

MATAS A/S

Remuneration Report

2019/20

1 April 2019 - 31 Marts 2020

matas

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To our shareholders

In connection with the IPO in 2013, Matas set up a Remuneration Committee charged with the task of developing an appropriate remuneration structure for the Board of Directors and the Executive Management. The Remuneration Committee prepared its first remuneration policy in 2013 and has since updated it annually to ensure that remuneration is consistent with market standards.

The revision of the EU Shareholder Rights Directive in the summer of 2019 gave rise to amendments to the Danish Companies Act requiring Danish companies to prepare a separate remuneration report as from reporting year 2021.

The Board of Directors of Matas A/S has decided to publish a separate remuneration report for Matas A/S already from financial year 2019/20. The report is based on the remuneration policy approved at the general meeting held on 28 June 2018. The remuneration policy is available at investor.matas.dk/governance.cfm.

At the Company's annual general meeting to be held on 30 June 2020, the Board of Directors will present an updated remuneration policy for approval by the shareholders. The main principles of this remuneration policy are consistent with those of the remuneration policy of 2018 except for the updates made to reflect the latest amendments to the Danish Companies Act with respect to remuneration.

The remuneration policy supports the goal of attracting, motivating and retaining qualified members of the Board of Directors and the Executive Management. The remuneration is designed so as to align the interests of the Board of Directors, the Executive Management and the Company's shareholders and thus to support the achievement of Matas' short-term and long-term strategic goals and to stimulate value creation. The remuneration must also ensure Matas' ability to attract, motivate and retain competent managers, which is critical to the execution of the Company's strategy. The remuneration of other members of Matas' executive team is based on the same principles, and the remuneration of Matas Group's other employees is designed so as to attract, motivate and retain skilled employees and ensure a strong focus on value creation and strategic progress.

Due to the extraordinary situation caused by the COVID-19 outbreak, the Board of Directors and the Executive Management have agreed to suspend the Executive Management's bonus accrual for as long as the Company is affected by the lockdown of Danish society and receives compensation under government rescue packages.

Lars Vinge Frederiksen

Chairman of the Board of Directors and Chairman of the Remuneration Committee

Matas' remuneration policy

Matas' remuneration policy supports the goal of attracting, motivating and retaining qualified members of the Board of Directors and the Executive Management. The remuneration is designed so as to align the interests of the Board of Directors, the Executive Management and the Company's shareholders, to support the achievement of Matas' short-term and long-term strategic goals and to stimulate value creation.

As regards the Board of Directors, the remuneration policy allows the provision of a fixed annual fee, while variable or incentive-based remuneration is not permitted.

As regards the Executive Management, the remuneration policy allows the provision of both a fixed base salary and variable remuneration.

The fixed base salary paid to the members of the Executive Management consists of

- a fixed salary
- a pension contribution
- other employee benefits

The variable remuneration paid to the members of the Executive Management consists of

- a short-term incentive programme (STIP) in the form of an annual cash bonus
- a long-term (3-year) incentive programme (LTIP) in the form of performance share units (PSU)

Under the remuneration policy, STIP and LTIP may each amount to up to 100% of the fixed base salary.

The variable remuneration helps to align the interests of shareholders and the Executive Management. It is intended to reward individual effort and performance and ensure that the aggregate remuneration paid to each member of the Executive Management is in line with market practice of comparable companies. In exceptional cases, the remuneration policy allows for the granting of a cash bonus of up to 150% of each member's annual fixed salary. The long-term incentive programme also contributes to retaining the members of the Executive Management.

To be eligible to participate in LTIP, a member of the Executive Management must acquire shares in the Company for an amount corresponding to at least 50% of his or her fixed base salary.

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 by giving at least four months' notice. Termination benefits cannot exceed the aggregate compensation paid to the member of the Executive Management during the last 24 months.

Remuneration of the Board of Directors

Fees paid to members of the Board of Directors

The fee payable to the members of the Board of Directors in the next financial year is approved at the annual general meeting.

The fee payable to board members for financial year 2019/20, as approved by the shareholders in general meeting, is DKK 300,000 per member (2018/19: DKK 300,000). The Chairman receives 2.5 times the annual fee and the Deputy Chairman receives 1.5 times the fee. The chairman of the Audit Committee receives 1.25 times the fee. No separate remuneration is paid for work on the Nomination Committee and the Remuneration Committee. No separate remuneration is paid for board meetings held in another country than the board member's country of residence, but travel expenses are reimbursed.

Total remuneration of the Board of Directors, 2016/17 – 2019/20

The fee paid to board members has not changed since Matas was listed on Nasdaq in June 2013 and may be specified as follows:

(DKK'000)	Board remuneration	Audit Committee	2019/20 Total	2018/19 Total	2017/18 Total	2016/17 Total
Lars Vinge Frederiksen	750	-	750	750	750	750
Lars Frederiksen	450	-	450	450	450	450
Christian Mariager	300	-	300	300	300	300
Signe Trock Hilstrøm	300	-	300	300	225	-
Mette Maix	300	-	300	300	225	-
Birgitte Nielsen	300	75	375	375	375	375
Ingrid Jonasson Blank ¹	-	-	-	-	75	300
Total remuneration of the Board of Directors	2,400	75	2,475	2,475	2,400	2,175

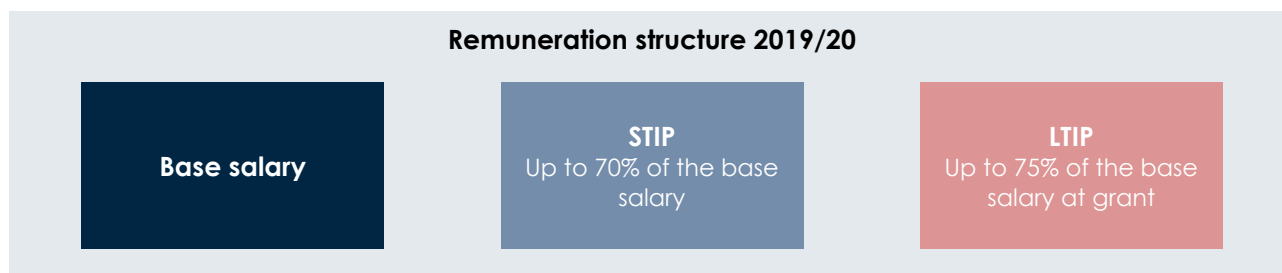
* Resigned on 30 June 2017.

Remuneration of the Executive Management

Components of the remuneration of the Executive Management

The Board of Directors wishes to offer members of the Executive Management a remuneration package which is competitive, promotes short-term and long-term value creation and ensures consistency between the Company's financial performance and the remuneration of the Executive Management. The fixed base salary is the key component of the remuneration package. The short-term incentive programme (STIP) rewards short-term results, typically based on the profit for the year, while the long-term incentive programme (LTIP), which covers a period of three years, rewards long-term value creation.

The Board of Directors finds it important that a significant part of the remuneration package consists of variable components so as to ensure consistency between the Company's performance and the remuneration of the members of the Executive Management.



Base salary of members of the Executive Management

The fixed base salary of the members of the Executive Management consists of a salary, pension contributions and other employee benefits. The pension contribution amounts to 10% of the fixed salary, and other employee benefits comprise a company car, phone, internet and newspaper subscriptions as well as health and accident insurance. The cars made available to members of the Executive Management are leased, and the annual lease payment per vehicle may not exceed DKK 240,000.

Short-term incentive programme (STIP) for the Executive Management

Through his or her participation in the short-term incentive programme (STIP), each member of the Executive Management may qualify for a short-term cash bonus if certain annual targets defined by the Board of Directors and supporting the long-term execution of the "Renewing Matas" strategy are met. For 2019/20, it has been agreed that the total STIP bonus may amount to up to 70% (2018/19: 70%) of each member's fixed base salary exclusive of pension contributions at the date of grant, and the targets to be met to qualify for the bonus are related to the Company's financial performance and the achievement of specific personal goals. To be eligible for STIP bonus, certain minimum targets must be met, and bonus is paid once a year in proportion to the targets achieved.

Long-term incentive programme (LTIP) for the Executive Management

The members of the Executive Management also participate in a long-term incentive programme (LTIP), under which they may qualify for a share-based bonus if targets directly related to the execution of the "Renewing Matas" strategy are met. For 2019/20, it has been agreed that each member of the Executive Management may qualify for Performance Share Units (PSUs) of an amount not to exceed 75% (2018/19: 75%) of the fixed base salary exclusive of pension contributions at the date of grant. The PSUs are granted as a percentage of the fixed salary at a value corresponding to the share price at the date of grant. The PSUs vest after three years, and the number of vested PSUs depends on the degree of achievement of two strategic goals related to total revenue and total earnings (EBITDA before special items) in the 3-year period. The long-term incentive programme is described in detail below.

To be eligible for PSUs, a member of the Executive Management must acquire Matas shares for an amount corresponding to at least 50% of his or her fixed base salary. New members of the Executive Management may accumulate such shareholding during the first four years of serving on the Executive Management.

Granting of variable remuneration

As regards the short-term incentive programme (STIP), the performance targets to be met by the CEO are defined by the Board of Directors, while the performance targets to be met by the other members of the Executive Management (currently the CFO) are defined by the Board of Directors and the CEO. The performance targets to be met by the rest of the executive team are defined by the Executive Management. The STIP performance targets for the next financial year are set annually in connection with the budget process.

Due to the extraordinary situation caused by the COVID-19 outbreak, the Board of Directors and the Executive Management have agreed to suspend the Executive Management's STIP accrual for as long as the Company is affected by the lockdown of Danish society and receives compensation under government rescue packages. This will affect the Executive Management's ability to accrue maximum STIP for financial years 2019/20 and 2020/21.

The financial targets for the granting of short-term bonus (STIP) do not take into account the operational effects of activities related to Kosmolet since the acquisition was made after the beginning of the financial year. For 2020/21 onwards, Kosmolet's performance will be included in line with the performance of Matas' other activities.

Incentive-based remuneration may be clawed back if payment of the variable pay component is based on information which subsequently proves to be incorrect.

In addition to the variable remuneration that may be granted to the Executive Management, see above, variable remuneration may also be granted to the rest of the executive team, which at 31 March 2020 consisted of the group of other Matas executives, comprising six people (eight including resigned employees), and the management of Firtal Group, comprising three people.

Granting of STIP for 2019/20 to Matas' management

For financial year 2019/20, a short-term bonus programme (STIP) based on the achievement of defined financial performance targets, including revenue and EBITDA before special items for financial year 2019/20, and a number of personal targets has been agreed for the Executive Management and the rest of the executive team.

Based on the results achieved, short-term bonus payments for the Executive Management for financial year 2019/20 will total DKK 4.1million, corresponding to 87% of the maximum short-term bonus (2018/19: DKK 4.3 million and 93% of the maximum short-term bonus), which amount will be paid out upon approval at the annual general meeting of Matas' annual report for 2019/20 and will therefore be included in the financial statements for 2020/21.

Total short-term bonus payments for the rest of the executive team for financial year 2019/20 will amount to about DKK 5 million (2018/19: DKK 2.5 million). Bonus is calculated and paid out according to the same principles as those applying to the Executive Management.

Granting of LTIP for 2019/20 to Matas' management

As described above, Matas has offered share-based incentive programmes in the form of Performance Share Units (PSUs) to the Executive Management and the rest of the executive team since 2016/17.

Under the current programme, PSUs are calculated and granted according to the following general principles:

- The term of a PSU is three years, after which it vests. The expiry date is thus three years after the date of grant.
- The number of conditional PSUs granted in a given year may not exceed a value corresponding to 75% of the participant's fixed base salary exclusive of pension contributions at the date of grant.
- The number of PSUs granted is fixed on the basis of the share price at the date of grant.
- The financial performance targets associated with the granting of PSUs are determined once each year in connection with the Board of Directors' approval of the budget for the following financial year.
- Incentive-based remuneration may be clawed back if payment of the variable pay component is based on information which subsequently proves to be incorrect.
- Usual good and bad leaver rules apply.

The current programmes stipulate the following conditions for the vesting of conditional PSUs (to be converted into final PSUs):

- Depending on the achievement of two KPIs, which are each weighted 50%, one based on the EBITDA before special items performance and one on the revenue performance in the period up to and including the third financial year after grant, the number of final PSUs granted may at vesting vary by between 75% and 150% of the number originally granted.
- The PSUs are granted free of charge, and provided that the PSUs vest and do not lapse, each PSU entitles the holder to receive one Matas share at the time of vesting.
 - Provided that the above-mentioned KPIs are met, the PSUs granted will vest after publication of the annual report for the third year after grant.
 - As described above, to participate in the programme, participants must over a four-year period acquire shares in Matas corresponding to a pre-defined share of their gross salary (shareholding obligation).

In addition to the Executive Management, PSUs were granted to the rest of Matas' executive team and to the management of Firtal Group in September 2019.

Vesting of LTIP granted in 2016/17

The long-term incentive programme granted in September 2016 vested in June 2019.

PSUs vested at 75% of the original grant. The Company's CFO was granted 10,469 Matas shares representing a value of DKK 0.7 million at the time of vesting. CEO Gregers Wedell-Wedellsborg was not a part of the programme vesting in 2019 as he was not employed with the Company at the time of grant in 2016. The rest of the executive team, including resigned employees, was granted 41,748 Matas shares representing a total value of DKK 3.0 million at the time of vesting.

The PSUs were granted free of charge.

Value of non-vested Performance Share Units (LTIP)

There are currently three ongoing LTIP programmes, initiated in 2017/18, 2018/19 and 2019/20.

The 2017/18 programme was granted in 2017 to vest in 2020. Depending on the achievement of EBITDA before special items and revenue targets for financial years 2017/18, 2018/19 and 2019/20, the number of final PSUs granted may at vesting vary by between 75% and 150% of the number originally granted. The 2018/19 and 2019/20 programmes will vest in 2021 and 2022, respectively, based on the performance in the three preceding financial years.

The maximum number of PSUs and their value at vesting (150% of the number originally granted) at the time of vesting are shown below. The value is based on the closing price at 31 March 2020 (DKK 42.65).

LTIP programmes	Programme 2019/20	Programme 2018/19	Programme 2017/18
Number of participants			
Executive Management	2	2	2
Other	10	9	8
Total	12	11	10
Number of PSUs granted			
Gregers Wedell-Wedellsborg ¹⁾	61,365	57,561	42,135
Anders Skole-Sørensen	32,294	30,292	19,746
Executive Management, total	93,659	87,853	61,881
Other executives	88,924	60,512	40,035
Total	182,583	148,365	101,916
Executive Management's proportion	51%	59%	61%
Maximum market value at 31 March 2020 (DKKm)¹⁾			
Gregers Wedell-Wedellsborg ²⁾	3.9	3.7	2.7
Anders Skole-Sørensen	2.1	1.9	1.3
Executive Management, total	6.0	5.6	4.0
Other executives	5.7	3.9	2.6
Total	11.7	9.5	6.5
Executive Management's proportion	51%	59%	61%
Minimal market value at 31 March 2020 (DKKm)³⁾			
Gregers Wedell-Wedellsborg ²⁾	2.0	1.8	1.3
Anders Skole-Sørensen	1.0	1.0	0.6
Executive Management, total	3.0	2.8	2.0
Other executives	2.8	1.9	1.3
Total	5.8	4.7	3.3
Executive Management's proportion	52%	60%	59%

¹⁾ Calculated as the number of PSUs granted x 150% (maximum number at vesting) x Matas closing price at 31 March 2020 (DKK 42.65). ²⁾ Appointed on 1/11 2017. ³⁾ Calculated as the number of PSUs granted x 75% (minimum number at vesting) x Matas closing price at 31 March 2020 (DKK 42.65).

Total remuneration of the Executive Management, 2016/17 – 2019/20

The total remuneration paid to the Executive Management for financial year 2019/20 was DKK 16.2 million, of which variable remuneration accounted for 49%.

(DKKm)	Fixed salary incl. benefits	Pension contri- butions	Cash bonus ¹⁾	Total	PSUs ²⁾	Total, including PSUs	Variable share
2019/20							
Gregers Wedell-Wedellsborg	4.9	0.5	3.0	8.3	2.4	10.7	5.4
Anders Skole-Sørensen	2.7	0.2	1.3	4.2	1.3	5.5	2.6
Executive Management, total	7.6	0.7	4.3	12.6	3.6	16.2	8.0
2018/19							
Gregers Wedell-Wedellsborg	4.8	0.5	1.1	6.3	2.6	8.9	3.7
Anders Skole-Sørensen	2.6	0.2	0.3	3.2	1.4	4.6	1.7
Executive Management, total	7.4	0.7	1.4	9.5	4.0	13.5	5.4
2017/18							
Gregers Wedell-Wedellsborg ³⁾	2.0	0.2	-	2.2	2.3	4.5	2.3
Terje List ⁴⁾	3.2	0.1	1.0	4.3	-	4.3	1.0
Anders Skole-Sørensen	2.6	0.2	0.6	3.5	1.3	4.7	1.9
Executive Management, total	7.8	0.5	1.6	10.0	3.6	13.5	5.2
Termination pay, Terje List	10.5	-	-	10.5	-	10.5	
Total	18.3	0.5	1.6	20.4	3.6	24.0	
2016/17							
Terje List ⁴⁾	5.4	0.1	2.7	8.2	2.7	10.9	5.4
Anders Skole-Sørensen	2.6	0.3	1.1	4.0	1.3	5.3	2.4
Executive Management, total	8.0	0.4	3.8	12.2	4.0	16.2	7.8

¹⁾ Paid in the year. ²⁾ Granted in the year (75%). ³⁾ Appointed on 1/11 2017. ⁴⁾ Resigned on 31/10 2017.

Value of actual total remuneration paid to the Executive Management in 2019/20

The total remuneration paid to the Executive Management, comprising the actual remuneration paid in 2019/20 and the value of the remuneration at minimum and maximum achievement of STIP and LTIP for 2019/20, is shown below.

The actual remuneration is calculated as the fixed base salary plus STIP granted for 2019/20 (to be paid out in 2020/21) and the value of PSUs granted in financial year 2019/20 based on the share price at the end of the financial year (DKK 42.65).

The value of the remuneration at maximum and minimum achievement, respectively, is calculated as the fixed base salary plus 100% or 0% STIP grant plus the value of PSUs granted at vesting in 2022 of either 150% (maximum) or 75% (minimum) of the value granted based on the share price at the end of the financial year (DKK 42.65).

(DKKm)	Actual remuneration paid in 2019/20	Value of remuneration at maximum achievement	Remuneration at minimum achievement
Gregers Wedell-Wedellsborg			
Base salary	5.4	5.4	5.4
Cash bonus (STIP) ¹⁾	2.8	3.4	0.0
Value of PSUs granted (LTIP) ²⁾	2.6	3.9	2.0
Total	10.8	12.7	7.3
Anders Skole-Sørensen			
Base salary	2.9	2.9	2.9
Cash bonus (STIP) ¹⁾	1.3	1.4	0.0
Value of PSUs granted (LTIP) ²⁾	1.4	2.1	1.0
Total	5.6	6.4	4.0
Executive Management, total	16.4	19.1	11.3

¹⁾ Granted in 2019/20, to be paid out in 2020/21. ²⁾ Granted in 2019/20, vesting in 2022.

The distribution between fixed and variable remuneration for the Executive Management is shown below.

%	Fixed remuneration	Cash bonus ¹⁾	PSUs ²⁾	Total remuneration
2019/20				
Gregers Wedell-Wedellsborg	50%	28%	22%	100%
Anders Skole-Sørensen	53%	24%	23%	100%
Executive Management, total	51%	27%	22%	100%
2018/19				
Gregers Wedell-Wedellsborg	59%	12%	29%	100%
Anders Skole-Sørensen	63%	7%	30%	100%
Executive Management, total	60%	10%	30%	100%
2017/18				
Gregers Wedell-Wedellsborg ³⁾	48%	0%	52%	100%
Terje List ⁴⁾	76%	24%	0%	100%
Anders Skole-Sørensen	60%	13%	27%	100%
Executive Management, total	61%	12%	27%	100%
2016/17				
Terje List	50%	25%	25%	100%
Anders Skole-Sørensen	55%	21%	24%	100%
Executive Management, total	52%	23%	25%	100%

¹⁾ STIP paid in the year. ²⁾ LTIP granted in the year (75%). ³⁾ Appointed on 1/11 2017. ⁴⁾ Resigned on 31/10 2017.

Changes in the total remuneration of the Executive Management in the past four years are shown below.

(DKKm)	2019/20	2018/19	2017/18	2016/17
Gregers Wedell-Wedellsborg ¹⁾	2.0	n.a.	n.a.	n.a.
Terje List	-	-	n.a.	n.a.
Anders Skole-Sørensen	1.1	(0.3)	(0.5)	0.6
Executive Management, total	3.1	n.a.	n.a.	n.a.

¹⁾ Appointed on 1/11 2017.

The granting of STIP and LTIP primarily depends on the achievement of two KPIs, the EBITDA before special items performance and the revenue performance. Changes in these KPIs in the past four years are shown below.

%	2019/20	2018/19	2017/18	2016/17
Revenue	4.2%	2.2%	(1.3)%	1.1%
EBITDA before special items	(5.6)%	(1.1)%	(10.6)%	(4.9)%

It is noted that the financial performance for 2019/20 was adversely affected by the COVID-19 pandemic.

Remuneration of the Executive Management relative to the average salary in Matas Operations

The average salary of a FTE of Matas Operations (HQ) in financial year 2019/20 was DKK 0.6 million. Accordingly, the ratio of the remuneration paid to Matas' CEO and the average salary of a Matas Operations employee was 18 for financial year 2019/20.

(DKKm)	2019/20	2018/19	2017/18	2016/17
Average salary of an employee of Matas Operations	0.6	0.6	0.5	0.5
Ratio of remuneration of CEO to average salary	18	13	17	22

Shareholdings

Shareholdings of the Board of Directors

Shareholdings of the Board of Directors in Matas A/S and changes in shareholdings in 2019/20:

	Shareholding at 1 April 2019 No.	Purchase/sale in the period No.	Shareholding at 31 March 2020 No.	Market value at 31 March 2020 (DKKm)
Board of Directors				
Lars Vinge Frederiksen, Chairman	19,095	0	19,095	0.8
Lars Frederiksen	8,269	0	8,269	0.4
Birgitte Nielsen	3,439	0	3,439	0.1
Christian Mariager	3,500	0	3,500	0.1
Signe Trock Hilstrøm	0	0	0	0.0
Mette Maix	0	1,700	1,700	0.1

Shareholdings of the Executive Management

Shareholdings of the Executive Management in Matas A/S and changes in shareholdings in 2019/20:

	Shareholding at 1 April 2019 No.	Purchase/sale in the period No.	Shareholding at 31 March 2020 No.	Market value at 31 March 2020 (DKKm)
Executive Management				
Gregers Wedell-Wedellsborg	16,641	0	16,641	0.7
Anders Skole-Sørensen	94,657	6,469	101,126	4.3

SUNDHED & VELVÆRE

KASSE

HUDPLEJE

MAKEUP

DUFTE



RIMMEL LONDON

40% PÅ ALT RIMMEL

A well-lit display of Rimmel London makeup products. The display is organized into shelves and includes various items such as eye makeup, lipsticks, and brushes. A prominent sign at the top of the display reads "RIMMEL LONDON" and "40% PÅ ALT RIMMEL".

DANSK MAKEUP
GOSH COPENHAGEN
PARFUMEFR
VEGANSK

A display of Gosh Copenhagen makeup products. The display is organized into shelves and includes various items such as eye makeup, lipsticks, and brushes. The Gosh Copenhagen logo is visible at the top of the display.



A display of Wish hand sanitizer bottles. The bottles are arranged in rows on a counter. There are several different sizes and colors of bottles, including blue, white, and purple. The Wish logo is visible on the bottles.

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