk chose to pick up their purchases at a physical Matas store. More than one in four customers picking up their online purchases bought additional products at the store. This is in line with the pre-COVID-19 level.

### **3. Consolidate and upgrade the retail network**

The work to implement the new Matas Life store concept has been restrained by the COVID-19 outbreak, and just one store, located at Vesterbrogade in Copenhagen, was upgraded to the new concept in the second quarter. With a view to enhancing the in-store shopping experience, the 'Safe and secure store' concept was further developed in Q2 to include a number of regional and national measures such as the use of visors, face masks and plexiglas barriers in stores in selected areas.

At the same time, efforts to integrate physical and online advisory services were stepped up with measures including the establishment of new "digital units" at five stores in Aalborg, Aarhus, Kolding, Næstved and Rødovre, respectively. The five stores each have three employees devoted entirely to digital services via, for instance, video chat, while being physically present in the store together with the other store employees and the customers. Matas expects to hire between 50 and 100 digital advisers to man more "digital units" across the store network over the next two years.

### **4. Open new growth tracks**

The Group's strategic focus on strengthening the green product range across Matas Group continued to pay off in the second quarter. Measures included giving green and local products more commercial space in Matas' stores and media. The Health & Wellbeing category grew revenue by 16.9%. Driven mainly by COVID-19-related articles such as face masks and hand sanitiser, the growth recorded in the second quarter was positively affected by management's decision to sell personal protective equipment at a low or no margin at all as part of the Group's contribution to contain the spread of COVID-19 in Denmark.

### **5. Change how we work**

Rethinking and simplifying how we work remains a key element of Matas' renewal strategy aiming to sustain Matas' ability to predict and adapt to market changes. The work to develop Matas Group's culture, processes, skills and employees continued in the second quarter with a particular emphasis on digitalisation.

In terms of logistics, the relocation of the matas.dk webshop to new premises in Humlebæk north of Copenhagen in autumn 2019 enabled Matas to accommodate rapidly changing demand patterns and secure fast delivery to customers.

Based on the Company's long-term online sales growth forecasts, management has started a project (LOG23) to develop the Group's future logistics setup. LOG23 is expected to result in a number of concrete initiatives that will require significant investments in the years ahead.

## Q2 2020/21 and H1 2020/21 performance

### Revenue

#### Revenue

Matas generated total revenue of DKK 932.6 million in Q2 2020/21, a year-on-year increase of 13.4% from DKK 822.5 million in Q2 2019/20. Underlying sales, i.e. sales in stores operated by the Group in both Q2 2020/21 and Q2 2019/20, were up by 13.6%.

Revenue was supported by improved sales in particularly the High-End Beauty and Health & Wellbeing categories compared with Q2 2019/20.

The number of transactions was up by 6.1% year on year, while the average basket size grew by 7.3% or DKK 12.1 per transaction.

Online sales via matas.dk were up by 115% year on year. Overall online sales accounted for 20.1% of Q2 revenue, with matas.dk contributing 12.4% and Firtal 7.7%. In Q2 2019/20, overall online sales made up 12.0% of revenue.

Revenue by categories and sales channels (DKKm)	2020/21 Q2	2019/20 Q2	Growth	2020/21 H1	2019/20 H1	Growth
High-End Beauty	309.7	267.9	15.6%	631.2	570.3	10.7%
Mass Beauty	319.0	290.0	10.0%	658.5	608.9	8.2%
Health & Wellbeing	264.8	226.5	16.9%	517.0	444.2	16.4%
Other	35.1	30.1	16.4%	62.7	60.1	4.2%
<b>Total own store and webshop revenue</b>	<b>928.5</b>	<b>814.6</b>	<b>14.0%</b>	<b>1,869.4</b>	<b>1,683.5</b>	<b>11.0%</b>
Wholesale sales etc.	4.1	7.9	(48.4)%	10.0	14.6	(31.0)%
<b>Total revenue</b>	<b>932.6</b>	<b>822.5</b>	<b>13.4%</b>	<b>1,879.4</b>	<b>1,698.1</b>	<b>10.7%</b>
Physical stores	79.4%	87.0%		76.7%	87.6%	
Webshops (matas.dk and Firtal)	20.1%	12.0%		22.8%	11.5%	
Wholesale sales etc. (incl. Kosmolet)	0.5%	1.0%		0.5%	0.9%	

The High-End Beauty category grew revenue by 15.6%, while sales of Mass Beauty products were up by 10.0% year on year. Fragrances and skincare reported the strongest sales growth, due primarily to the low level of outbound travel activity among Danish consumers and, by extension, limited competition from Travel Retail.

The Beauty segment accounted for 67.7% of the revenue generated by own stores and webshops, compared with 68.5% in Q2 2019/20.

The Health & Wellbeing category boosted sales by an impressive 16.9%. The increase was driven mainly by higher sales of COVID-19-related articles such as face masks and hand sanitiser.

Overall private label sales, including Kosmolet A/S, made up 16.5% of the revenue generated by Matas stores and matas.dk in Q2 2020/21, compared with 18.0% in Q2 2019/20. Sales were up by DKK 2.5 million.

Wholesale sales, including wholesale sales attributable to Kosmolet A/S, fell by DKK 3.8 million year on year. Revenue from Club Matas relating to partners, value adjustments of Club Matas points and B2B are also included in this item.

Customer satisfaction among Club Matas members was 3.80 in Q2 on a scale of 1-4 with 1 being very dissatisfied and 4 being very satisfied. Customer satisfaction in Q1 2020/21 was 3.77.

At 62.8, the Matas Net Promoter Score (M-NPS) had improved by 0.6 of a percentage point at the end of Q2 2020/21 compared with the end of Q1 2020/21.

The Club Matas partner programme was discontinued at the end of August 2020 as Matas has decided to focus on the potential offered by data-based 1:1 communication via Matas' own media.

## Sales channels

At 30 September 2020, Matas Group consisted of 264 physical stores – 262 stores in Denmark, one in the Faroe Islands and one associated store in Greenland. 79% of Q2 2020/21 revenue was generated by the Group's physical stores.

In addition, Matas was present online through matas.dk and 20 webshops run by Firtal, including helsebixen.dk, jala-helsekost.dk and made4men.dk. 20% of revenue was generated through the Group's online channels.

Wholesale sales, including wholesale sales from Kosmolet, accounted for just under 1% of overall sales.

The Group has no physical activities outside Denmark as the store in the Faroe Islands and the associated store in Greenland are considered Danish stores in this context.

## Categories

Matas is characterised by its wide product range within beauty, personal care, health & wellbeing and problem-solving household products. This broad product range creates a unique one-stop retail value proposition for the Group's customers in the shape of four categories:

**High-End Beauty:** Luxury beauty products, including cosmetics, skincare and haircare products and fragrances.

**Mass Beauty:** Everyday beauty products and personal care, including cosmetics and skincare and haircare products.

**Health & Wellbeing:** MediCare (OTC medicine and nursing products). Vitamins, minerals, supplements, specialty foods and herbal medicinal products. Sports, nutrition and exercise. Mother and child. Personal care products (oral, foot and intimate care and hair removal). Special skincare.

**Other:** Clothing and accessories (footwear, hair ornaments, jewellery, toilet bags, etc.). House and garden (cleaning and maintenance, electrical products, interior decoration and textiles). Other revenue.

## Costs and operating performance

### Costs and operating performance

Gross profit for Q2 2020/21 was DKK 402.4 million, against DKK 357.5 million in Q2 2019/20.

The gross margin for Q2 2020/21 was 43.1%, down from 43.5% in Q2 2019/20. The slightly lower gross margin was attributable mainly to a higher proportion of online sales compared with the same quarter of last year and to the fact that part of the sales were accounted for by COVID-19-related articles such as face masks, which were sold at very low margins.

Overall costs (other external costs and staff costs) amounted to 24.1% of revenue against 26.6% in the same quarter of last year. Costs were up by DKK 5.9 million as a consequence of higher activity in growth areas, the online area in particular, which, however, also benefited from greater economies of scale. Acquisitions also added to the cost base, while underlying costs continued to fall as a result of ongoing rationalisation measures in other parts of the business.

Other external costs amounted to DKK 53.4 million in Q2 2020/21, up from DKK 39.9 million in Q2 2019/20. Adjusted for special items, which amounted to DKK 0.4 million in Q2 2020/21 and DKK 0.9 million in Q2 2019/20, other external costs were up by DKK 14.0 million year on year.

The increase in other external costs is explained as follows:

- Freight and logistics costs were up by DKK 8 million as a result of strong growth on matas.dk and the continued digital build-up.
- Higher Firtal activity driven by continued brisk sales growth entailed an increase of DKK 6 million.
- COVID-19-related costs amounted to DKK 2 million.
- Underlying other external costs were down by some DKK 2 million, reflecting the Group's ongoing efforts to rationalise operations.

Other external costs amounted to 5.7% of revenue in Q2 2020/21, up from 4.9% in the year-earlier period. Other external costs measured as a percentage of revenue are expected to continue the upward trend as long as online sales continue to grow at the current rate with a higher proportion of costs relating to the online business being classified as other external costs, including freight and logistics costs.

Q2 2020/21 staff costs amounted to DKK 171.0 million, down from DKK 178.6 million in the year-earlier period. Staff costs included non-recurring costs of DKK 1.2 million in Q2 2020/21 against DKK 3.3 million in the same period of last year. Adjusted for non-recurring costs, staff costs were down by DKK 5.5 million.

Developments in staff costs are explained as follows:

- Firtal's staff costs were up by DKK 2 million as a result of growing sales.
- Staff costs specifically related to the COVID-19 pandemic amounted to DKK 1 million.
- Other staff costs were down by DKK 8 million. The decline in underlying staff costs was attributable to the physical stores, while higher activity drove up staff costs relating to the operation and development of matas.dk relative to Q2 2019/20. Online relate staff costs however increased at a much lower rate than sales.

Staff costs amounted to 18.3% of revenue in Q2 2020/21 against 21.7% in the year-earlier period. The salary percentage is expected to continue to fall as long as online sales continue to grow at the current high rate.

Q2 2020/21 staff costs included DKK 1.7 million related to the Company's long-term share compensation programme.

<b>Costs, Q2</b> (DKKm)	<b>2020/21</b> <b>Q2</b>	<b>2019/20</b> <b>Q2</b>	<b>Growth</b>
Other external costs	53.4	39.9	33.8%
- of which special items	0.4	0.9	
As a percentage of revenue	5.7%	4.9%	
Staff costs	171.0	178.6	(4.3)%
- of which special items	1.2	3.3	
As a percentage of revenue	18.3%	21.7%	

<b>Costs, H1</b> (DKKm)	<b>2020/21</b> <b>H1</b>	<b>2019/20</b> <b>H1</b>	<b>Growth</b>
Other external costs	116.7	90.4	29.1%
- of which special items	0.7	3.7	
As a percentage of revenue	6.2%	5.3%	
Staff costs	356.6	361.6	(1.4)%
- of which special items	2.4	3.3	
As a percentage of revenue	19.0%	21.3%	

Other external costs and staff costs include Kosmolet for the period 11 June – 30 September 2019.

Q2 2020/21 EBITDA was DKK 178.0 million against DKK 139.0 million in Q2 2019/20. EBITDA before special items came to DKK 179.6 million for an EBITDA margin before special items of 19.3% against 18.7% in Q2 2019/20.

## Amortisation, depreciation and impairment

Total amortisation, depreciation and impairment charges were up by DKK 7.5 million to DKK 100.8 million in Q2 2020/21, driven by increased depreciation of investments made as part of the Group's 'Renewing Matas' strategy.

## Net financials

Net financial expenses were up by DKK 0.8 million in Q2 2020/21 to DKK 11.0 million.

## Profit for the period

The effective tax rate was 22.1% in Q2 2020/21, equivalent to a tax expense of DKK 14.7 million. Profit for the period was DKK 51.5 million after tax, and Adjusted profit after tax was DKK 72.5 million against DKK 56.1 million in Q2 2019/20.

## Statement of financial position

Total assets amounted to DKK 6,276.0 million at 30 September 2020, down from DKK 6,537.3 million at 30 September 2019.

Current assets totalled DKK 1,040.3 million, a year-on-year decline of DKK 75.3 million attributable to the settlement of a dispute with former owners of the company concerning withholding tax.

Inventories were DKK 23.6 million larger at the end of Q2 2020/21 than at the end of Q2 2019/20. The increase was driven in part by the acquisition of Din Frisør Shop. Inventories at the end of the quarter were also affected by COVID-19 with inventories of COVID-19-related articles such as face masks and disinfectants up by DKK 42 million alone.

Inventories accounted for 24.3% of LTM revenue at 30 September 2020 compared with 25.4% at 30 September 2019 and 26.1% at the end of financial year 2019/20.

Trade receivables increased by DKK 1.5 million to DKK 16.2 million, while trade payables fell by DKK 103.9 million year on year. The decline in trade payables was attributable to lower purchases of seasonal products in the second quarter compared with last year.

Net working capital excluding deposits stood at DKK 49.4 million at 30 September 2020, compared with minus DKK 26.0 million at 30 September 2019, an increase of DKK 75.4 million.

Cash and cash equivalents stood at DKK 27.1 million, down from DKK 46.5 million the year before.

Equity was DKK 2,864.3 million at 30 September 2020, compared with DKK 2,640.1 million at 30 September 2019.

Net interest-bearing debt was DKK 2,136.9 million at 30 September 2020, a year-on-year decline of DKK 455.0 million – equalling 2.9 times LTM EBITDA before special items, which is within the long-term target of a level between 2.5 and 3. Of this decline, DKK 151.5 million was attributable to lower lease liabilities as a result of the implementation of IFRS 16 (see note 7 for additional information).

Gross interest-bearing debt stood at DKK 2,164.0 million at 30 September 2020, including lease liabilities of DKK 703.9 million. At 30 September 2019, gross interest-bearing debt was DKK 2,638.4 million, including lease liabilities of DKK 855.4 million.

At 30 September 2020, the Company's share capital consisted of 38,291,492 shares of DKK 2.50 each, corresponding to a share capital of DKK 95,728,730. After disposing of 81,034 shares in H1 in connection with the exercise of the 2017/18 incentive programme, Matas held 22,943 treasury shares at 30 September 2020. Treasury shares are held with a view to meeting the obligations under the long-term management incentive programme.

## Statement of cash flows

Cash generated from operations was an inflow of DKK 119.2 million in Q2 2020/21 against an inflow of DKK 109.0 million in Q2 2019/20, an increase of DKK 10.2 million.

The free cash flow was an inflow of DKK 89.8 million in Q2 2020/21 against an inflow of DKK 64.5 million in Q2 2019/20.

Cash flows (DKKm)	2020/21 Q2	2019/20 Q2	2020/21 H1	2019/20 H1
Cash generated from operations	119.2	109.0	420.2	191.8
Free cash flow	89.8	64.5	326.6	(16.5)
Free cash flow net of acquisitions	89.8	64.5	326.6	106.2
Cash flows from financing activities	(99.5)	(180.1)	(406.0)	(97.9)

## Return on invested capital

The return on LTM invested capital before tax was 8.2% at 30 September 2020. The return on invested capital at 30 September 2019 cannot be calculated after IFRS 16 due to a lack of historical EBITA (post IFRS 16 implementation) numbers.

## Events after the date of the statement of financial position

Revenue in the period from 1 October to 4 November 2020 showed double digit growth rates, driven by strong online sales and higher physical store sales than in the same period of 2019.

Management believes that sales were favourably affected by the extraordinary pay-out of frozen holiday pay in October 2020 and the low level of outbound travel activity among Danish consumers during the autumn school break.

New COVID-19 related restrictions in place from October 29th is expected to have a moderate negative effect on footfall to physical stores and further accelerate digital sales in the third quarter of the financial year.

## Significant risks

Matas Group is exposed to operational risks affecting the retail industry in general and the Health & Beauty industry in particular. If a second wave of COVID-19 leads to a full or partial lockdown of the retail industry and other parts of Danish society, Matas' business may be severely affected. In addition, Matas is to some extent exposed to financial risk such as interest rate, liquidity and credit risk.

# Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and approved the interim report of Matas A/S for the period 1 April to 30 September 2020.

The interim report, which has been neither audited nor reviewed by the Company's auditors, has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

In our opinion, the interim report gives a true and fair view of the Group's assets and liabilities and financial position at 30 September 2020 and of the results of the Group's operations and cash flows for the period 1 April to 30 September 2020.

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

Allerød, 5 November 2020

## Executive Management

Gregers Wedell-Wedellsborg  
CEO

Anders Skole-Sørensen  
CFO

## Board of Directors

Lars Vinge Frederiksen  
Chairman

Lars Frederiksen  
Deputy Chairman

Signe Trock Hilstrøm

Mette Maix

Henrik Taudorf Lorensen

Birgitte Nielsen

## Additional information

### Financial calendar

The financial year covers the period 1 April – 31 March, and the following dates have been fixed for releases etc. in the remainder of financial year 2020/21:

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8 January 2021	Trading update for Q3 2020/21
25 February 2021	Interim report – Q3 2020/21
17 May 2021	Deadline for the Company's shareholders to submit in writing requests for specific proposals to be included on the agenda for the annual general meeting
27 May 2021	Annual report 2020/21
29 June 2021	Annual general meeting for 2020/21

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### Company information

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

# Statement of comprehensive income

(DKKm)	2020/21 Q2	2019/20 Q2	2020/21 H1	2019/20 H1
Revenue	932.6	822.5	1,879.4	1,698.1
Cost of goods sold	(530.2)	(465.0)	(1,056.8)	(946.6)
<b>Gross profit</b>	<b>402.4</b>	<b>357.5</b>	<b>822.6</b>	<b>751.5</b>
Other external costs	(53.4)	(39.9)	(116.7)	(90.4)
Staff costs	(171.0)	(178.6)	(356.6)	(361.6)
Amortisation, depreciation and impairment	(100.8)	(93.3)	(200.0)	(183.0)
<b>EBIT</b>	<b>77.2</b>	<b>45.7</b>	<b>149.3</b>	<b>116.5</b>
Share of profit or loss after tax of associates	0.2	0.4	0.4	0.6
Financial income	0.0	0.0	0.1	0.0
Financial expenses	(11.2)	(10.6)	(23.7)	(20.6)
<b>Profit before tax</b>	<b>66.2</b>	<b>35.5</b>	<b>126.1</b>	<b>96.6</b>
Tax on profit for the period	(14.7)	(9.5)	(27.9)	(24.6)
<b>Profit for the period</b>	<b>51.5</b>	<b>26.0</b>	<b>98.2</b>	<b>72.0</b>
<b>Other comprehensive income</b>				
Value adjustment of hedging instrument	0.3	(0.1)	0.4	(0.4)
Tax on value adjustment	(0.1)	0.0	(0.1)	0.0
<b>Total comprehensive income</b>	<b>51.7</b>	<b>25.9</b>	<b>98.5</b>	<b>71.6</b>
<b>Earnings per share</b>				
Earnings per share, DKK	1.35	0.68	2.57	1.89
Diluted earnings per share, DKK	1.33	0.68	2.55	1.87

## Statement of cash flows

(DKKm)	2020/21 Q2	2019/20 Q2	2020/21 H1	2019/20 H1
Profit before tax	66.2	35.5	126.1	96.6
Adjustment for non-cash operating items etc.:				
Amortisation, depreciation and impairment	100.8	93.3	200.0	183.0
Other non-cash operating items, net	0.7	2.1	1.9	3.2
Share of profit or loss after tax of associates	(0.2)	(0.4)	(0.4)	(0.6)
Financial income	0.0	0.0	(0.1)	0.0
Financial expenses	11.2	10.6	23.7	20.6
<b>Cash generated from operations before changes in working capital</b>	<b>178.7</b>	<b>141.1</b>	<b>351.2</b>	<b>302.8</b>
Changes in working capital	(59.5)	(32.1)	69.0	(111.0)
<b>Cash generated from operations</b>	<b>119.2</b>	<b>109.0</b>	<b>420.2</b>	<b>191.8</b>
Interest received	0.0	0.0	0.0	0.0
<b>Cash flow from operating activities</b>	<b>119.2</b>	<b>109.0</b>	<b>420.3</b>	<b>191.8</b>
Acquisition of intangible assets	(19.1)	(14.3)	(34.7)	(30.1)
Acquisition of property, plant and equipment	(10.3)	(24.8)	(34.5)	(50.1)
Acquisition of investments in associates	0.0	(5.4)	(5.5)	(5.4)
Payment of contingent consideration	0.0	0.0	(19.0)	0.0
Acquisition of subsidiaries and operations	0.0	0.0	0.0	(122.7)
<b>Cash flow from investing activities</b>	<b>(29.4)</b>	<b>(44.5)</b>	<b>(93.7)</b>	<b>(208.3)</b>
<b>Free cash flow</b>	<b>89.8</b>	<b>64.5</b>	<b>326.6</b>	<b>(16.5)</b>
Debt raised and settled with credit institutions	(111.9)	(13.7)	(362.4)	117.2
Amount received from former parent company	64.4	0.0	64.4	0.0
Interest paid	(9.3)	(5.6)	(22.7)	(10.9)
Repayment of lease liabilities	(42.7)	(46.2)	(85.3)	(89.6)
Dividend paid	0.0	(114.6)	0.0	(114.6)
<b>Cash flow from financing activities</b>	<b>(99.5)</b>	<b>(180.1)</b>	<b>(406.0)</b>	<b>(97.9)</b>
<b>Net cash flow from operating, investing and financing activities</b>	<b>(9.7)</b>	<b>(115.6)</b>	<b>(79.4)</b>	<b>(114.4)</b>
Cash and cash equivalents, beginning of period	36.8	162.0	106.6	160.9
<b>Cash and cash equivalents, end of period</b>	<b>27.1</b>	<b>46.5</b>	<b>27.1</b>	<b>46.5</b>

The above cannot be derived directly from the statement of comprehensive income and the statement of financial position.

## Assets

(DKKm)	30.09 2020	30.09 2019	31.03 2020
<b>NON-CURRENT ASSETS</b>			
Goodwill	3,930.6	3,918.5	3,930.6
Trademarks and trade names	185.4	266.0	227.2
Other intangible assets	104.2	89.7	99.1
<b>Total intangible assets</b>	<b>4,220.2</b>	<b>4,274.2</b>	<b>4,256.9</b>
<b>Property, plant and equipment</b>			
Lease assets	690.6	849.3	774.1
Land and buildings	91.5	86.1	91.4
Other fixtures and fittings, tools and equipment	115.3	107.8	117.3
Leasehold improvements	60.1	52.7	63.4
<b>Total property, plant and equipment</b>	<b>957.5</b>	<b>1,095.9</b>	<b>1,046.2</b>
Investments in associates	12.1	0.7	6.5
Deposits	45.3	44.8	46.3
Other securities and investments	0.6	6.1	0.6
<b>Total other non-current assets</b>	<b>58.0</b>	<b>51.6</b>	<b>53.4</b>
<b>Total non-current assets</b>	<b>5,235.7</b>	<b>5,421.7</b>	<b>5,356.5</b>
<b>CURRENT ASSETS</b>			
Inventories	941.9	918.3	962.6
Trade receivables	16.2	14.7	14.7
Corporation tax receivable	15.7	20.7	29.6
Other receivables	4.3	85.6	87.4
Prepayments	35.1	29.8	30.9
Cash and cash equivalents	27.1	46.5	106.6
<b>Total current assets</b>	<b>1,040.3</b>	<b>1,115.6</b>	<b>1,231.9</b>
<b>TOTAL ASSETS</b>	<b>6,276.0</b>	<b>6,537.3</b>	<b>6,588.3</b>

## Equity and liabilities

(DKKm)	30.09 2020	30.09 2019	31.03 2020
<b>EQUITY</b>			
Share capital	95.7	95.7	95.7
Hedging reserve	(1.8)	(3.0)	(2.1)
Translation reserve	0.3	0.3	0.3
Treasury share reserve	(2.6)	(11.8)	(11.8)
Retained earnings	2,772.7	2,558.9	2,681.9
<b>Total equity</b>	<b>2,864.3</b>	<b>2,640.1</b>	<b>2,764.0</b>
<b>LIABILITIES</b>			
Deferred tax	194.5	213.9	210.0
Lease liabilities	531.8	671.3	598.9
Provisions	27.5	27.4	27.3
Contingent consideration	0.0	16.1	17.1
Credit institutions	1,447.5	1,775.8	1,821.7
Other payables	59.4	6.6	38.0
<b>Total non-current liabilities</b>	<b>2,260.7</b>	<b>2,711.0</b>	<b>2,713.0</b>
Credit institutions	12.6	7.2	0.0
Lease liabilities	172.1	184.1	185.6
Prepayments from customers	151.0	149.1	158.9
Trade payables	562.8	666.7	586.7
Contingent consideration	18.2	0.0	0.0
Other payables	234.3	179.0	180.1
<b>Total current liabilities</b>	<b>1,151.0</b>	<b>1,186.1</b>	<b>1,111.3</b>
<b>Total liabilities</b>	<b>3,411.7</b>	<b>3,897.2</b>	<b>3,824.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,276.0</b>	<b>6,537.3</b>	<b>6,588.3</b>

## Statement of changes in equity

	Share capital	Hedging reserve	Translation reserve	Treasury share reserve	Retained earnings	Total
<b>Equity at 1 April 2020</b>	<b>95.7</b>	<b>(2.1)</b>	<b>0.3</b>	<b>(11.8)</b>	<b>2,681.9</b>	<b>2,764.0</b>
Value adjustment of hedging instrument	0.0	0.4	0.0	0.0	0.0	0.4
Tax on value adjustment	0.0	(0.1)	0.0	0.0	0.0	(0.1)
Other comprehensive income	0.0	0.3	0.0	0.0	0.0	0.3
Profit for the period	0.0	0.0	0.0	0.0	98.2	98.2
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>98.2</b>	<b>98.5</b>
<b>Transactions with owners</b>						
Exercise of incentive programme	0.0	0.0	0.0	9.2	(10.3)	(1.1)
Share-based payment	0.0	0.0	0.0	0.0	2.9	2.9
<b>Total transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>9.2</b>	<b>(7.4)</b>	<b>1.8</b>
<b>Equity at 30 September 2020</b>	<b>95.7</b>	<b>(1.8)</b>	<b>0.3</b>	<b>(2.6)</b>	<b>2,772.7</b>	<b>2,864.3</b>

	Share capital	Hedging reserve	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
<b>Equity at 1 April 2019</b>	<b>95.7</b>	<b>(2.6)</b>	<b>0.3</b>	<b>(33.3)</b>	<b>114.9</b>	<b>2,494.9</b>	<b>2,669.9</b>
Value adjustment of hedging instrument	0.0	(0.5)	0.0	0.0	0.0	0.0	(0.5)
Tax on value adjustment	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Other comprehensive income	0.0	(0.4)	0.0	0.0	0.0	0.0	(0.4)
Profit for the period	0.0	0.0	0.0	0.0	0.0	72.0	72.0
<b>Total comprehensive income</b>	<b>0.0</b>	<b>(0.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>72.0</b>	<b>71.6</b>
<b>Transactions with owners</b>							
Dividend paid	0.0	0.0	0.0	0.0	(114.6)	0.0	(114.6)
Dividend on treasury shares	0.0	0.0	0.0	0.0	(0.3)	0.3	0.0
Exercise of incentive programme	0.0	0.0	0.0	5.9	0.0	(5.9)	0.0
Disposal of treasury shares for purchase of Kosmolet	0.0	0.0	0.0	15.6	0.0	(5.6)	10.0
Share-based payment	0.0	0.0	0.0	0.0	0.0	3.2	3.2
<b>Total transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>21.5</b>	<b>(114.9)</b>	<b>(8.0)</b>	<b>(101.4)</b>
<b>Equity at 30 September 2019</b>	<b>95.7</b>	<b>(3.0)</b>	<b>0.3</b>	<b>(11.8)</b>	<b>0.0</b>	<b>2,558.9</b>	<b>2,640.1</b>

# Notes to the financial statements

## Note 1 – Accounting policies

The interim report is presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

Except as set out below, the accounting policies are consistent with the accounting policies applied in the consolidated financial statements for 2019/20, to which reference is made.

### Changes of accounting policies

Matas has implemented the latest IFRS amendments, which took effect on 1 April 2020 and have been approved by the EU.

None of those amendments have significantly affected recognition and measurement, nor are they expected to have a material effect on Matas in the near future.

## Note 2 – Accounting estimates and judgments

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

The critical accounting estimates and judgments applied are consistent with those applied in the consolidated financial statements for 2019/20.

## Note 3 – Seasonality

The Group's activities in the second quarter of the financial year were only to a limited extent affected by seasonal fluctuations.

## Note 4 – Revenue

(DKKm)	2020/21	2019/20	2019/20	2019/20
	Q2	Q2	H1	H1
Retail sales, own stores	740.6	715.6	1,440.4	1,488.9
Retail sales, webshops (matas.dk and Firtal)	187.9	99.0	428.9	194.6
Wholesale sales etc. (incl. Kosmolet)	4.1	7.9	10.0	14.6
<b>Total revenue</b>	<b>932.6</b>	<b>822.5</b>	<b>1,879.4</b>	<b>1,698.1</b>

In Q2 2020/21, 20.1% of Matas Group's revenue was generated by its webshops, compared with 12.0% in the year-earlier period.

Revenue breaks down by product groups as follows:

(DKKm)	2020/21	2019/20	2020/21	2019/20
	Q2	Q2	H1	H1
High-End Beauty	309.7	267.9	631.2	570.3
Mass Beauty	319.0	290.0	658.5	608.9
Health & Wellbeing	264.8	226.5	517.0	444.2
Other	35.1	30.1	62.7	60.1
Wholesale sales etc.	4.1	7.9	10.0	14.6
<b>Total revenue</b>	<b>932.6</b>	<b>822.5</b>	<b>1,879.4</b>	<b>1,698.1</b>

The product groups are as follows:

- High-End Beauty: Luxury beauty products, including cosmetics, skincare and haircare products and fragrances.
- Mass Beauty: Everyday beauty products and personal care, including cosmetics and skincare and haircare products.
- Health & Wellbeing: MediCare (OTC medicine and nursing products). Vitamins, minerals, supplements, specialty foods and herbal medicinal products. Sports, nutrition and exercise. Mother and child. Personal care products (oral, foot and intimate care and hair removal). Special skincare.
- Other: Clothing and accessories (footwear, hair ornaments, jewellery, toilet bags, etc.). House and garden (cleaning and maintenance, electrical products, interior decoration and textiles). Other revenue.
- Wholesale sales etc. comprise sales concerning the associated Matas store, Club Matas partners, value adjustments of Club Matas points, B2B and sales by Kosmolet outside of Matas.

Revenue is generated by the sale of Matas products. Revenue from sales of products through Matas stores is recognised when a store sells the product to the customer. Payment is usually received when the customer receives the product, or, if the customer pays by credit card, a few days later. Revenue from sales through Matas webshops is recognised and payment is received when the product is sent to the customer.

A small proportion of Matas' revenue is invoiced, e.g. wholesale sales, in which connection a receivable is recognised.

For the Club Matas customer loyalty programme, a performance obligation is recognised at the date of recognition of the sale triggering the allocation of Club Matas points and stripes. The performance obligation is measured at the estimated fair value of the Club Matas points and stripes allocated and amounted to DKK 70.8 million at 30 September 2020 (30 September 2019: DKK 71.9 million). The estimated fair value is inherently subject to some uncertainty with respect to actual future redemption and considering the flexibility of the customer loyalty programme. Revenue is recognised when the customer uses points/stripes, usually over an average period of three months.

## Geographical information

Matas Group operates almost exclusively in Denmark. Revenue from sales through Danish retail stores and to associated stores accounted for > 98%.

## Note 5 – Contingent consideration and goodwill

The Group did not acquire any businesses or activities in the first half of 2020/21.

Contingent consideration in the amount of DKK 19.0 million was paid in June 2020 in relation to the acquisition of Kosmolet A/S, consisting of contingent consideration of DKK 20.0 million and a DKK 1.0 million reduction of the purchase price.

No acquisitions have been made after 30 September 2020.

At DKK 3,930.6 million, the carrying amount of goodwill was unchanged compared with 31 March 2020. Kosmolet A/S was acquired in June 2019.

(DKKm)	2020/21	2019/20
Goodwill at 1 April 2020/2019	3,930.6	3,838.1
Addition on acquisition of Kosmolet A/S	-	80.4
<b>Goodwill at 30 September</b>	<b>3,930.6</b>	<b>3,918.5</b>

## Note 6 – Acquisition of investments in associates

The Group increased its ownership interest in MIILD A/S to 40.0% in May 2020.

## Note 7 – Leases

Matas' lease assets are as follows:

DKKm	30/09/2020	30/09/2019	31/03/2020
Store leases	630.0	773.1	706.1
Administration and warehouse buildings etc.	57.3	68.9	62.9
Cars and other leases	3.4	7.3	5.1
<b>Total lease assets</b>	<b>690.6</b>	<b>849.3</b>	<b>774.1</b>

There was an addition of lease assets in the amount of DKK 4.9 million in H1.

Matas' lease liabilities are as follows:

DKKm	30/09/2020	30/09/2019	31/03/2020
Non-current liabilities	531.8	671.3	598.9
Current liabilities	172.1	184.1	185.6
<b>Total lease liabilities</b>	<b>703.9</b>	<b>855.4</b>	<b>784.5</b>

Most store leases are evergreen contracts as defined in the Danish Business Lease Act and are consequently subject to terms of notice of 3-12 months.

Depreciation as set out below is recognised in the statement of comprehensive income:

DKKm	H1 2020/21	H1 2019/20
Leased stores etc.	81.0	81.5
Administration and warehouse buildings etc.	5.7	4.6
Cars and other leases	2.0	2.2
<b>Total depreciation of lease assets</b>	<b>88.6</b>	<b>88.3</b>

Lease payments in the amount of DKK 91.7 million were made in H1 2020/21 (H1 2019/20: DKK 89.6 million.).

Interest in the amount of DKK 6.4 million was expensed in H1 2020/21 (H1 2019/20: DKK 7.6 million.).

Matas Group is the lessee of a limited number of premises where either the full rent is based on revenue or the rent is partially based on revenue.

Revenue-based rent is not comprised by IFRS 16 and is therefore not included in the above tables. Revenue-based rent is, as before, recognised under Other external costs and amounted to DKK 1.9 million.

A total amount of DKK 2.3 million was recognised in the statement of comprehensive income for H1 2020/21 regarding short-term leases and leases of low-value assets. Lease liabilities relating to non-recognised short-term leases and leases of low-value assets amounted to DKK 2.1 million at 30 September 2020.

## Note 8 – Other payables

DKKm	30/09/2020	30/09/2019	31/03/2020
<b>Other non-current payables</b>			
Frozen holiday pay	59.4	6.6	38.0
<b>Total other non-current payables</b>	<b>59.4</b>	<b>6.6</b>	<b>38.0</b>
<b>Other current payables</b>			
VAT payable	55.8	12.9	30.1
Holiday pay obligations etc.	49.9	101.6	69.8
Pay-related liabilities (A tax/social security contributions)	96.2	28.6	42.4
Contingent consideration	5.0	20.0	25.0
Other creditors	27.4	15.9	12.8
<b>Total other current payables</b>	<b>234.3</b>	<b>179.0</b>	<b>180.1</b>

## Note 9 – Transactions with related parties

Pursuant to Matas A/S' Remuneration Policy, a total of 72,980 Performance Share Units (PSUs) related to the Company's long-term incentive programme (LTIP) for 2017 vested at 10 June 2020.

The PSUs vested in the form of 31,601 shares being granted to CEO Gregers Wedell-Wedellsborg, 14,810 shares being granted to CFO Anders T. Skole-Sørensen and 26,569 shares being granted to the rest of the executive team, including resigned managers.

The PSUs were granted free of charge to vest in the form of shares in Matas A/S.

PSUs vested at 75% of the original grant, which means that a total of 24,324 PSUs have been cancelled. Based on a closing price at 9 June 2020 of DKK 60.9, the total value of vested PSUs was DKK 4.4 million.

PSUs have been granted under the long-term incentive programme for 2020. A total of 47,518 PSUs were granted to Gregers Wedell-Wedellsborg and a total of 25,007 to Anders Skole-Sørensen.

# Interim financial highlights

(DKKm)	2020/21 Q2	2020/21 Q1	2019/20 Q4	2019/20 Q3	2019/20 Q2
<b>Statement of comprehensive income</b>					
Revenue	932.6	946.8	817.0	1,173.4	822.5
Gross profit	402.4	420.2	373.8	515.1	357.5
EBITDA	178.0	171.3	116.2	262.7	139.0
EBIT	77.2	72.1	10.8	165.6	45.7
Net financials	(11.0)	(12.2)	(11.8)	(11.3)	(10.2)
Profit before tax	66.2	59.9	(1.0)	154.3	35.5
Profit for the period	51.5	46.7	1.5	117.7	26.0
<b>Statement of financial position</b>					
Total assets	6,276.0	6,460.8	6,588.3	6,684.7	6,537.3
Total equity	2,864.3	2,812.0	2,764.0	2,759.8	2,640.1
Net working capital	49.4	(1.4)	90.3	(24.4)	(26.0)
Net interest-bearing debt	2,136.9	2,281.6	2,499.6	2,437.8	2,591.9
<b>Statement of cash flows</b>					
Cash flow from operating activities	119.2	301.1	32.6	222.4	109.0
Cash flow from investing activities	(29.4)	(64.3)	(66.2)	(61.1)	(44.5)
Free cash flow	89.8	236.8	(33.6)	161.3	64.5
Net cash flow from operating, investing and financing activities	(9.7)	(69.8)	(30.5)	90.5	(115.6)
<b>Key performance indicators</b>					
Number of transactions (millions)*	5.3	4.9	4.6	6.2	4.9
Average basket size (DKK)*	176.8	194.1	173.5	187.9	164.7
Total retail floor space (in thousands of square metres)	53.3	53.2	53.5	53.7	53.5
Avg. revenue per square metre (in DKK thousands) - LTM	72.1	69.8	68.3	68.4	66.8
Like-for-like growth	13.6%	8.4%	(2.2)%	4.7%	0.3%
<b>Adjusted figures</b>					
EBITDA	178.0	171.3	116.2	262.7	139.0
Special items	1.6	1.5	2.9	1.1	14.6
EBITDA before special items	179.6	172.8	119.1	263.9	153.6
Depreciation and amortisation of software	(75.5)	(74.2)	(80.8)	(73.0)	(69.7)
EBITA	104.1	98.6	38.3	190.9	83.9
Adjusted profit after tax	72.5	67.4	23.0	137.5	56.1
Gross margin	43.1%	44.4%	45.8%	43.9%	43.5%
EBITDA margin	19.1%	18.1%	14.2%	22.4%	16.9%
EBITDA margin before special items	19.3%	18.3%	14.6%	22.5%	18.7%
EBITA margin	11.2%	10.4%	4.7%	16.3%	10.2%
EBIT margin	8.3%	7.6%	1.3%	14.1%	5.6%

\* Incl. Firtal transactions