matas

Annual Report 2022/23

1 April 2022 – 31 March 2023

Matas A/S | Rørmosevej 1, DK-3450 Allerød | CVR no. 27 52 84 06

The purpose of Matas Group

Health and Beauty for Life

The purpose of Matas Group is to promote Health and Beauty for Life. Matas aims to be the preferred supplier of health and beauty products and advice to consumers throughout their lives.

Contents

Growing Matas Group

Matas Group offers the broadest assortment within health, beauty and wellbeing in Denmark.

ESG Report 2022/23

Read more about Matas Group's ESG initia-tives in our ESG Report.

Read more

Introduction

TO OUR SHAREHOLDERS

A year of progress and growth

Matas' financial year 2022/23 has been remarkable for its progress in a highly volatile environment. Revenue grew by more than 3% to DKK 4,490 million and EBITDA before special items improved to DKK 809 million despite cost inflation. Profit before tax grew by 6% to DKK 373 million and free cashflow grew by DKK 144 million to DKK 423 million.

Gregers Wedell-Wedellsborg
CEO

Lars Vinge Frederiksen
Chairman

The central achievement of the year is that Matas has been able to deliver both growth and earnings in line with our Growing Matas Group strategy. Matas grew despite being up against two exceptional years where "life under COVID-19" drove a spike in demand for health and personal care products. Matas also grew despite unprecedented shifts in the macroeconomic environment and in consumption patterns.

For the first time since March 2020, the COVID-19 pandemic was not a significant factor in Matas' performance or daily operations. But as one crisis receded, new ones made way: War in Ukraine, disruptions in global supply chains, rampant inflation and energy prices, and a constantly looming fear of recession and slowdown in private consumption.

In retail overall, we saw consumers gearing down spending on big ticket items such as electronics, cars, and home improvement. We saw travel retail and spending on services bouncing back. But we also saw that consumers continued spending on beauty, care and wellbeing. We saw a shift in shopping patterns with customers returning to the physical stores, shopping centers and high streets while holding back online. In this environment, Matas did particularly well and gained market share online with double digit growth in a flat market.

There are three drivers of growth in Matas: Overall demand for the beauty category

+180

new brands added

which once again proved resilient despite tightening of household budgets. Pricing where we pursued a strategy of price moderation, down-trading options and sharing the inflationary pressure across the value chain – and as result avoided losing sales volume. And finally, assortment expansion which is the key long-term driver in the Growing Matas Group strategy.

At the same time, our customers have shopped more frequently and rewarded Matas with record-high customer satisfaction scores. Skilled and motivated staff across all our sales channels, broad health and beauty assortment and fast online delivery have been key to success. Furthermore, our loyalty club with 1.9 million members has evolved and strengthened the bond between our customers and Matas. This differentiates Matas in a market characterised by intensifying competition.

As part of our growth strategy, we have now entered new geographic markets. Not backed by full-scale marketing, but to test and learn and find yet another path for organic growth over the years to come. In Germany, Matas is now present in more than 200 beauty stores and perfumeries that sell our iconic private label brand, Matas Striberne. In Sweden and Norway, we have launched the matas.se and matas.no web shops, thus gaining access to 16 million new online customers.

Our earnings for the year improved slightly compared to previous years and profitability reached the top end of our guidance for the year. This reflects our ability to manage the inflationary pressure. We took certain cost measures throughout the year and still had room to continue our investment in initiatives that will drive long-term growth.

Corporate governance, sustainability and social impact become increasingly important to our many stakeholders, and we have taken our efforts as well as our reporting to a new level. We have made progress across all three strategic priority pillars: Sustainability, public health as well as diversity and inclusion.

> *“As a part of our growth strategy, we have now entered new geographic markets.”*

The financial year 2023/24 is expected to be volatile. Rising interest rates affect a great number of households and, combined with inflation and uncertainty around energy prices, there is still a risk of recession. This risk is partly mitigated by nationwide wage increases, but severe global crises as the ongoing war in Ukraine will most likely impact the Danish economy negatively.

However, Matas has historically performed well during recessions and has entered the new year with good sales momentum. Matas also has a particularly sound financial foundation with low debt and a low gearing which leaves room for investments to maintain and expand our position towards our 2025/26 financial ambition of reaching more than DKK 5 billion in revenues with an EBITDA margin between 17-18%.

The construction market is no longer overheated, and we have signed an agreement to start construction of our new automated logistics center in 2023/24, so that we can support Matas' growth and profitability with lower logistics costs and fast online delivery of an even wider assortment.

Based on the satisfactory financial results and in light of the significant investment in Matas Logistics Center, the Board of Directors proposes that a dividend of DKK 77 million, equivalent to DKK 2.00 per share, be declared and approved on 29 June 2023 at the Annual General Meeting.

Once again, we would like to take the opportunity to praise our dedicated colleagues in our stores around the country, in the logistics centers and at the head office. The good results and historically high customer satisfaction rates are the fruits of collaborative company-wide culture and energetic and dedicated daily effort. Thank you.

Lars Vinge Frederiksen
Chairman

Gregers Wedell-Wedellsborg
CEO

Highlights

Financials and KPIs

- Revenue growth of **3.3%** despite headwinds
- EBITDA before special items sustained despite cost inflation and **1 percentage-point "margin investment"** in future growth
- Profit before tax **improved by 6.2%**
- Cash flow **improved by DKK 144 million**
- Gearing of **2.0x**
- Q4 growth of **8.3%**
- **Good sales momentum** in 2023/24
- Dividend of **DKK 2.00 in light of MLC,** growth investments and macro prudence

Strategy

- Assortment expansion strategy is working – **delivering more than DKK 100 million growth in new categories**
- **Comeback of physical stores** to pre-COVID-19 levels
- **Online growth** and market share gains in a flat market
- Cost ratios maintained **despite inflationary pressures**
- Matas Logistics Center signed and scheduled **to open in spring 2025**
- International is still small, **but growing briskly**

Guidance

- Organic revenue **growth of 3-6%**
- EBITDA margin (before special items) **around 17%**
- **CAPEX of DKK 425-450 million** including DKK 250 million for MLC
- **On track** to deliver on long-term financial ambitions

Matas at a glance

With revenue at DKK 4.5 billion, Matas Group is Denmark's largest health and beauty retailer. Matas was established in 1949 as a chain of independent materialists. Today, Matas Group is a listed, integrated omnichannel retailer with own brands, 1.9 million Club Matas members, 260 physical stores and matas.dk, the second most visited web shop across all categories in Denmark as well as multiple other speciality web shops.

#1	**DKKb 4.5**	**+2,000**	**260**	**1.9 million**
Online market leader in health and beauty	**Revenue**	**Employees**	**Physical stores across Denmark**	**Club Matas members**

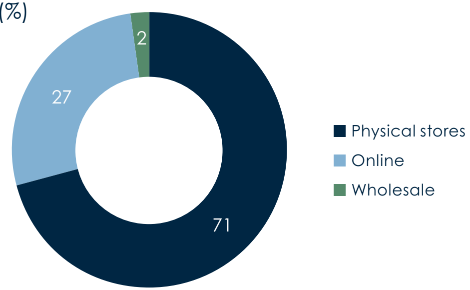
Financial highlights 2022/23

Revenue
(DKKm)

4,490

Total revenue rose by 3.3% in 2022/23 driven by online growth of 10.7%. 1% to 3% announced in Trading Update Q3.

Revenue split
(%)



Online channels grew to a share of 27% in 2022/23 compared to 25% in 2021/22.

Gross margin
(%)

44.9%

Gross profit for 2022/23 amounted to DKK 2,014 million, up from 1,966 in 2021/22.

EBITDA margin before special items
(%)

18.0%

EBITDA margin before special items was 18.0% for 2022/23. 17% to 18% announced in Trading Update Q3.

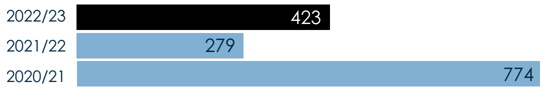
Adjusted profit after tax
(DKKm)

322

Adjusted profit after tax for 2022/23 amounted to DKK 35 million lower than for 2021/22, due to increasing interests and higher taxes as Matas brand was fully amortised in 2021/22.

Free cash flow
(DKKm)

423



Free cash flow increased by DKK 144 million to DKK 423 million in 2022/23, mainly driven by cash generated from operations, but also less corporate tax payments compared to 2021/22.

ESG highlights 2022/23

ENVIRONMENT

Carbon emissions – Scope 1 and 2
Absolute CO_2e, tons

2022/23	5,763
2021/22	6,227
2020/21	0

7.5% from FY 2021/22 ↓

Carbon emissions – Scope 3
Absolute CO_2e, tons

2022/23	50,318
2021/22	47,187
2020/21	0

7% from FY 2021/22 ↑

CO_2 intensity
Revenue, tons/DKKm

2022/23	12.5
2021/22	12.8
2020/21	0

3% from FY 2021/22 ↓

Plastic reductions
Count

2022/23	44,019,944
2021/22	39,081,783
2020/21	37,949,783

5M from FY 2021/22 ↓

SOCIAL

Employee satisfaction
Satisfaction & motivation score

2022/23	7.5
2021/22	7.6
2020/21	7.7

1% from FY 2021/22 ↓

Employee turnover
%

2022/23	47.8
2021/22	49.3
2020/21	0*

1.5pp from FY 2021/22 ↓

Gender diversity, overall
% of female representation

2022/23	91
2021/22	92
2020/21	92

1pp from FY 2021/22 ↓

Gender diversity, other mmt. level
% of female representation

2022/23	41
2021/22	36
2020/21	41

5pp from FY 2021/22 ↑

GOVERNANCE

UN Global Compact
Matas continues as an UNGC signatory and reports separately on Communication on Progress through UNGC's platform.

ESG Board implemented
5 times a year 11 board members meet in the ESG Board to oversee ESG goal implementation and progress.

Updated Supplier Code of Conduct (CoC)
Matas has introduced a new Supplier CoC setting out suppliers rules of conduct in relation to environment and people.

EU taxonomy reporting
Matas now reports on taxonomy eligibility and alignment.

Double materiality assessed
Matas' double materiality has been assessed applying same impact and materiality levels as described in the CSRD standards.

* Matas has introduced total employee turnover to its ESG reporting. However, due to limited data availability employee turnover for FY2020/21 has not able to be calculated.

Five-year key financials

(DKKm)	2022/23	2021/22	2020/21	2019/20	2018/19*
Statement of comprehensive income					
Revenue	4,489.6	4,344.2	4,163.6	3,688.5	3,541.3
Gross profit	2,014.4	1,966.0	1,841.2	1,640.4	1,588.8
EBITDA	804.2	809.6	788.0	678.4	529.7
EBIT	423.1	388.3	380.4	292.9	363.3
Net financials	(50.3)	(37.3)	(27.0)	(43.0)	(21.4)
Profit before tax	372.8	351.1	353.4	249.9	341.9
Profit for the period after tax	280.7	276.5	269.0	191.2	263.1
Special items	4.8	(7.0)	9.1	21.5	18.9
EBITDA before special items	809.0	802.6	797.1	699.9	548.6
Adjusted profit after tax	322.1	357.5	357.5	282.6	343.2
Statement of financial position					
Total assets	6,280.2	6,055.3	6,143.1	6,588.3	5,538.8
Total equity	3,363.1	3,152.3	3,038.9	2,764.0	2,669.9
Net working capital	23.0	(12.2)	(126.1)	90.3	(139.7)
Net interest-bearing debt	1,642.4	1,648.8	1,727.2	2,499.6	1,504.1
Statement of cash flows					
Cash flow from operating activities	679.0	510.5	952.0	446.8	472.8
Cash flow from investing activities	(92.2)	(50.5)	(50.5)	(123.8)	(63.5)
Free cash flow	423.2	278.9	774.1	111.2	233.8

* Comparative figures for 2018/19 are not comparable with the figures for 2019/20, 2020/21, 2021/22 and 2022/23 due to the implementation of IFRS 16 effective 1 April 2019 and IFRS 9 and 15 effective 1 April 2018. Firtal Group is included in key financials from 13 November 2018, Kosmolet from 11 June 2019 and Web Sundhed from 12 April 2021. For definitions, see "Definitions of key financials".

[1] Total investments, i.e. CAPEX, acquisitions, etc.

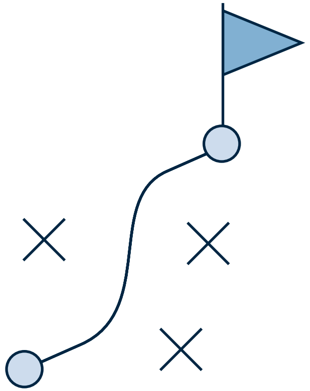
(DKKm)	2022/23	2021/22	2020/21	2019/20	2018/19*
Ratios					
Revenue growth	3.3%	4.3%	12.9%	4.2%	2.2%
Underlying like-for-like revenue growth	3.1%	2.1%	13.5%	0.7%	0.5%
Gross margin	44.9%	45.3%	44.2%	44.5%	44.9%
EBITDA margin	17.9%	18.6%	18.9%	18.4%	15.0%
EBITDA margin before special items	18.0%	18.5%	19.1%	19.0%	15.5%
EBIT margin	9.4%	8.9%	9.1%	7.9%	10.3%
Cash conversion	59.9%	54.5%	109.7%	45.3%	82.0%
Earnings per share, DKK	7.41	7.27	7.04	5.01	6.96
Diluted earnings per share, DKK	7.35	7.20	6.96	4.96	6.93
Dividend per share (proposed), DKK	2.00	2.00	2.00	0.00	3.00
Share price, end of year, DKK	84.2	96.3	83.1	42.7	65.8
ROIC before tax including goodwill	9.4%	9.9%	9.6%	8.5%	11.3%
ROIC before tax excluding goodwill	45.0%	50.1%	40.6%	35.4%	101.3%
Net working capital as a percentage of LTM revenue	0.5%	(0.3)%	(3.0)%	2.4%	(3.9)%
Investments[1] as a percentage of revenue	5.7%	5.3%	4.3%	9.1%	6.7%
Investments excluding acquisitions as a percentage of revenue	5.7%	4.2%	3.6%	5.2%	3.6%
Net interest-bearing debt/EBITDA before special items	2.0	2.1	2.2	3.6	2.7
Number of transactions (millions)	23.2	22.0	20.9	20.9	21.3
Average basket size (DKK)	188.8	192.2	197.5	174.7	165.1
Number of stores	260	260	265	268	278
Club Matas members (millions)	1.87	1.74	1.69	1.66	1.64
Club Matas Plus members (thousands)	68.9	52.6	21.5	-	-
Average number of employees (FTE)	2,124	2,164	2,152	2,197	2,149

Strategy and financial ambitions

Growing Matas Group

In August 2021, Matas launched its five-year Growing Matas Group strategy. Based on the purpose 'Health and Beauty for Life', the Group will grow by selling more to existing customers – especially the 1.9 million Club Matas members – driven by an expansion of the assortment.

The Group aims to grow revenue to more than DKK 5 billion excluding M&A, with an EBITDA margin before special items between 17% and 18% enabled by accumulated investments of DKK 1-1.3 billion for the period 2021/22 to 2025/26.



Strategic tracks

Commercial: Matas offers the broadest and most attractive health and beauty assortment to the Danish consumers. Going forward to 2025/26, Matas will continually expand its online assortment with new brands, products and categories.

E-commerce: matas.dk is the second most visited web shop in Denmark and the number one online destination for health and beauty in Denmark. Furthermore, Matas Group runs a number of niche web shops operated by Firtal and Web Sundhed, an online pharmacy service platform. Going forward to 2025/26, Matas aims to strengthen its market leadership through continuous customer satisfaction improvements.

Connected retail: With 260 stores nationwide and more than 2,000 trained beauty and health advisors, Matas has the most accessible network and a value-adding service concept. Matas aims to offer personalised advice and seamless shopping across all channels by strengthening its in-store digital services and adapting the network to market demands.

Brands: As the owner of a category-leading brand portfolio, Matas offers distinctive and unique branded products with national recognition. Going forward to 2025/26, Matas will expand its House of Brand portfolio and grow the Matas Brands business via own channels and through wholesale.

Logistics: With in-house logistics, Matas delivers a fast and consistent experience to both customers and suppliers. Going forward to 2025/26, Matas will invest in a new Matas Logistics Centre (MLC) with automated logistics to enhance effectiveness and enable assortment expansion.

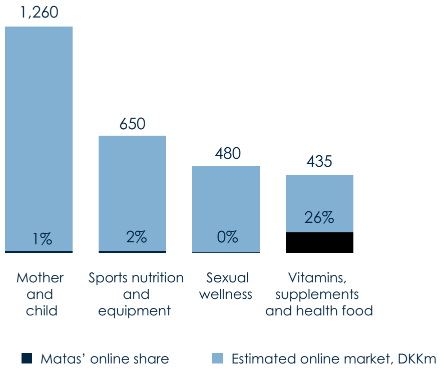
Internationalisation: A selection of Matas' own brands including Matas Striberne, Matas Natur and My Moments, is available in more than 200 stores in Germany and in January 2023 the web sites matas.no and matas.se were launched.

ESG: As one of the most wellknown brands in Denmark, Matas is recognised as a responsible company by consumers. Going forward to 2025/26, Matas aims to make continued progress on its ESG focus areas: Reducing climate footprint, contributing to public health and championing inclusion.

Strategy execution **2022/23**

Commercial: Expand assortment

- Introduced more than 180 new brands during the financial year 2022/23 to our customers and 1.9 million Club Matas members. Club Matas Plus reached almost 70,000 paying members, who combined with the Club Matas members contributed to 90% of the revenues from Matas stores and matas.dk in 2022/23.



- Assortment expansion was concentrated within the following categories:
  - Skincare
  - Make-up
  - Haircare
  - Mother and child
  - Sports nutrition and equipment
  - Sexual wellness
  - Vitamins and supplements

E-commerce: Extend market leadership

- Realised revenue growth of 11% in the financial year 2022/23. The growth was driven by an increase in number of transactions compared to previous year.
- Customer satisfaction reached an all-time high during the year, with a Net Promotor Score (NPS) of 75 on matas.dk.
- Matas.dk was once again the second most frequently visited web shop in Denmark in 2022.

Connected retail: Consolidate and connect stores

- Revenue from physical stores was in line with previous financial year, despite a decrease in basket size as a result of a post COVID-19 normalization. The number of transactions increased compared to previous year, and customer satisfaction reached a NPS of 73 in 2022/23.

- The pick-in-store concept was expanded to the entire store network and thereby executed around 7% of all online orders during Q4. Beyond the customer benefit of very fast delivery, pick-in-store is cheaper and greener, due to lower logistics and packaging costs.

- Consolidated the cooperation between the physical Matas stores and the online web shop matas.dk through increased focus on connected retail, which gives the customers the opportunity to shop the entire online assortment of 60,000 SKUs when visiting their local Matas store with typically 10,000 SKUs.

Brands: Grow the portfolio of House Brands

- In September 2022, Matas acquired the remaining 60% of the shares in Miild A/S, a Danish beauty brand with certification from AllergyCertified, Svanemærket and ECOCERT. Miild was integrated in to our House of Brands business unit, which also includes Nilens Jord, to capture synergies.

- Nilens Jord was once again the most best selling make-up brand in the Matas stores and delivered 5% annual revenue growth.

- Matas Striberne launched a number of new products and especially the line Curly Girl was well-received among the Matas customers.

Logistics: Automate logistics

- After postponing the construction of Matas Logistics Center (MLC), due to rising prices on materials and labour shortages in the construction sector, an agreement to build a 32,500 m^2 Matas Logistics Center was signed on 30 May 2023.

Internationalisation: Geographical expansion

- Selected products from Matas Striberne, Matas Natur and My Moments are now available at 200 doors in Germany.

- Launched the web shops matas.no and matas.se on 31 January 2023 which now offer Norwegian and Swedish customers the products and services known from matas.dk.

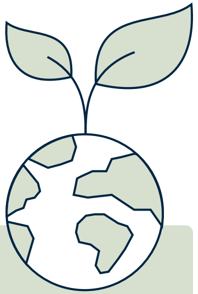
ESG: Impact society in a positive way

- Among other activities to reduce energy consumption in the stores during the financial year, Matas has sourced renewable energy certificates (REC) to cover 1,600 MWh of energy use which equates to approximately 10% of the total consumption for the financial year 2022/23.

- Read more about Matas Group's ESG initiatives in our ESG Report 2022/23 here: **ESG Report 2022/23**

Industry and market **trends**

During the financial year 2022/23, the health and beauty market was driven by evolving consumer preferences and increased awareness around sustainability and personal wellbeing. Some of the key trends and developments include:



#1 Digitalisation and e-commerce

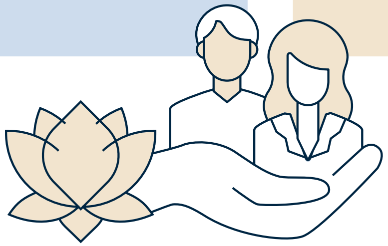
Online shopping continued to gain traction, with consumers increasingly relying on e-commerce platforms for their health and beauty needs. Matas Group once again proofed its worth with its omnichannel strategy and by using social media, influencer marketing, and virtual consultations to reach consumers.

#2 Sustainability and eco-friendliness

Consumers in Denmark increasingly looked for eco-friendly and sustainable products. Matas Group continued its focus on using natural, organic, and cruelty-free ingredients and at the same time encouraged consumers to return empty packaging for recycling.

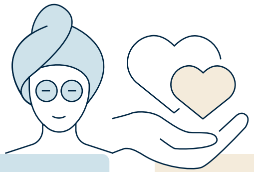
#3 Health and wellbeing focus

In general there was a growing demand for products that promote overall health and wellbeing. This was also evident in the increase of sales within the category Health and Wellbeing in Matas Group.



Industry and market **trends**

These trends and developments indicate a consumer-driven shift towards sustainable and online driven demand in the Danish health and beauty market during the financial year 2022/23.



#4 Clean beauty

The clean beauty movement, which emphasises transparency in ingredients and manufacturing processes, gained momentum in Denmark. The Danish beauty brand Miild with a number of certifications was fully acquired and merged with Matas Group during the financial year 2022/23.

#5 At-home beauty treatments

As people became more conscious of their health and safety, there was an increased interest in at-home beauty treatments. DIY beauty kits and at-home spa treatments were more popular than ever and especially within DIY nail kits, Matas Group expanded its range of products.

#6 Gender-neutral and inclusive products

The Danish market saw a rise in gender-neutral and inclusive products, with brands catering to diverse consumer needs and preferences, regardless of gender identity. This included skincare, cosmetics, and personal care products formulated for all skin types and tones.

#7 Plant-based and vegan products

As awareness of the environmental impact and ethical concerns associated with animal-derived ingredients grew, Danish consumers increasingly sought plant-based and vegan alternatives in the health and beauty sector.

#8 Telemedicine and virtual consultations

The health and beauty industry in Denmark saw a growth in telemedicine and virtual consultations, as consumers sought professional advice and guidance remotely. At matas.dk consumers are offered consultations with materialists, dermatologists and other health professionals.

Financial guidance **2023/24**

Revenue is expected to grow between 3% and 6%. The EBITDA margin before special items is expected around 17%. Investments, excluding M&A, are expected in the DKK 425-450 million range, including approximately DKK 250 million for the Matas Logistics Center.

Matas' commercial performance and strategic progress were strong in 2022/23. However, the financial year 2023/24 is expected to be characterised by macroeconomic uncertainty and volatility.

Rising interest rates affect a great number of households and combined with inflation and uncertainty around energy prices, there is still a risk of recession.

Revenue
For the financial year 2023/24, Matas expects organic revenue to grow between 3% and 6%, based on the following core assumptions:

- Moderate underlying market growth, driven by modest price increases below the levels of 2022/23
- Limited impact of a potential recession on the health and beauty market
- A continuing underlying channel shift from physical to online retail sales
- Increased competition in the online health and beauty market
- Continued progress on international sales will drive incremental growth

EBITDA margin
Matas expects an EBITDA margin before special items around 17%, based on the following assumptions:

- The OPEX commitments for strategic initiatives, including assortment expansion and international growth will affect the 2023/24 EBITDA margin adversely by around 1 percentage point
- The impact from up to 6% wage growth related to the collective bargaining agreements, can only be partly mitigated by efficiency measures in 2023/24
- Energy prices will be lower than the levels seen during 2022/23

CAPEX
Matas expects investments, excluding M&A, in the DKK 425-450 million range for 2023/24, based on the following assumptions:

- Underlying CAPEX around 4% of revenue, driven in particular by the ongoing digital transformation, store network investments as well as the continued upgrade of the ERP system
- Investments in Matas Logistics Center of around DKK 250 million to support Matas' long-term growth and profitability

Forward-looking statements
The annual 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 this report. 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 report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive conditions, supplier issues and financial and regulatory issues, IT failures as well as any effects of healthcare measures that are not specifically mentioned above.

Results

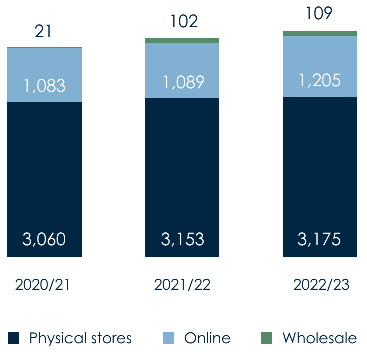
Results

Revenue

Matas Group generated total revenue of DKK 4,490 million for the financial year 2022/23 corresponding to a year-on-year increase of 3.3% from DKK 4,344 million in 2021/22. The growth was driven by an increase in online sales.

Retail revenue from own stores and web shops also grew 3.3% and underlying sales increased by 3.1% for the financial year 2022/23 compared to 2021/22.

Revenue by category



Mass Beauty grew by 6.3%, Health and Well-being grew by 4.3% while High-End Beauty grew by 0.7%.

Footfall increased compared to previous year and the number of transactions grew by 5.2% to 23.2 million, while the average basket size fell by 1.8% to DKK 189.

In Q4 2022/23, total revenue rose by 8.3% driven by online growth of 14.8%, while whole-sale grew by 23.2% and physical stores grew by 5.0%.

Performance by category; High-End Beauty sales grew by 3.8% in the quarter, driven by an increase in sales of fragrances for men and professional haircare. Skincare sales were just barely at last year's level, seem-ingly stabilising at this level after the growth reported during COVID-19. Make-up grew in the quarter with 2.0%. Growing sales by 11.3% in the quarter, Mass Beauty realised the highest increase. Health and Wellbeing grew sales by 9.0% in the quarter. The various product lines recorded highly different growth rates with sales of COVID-19- related products declining by 90%, or DKK 10 million, whereas sales of dermatological and special skincare products recorded ongoing significant growth as well as sales within the health category. Matas' own brands, especially Nilens Jord and Striberne, delivered sales growth during the quarter.

Overall, private label sales accounted for 16.9% of the revenue generated by Matas stores and matas.dk in 2022/23, an increase of 0.3 percentage points compared to 2021/22.

Performance by sales channel; Matas' online channels grew revenue by 14.8% to DKK 309 million during Q4 2022/23 compared to Q4 2021/22 driven by a higher number of online transactions. Online share of total revenue came to 29.4% in the quarter, which is the same level as for Q3 which was a new record for Matas' online channels. Matas' physical stores reported sales growth of 5.0% to DKK 707 million in Q4 2022/23. The number of Matas stores at 31 March 2023 amounted to 260, equal to the number of stores at 31 March 2022. Wholesale revenue increased by DKK 6.7 million in Q4 2022/23. Full-year wholesale grew by DKK 7.4 million.

Gross profit and margin

Gross profit for 2022/23 amounted to DKK 2,014 million, a 2.5% increase from DKK 1,966 million in 2021/22. The 2022/23 gross margin was 44.9% corresponding to an increase of 0.1 percentage point compared to last year, adjusting for the DKK 20 million income in connection to the Club Matas VAT case from 2021/22. The increase in gross margin was trig-gered by increased sales within Mass Beauty, which is the category with the highest private label share.

Gross profit for Q4 2022/23 amounted to DKK 485 million, a year-on-year increase of 3.5%. The gross margin was 46.1% compared with 48.2% in Q4 2021/22. The lower gross margin was partly attributable to the increase in the online share of Matas Group's overall revenue, as online sales generally generate a lower gross margin than sales in the physical stores. Furthermore, the decrease in the gross margin was related to timing of supplier subsidies compared to same period last year.

Costs and operating performance

Overall costs were up by 4.7% to DKK 1,210 million amounting to 27.0% of revenue compared with 26.6% last year, with other external costs accounting for DKK 385 million and staff costs amounting to DKK 825 million.

Overall costs amounted to DKK 323 million in Q4 2022/23, corresponding to 30.7% of

Revenue by category and sales channel

(DKKm)	FY 2022/23	FY 2021/22	Growth	Q4 2022/23	Q4 2021/22	Growth
Categories						
High-End Beauty	1,560.7	1,550.3	0.7%	309.6	298.2	3.8%
Mass Beauty	1,536.0	1,444.5	6.3%	362.3	325.4	11.3%
Health and Wellbeing	1,157.0	1,109.1	4.3%	313.6	287.7	9.0%
Other	126.5	138.4	(8.6)%	29.9	30.5	(2.0)%
Retail revenue	**4,380.2**	**4,242.3**	**3.3%**	**1,015.4**	**941.8**	**7.8%**
Retail revenue by category (%)						
High-End Beauty	36%	37%		30%	32%	
Mass Beauty	35%	34%		36%	35%	
Health and Wellbeing	26%	26%		31%	30%	
Other	3%	3%		3%	3%	
Wholesale	109.4	101.9		35.4	28.7	
Total revenue	**4,489.6**	**4,344.2**	**3.3%**	**1,050.7**	**970.6**	**8.3%**
Revenue by sales channel (%)						
Physical stores	71%	73%		67%	69%	
Online	27%	25%		30%	28%	
Wholesale	2%	2%		3%	3%	

revenue against 31.8% in the year-earlier period.

Other external costs amounted to 8.6% of revenue in 2022/23 against 7.6% in 2021/22 and were up by DKK 53 million (15.8%) from DKK 332 million in 2021/22. The increase in other external costs was mainly driven by DKK 18 million attributable to variable marketing, IT and logistics costs as a result of continuing digital growth. DKK 12 million were attributable to higher energy cost, as a result of rising lighting and heating prices and DKK 7 million were attributable to higher IT costs related to the ongoing digitalisation of the Group's activities.

Other external costs were up by DKK 19 million year-on-year in Q4 2022/23 to DKK 116 million.

Staff costs were up by DKK 1 million (0,1%) to DKK 825 million and amounted to 18.4% of revenue in 2022/23 against 18.7% in 2021/22 adjusted for special items.

Staff costs were driven by ramp up of strategic initiatives, while underlying staff costs in the stores declined.

The staff costs for 2022/23 included DKK 8 million related to the Company's long-term share-based compensation programme which was at the same level as in 2021/22 when adjusted for special items. At 31 March 2023, Matas Group had 2,124 full-time employees, against 2,164 at 31 March 2022.

Staff costs totalled DKK 207 million in Q4 2022/23, a year-on-year decrease of DKK 5 million of which DKK 7 million was attributable to special items in 2021/22.

EBITDA before special items was DKK 809 million against DKK 803 million in 2021/22. The EBITDA margin before special items was 18.0% against 18.5% in 2021/22. EBITDA declined 0.7% year-on-year to DKK 804 million in 2022/23. The EBITDA margin was 17.9% against 18.6% the year before.

EBITDA for Q4 2022/23 amounted to DKK 162 million against DKK 160 million in 2021/22. EBITDA before special items came to DKK 162 million. The EBITDA margin before special items was 15.4% against 17.3% in Q4 2021/22, refelcting the change in gross profit.

Amortisation, depreciation and impairment

Total amortisation, depreciation and impairment charges were down by DKK 40 million in 2022/23 to DKK 381 million.

During Q4 2021/22, the Matas Brand trademark of approximately DKK 1.1 billion was fully amortised, reducing the yearly amortisations and depreciations by DKK 66 million.

Net financials and tax

Net financial expenses rose by DKK 13 million to DKK 45 million in 2022/23 due to a DKK 5 million compensation attributable to the Matas VAT case last year and an interest rate increase. The effective tax rate was 24.7% in 2022/23, compared with 21.2% in 2021/22. The lower tax rate in 2021/22 was partly attributable to tax deductions resulting from the payment of cash consideration in connection with the exercise of long-term incentive programmes (LTIP) in 2021/22.

Categories

Matas is characterised by its wide assortment 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 and 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) and other revenue.

Profit for the year

Profit for the year after tax amounted to DKK 281 million corresponding to an increase of 1.5% from DKK 277 million in 2021/22. Adjusted profit after tax amounted to DKK 322 million compared to DKK 358 in 2021/22. Adjusted profit after tax for Q4 2022/23 amounted to DKK 28 million against DKK 61 million in Q4 2021/22.

Statement of financial position

Total assets amounted to DKK 6,280 million at 31 March 2023, up from DKK 6,055 million at 31 March 2022.

Current assets totalled DKK 1,079 million, a year-on-year increase of DKK 50 million. Inventories amounted to DKK 912 million at 31 March 2023, an increase of DKK 22 million compared with the level at 31 March 2022. Inventories accounted for 20.3% of full-year revenue at 31 March 2023 compared with 20.5% at 31 March 2022. Despite the ongoing assortment expansion, Matas has succeeded in maintaining the inventories relative to LTM revenue compared to last year.

Trade receivables increased by DKK 17 million to DKK 44 million, mainly driven by the ongoing activities in Web Sundhed. Trade payables fell by DKK 29 million relative to DKK 634 million at 31 March 2022.

Net working capital excluding deposits amounted to DKK 23 million at 31 March 2023 against negative DKK 12 million at 31 March 2022, a difference of DKK 35 million. The negative working capital development was driven by an increase in inventories combined with a decline in trade payables relative to last year.

Cash and cash equivalents amounted to DKK 37 million, which is an increase of DKK 9 million compared to 2021/22.

Equity amounted to DKK 3,363 million at 31 March 2023, compared with DKK 3,152 million at 31 March 2022.

Net interest-bearing debt was DKK 1,642 million at 31 March 2023, a year-on-year decline of DKK 6 million – equalling 2.0 times LTM EBITDA before special items, which is within the long-term target of a gearing ratio between 2 and 3.

Gross interest-bearing debt amounted to DKK 1,679 million at 31 March 2023, including lease liabilities of DKK 651 million. At 31 March 2022, gross interest-bearing debt amounted to DKK 1,677 million, including lease liabilities of DKK 523 million.

At 31 March 2023, 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. Matas held 358,423 treasury shares at 31 March 2023 (626,585 at 31 March 2022).

Statement of cash flows

Cash generated from operations was an inflow of DKK 742 million in 2022/23 against an inflow of DKK 615 million in 2021/22, an increase of DKK 128 million attributable to a more favourable working capital development than 2021/22.

The free cash flow was an inflow of DKK 423 million in 2022/23 against an inflow of DKK 279 million in 2021/22.

Cash generated from operations in Q4 2022/23 was an outflow of DKK 15 million, a year-on-year decline of DKK 92 million. Cash flows from investing activities were an outflow of DKK 256 million in 2022/23, compared with an outflow of DKK 232 million in 2021/22. For Q4 2022/23, cash flows from investing activities were an outflow of DKK 73 million against an outflow of DKK 39 million in Q4 2021/22. The Q4 2022/23 free cash flow was an outflow of DKK 118 million, compared with an inflow of DKK 12 million in Q4 2021/22. Cash flows from financing activities were a net outflow of DKK 415 million in 2022/23 against an outflow of DKK 291 million in 2021/22.

Return on invested capital

ROIC before tax excluding goodwill was 45.0% at 31 March 2023 against 50.1% at 31 March 2022. ROIC before tax including goodwill was 9.4% at 31 March 2023 against 9.9% at 31 March 2022.

Parent Company performance

The Parent Company generated a loss of DKK 18 million against a loss of DKK 14 million in 2021/22. The decline can be explaned by a combination of both lower staff costs due to termination cost included in 2021/22 and less tax income from cash settlement of LTIP compared to 2021/22.

Equity was DKK 1,855 million at 31 March 2023 compared with DKK 1,943 million at 31 March 2022.

Events after the date of the statement of financial position

No subsequent events have occurred that materially affect the Group's financial position.

Environment Social Governance at Matas

For the second year, Matas publishes an independent annual report for social responsibility (ESG Report 2022/23).

The separate ESG Report constitutes Matas' statutory reporting under sections 99a, 99b and 107d of the Danish Financial Statements Act and the statutory reporting on the EU taxonomy. In addition, the first steps have been taken in the report to prepare the reporting for the new EU CSRD regulation, which for Matas will become statutory in the financial year 2024/25.

This means, among other things, that Matas has updated its double materiality assessment according to the new CSRD standards. The independent ESG Report covers all the formal reporting requirements as well as a broad selection of the other relevant areas within climate, environment, labor relations, human rights as well as policies and governance structures.

Background for Matas' corporate social responsibility
Since 1949, Matas has been widely recognised for having safe products - both when it comes to its own products such as Matas Striberne or some of the more than 60,000 different products Matas sells in its sales channels in Denmark and partly in Germany, Norway and Sweden.

The majority of turnover and customer contact continues to take place in the 260 physical stores in Denmark, but in recent years, the digital business has grown significantly, and now accounts for more than a quarter of the more than 23 million annual transactions. Today, Matas.dk is Denmark's second most used web shop and Matas has also opened web shops in Sweden and Norway in 2022.

Trust and sustainability are key to the business model
Customers generally have great confidence in the advice they receive from Matas' +2,000 employees in the stores, whether it concerns more expensive luxury goods or everyday products – all within health, beauty and well-being. This advisory competence has largely been included in the web shop, where, among other things, customers can get personal online advice from trained materialists or pharmacologists seven days a week.

In addition to the advisory competences, the trust in Matas is also based on the fact that Matas has been at the forefront of the legislative requirements for example recycling and reduction of plastic, chemistry in the products and, not least, society's and consumers' general expectations of Matas' propriety.

In order to be able to develop its business more sustainably within both health and beauty, and with a starting point in the online part of the business growing, Matas has identified a number of areas that will strengthen the footprint that Matas puts on both the climate, the environment, labour relations, human rights and general governance.

During the financial year, there has been a focus on anchoring and strengthening governance around the entire work with Matas' ESG, which has resulted in the establishment of an internal ESG Board and a new Supplier Code of Conduct.

ESG Report 2022/23

Read more

Corporate social reponsibility at Matas

Environment
Climate neutral.
Plastic reductions.

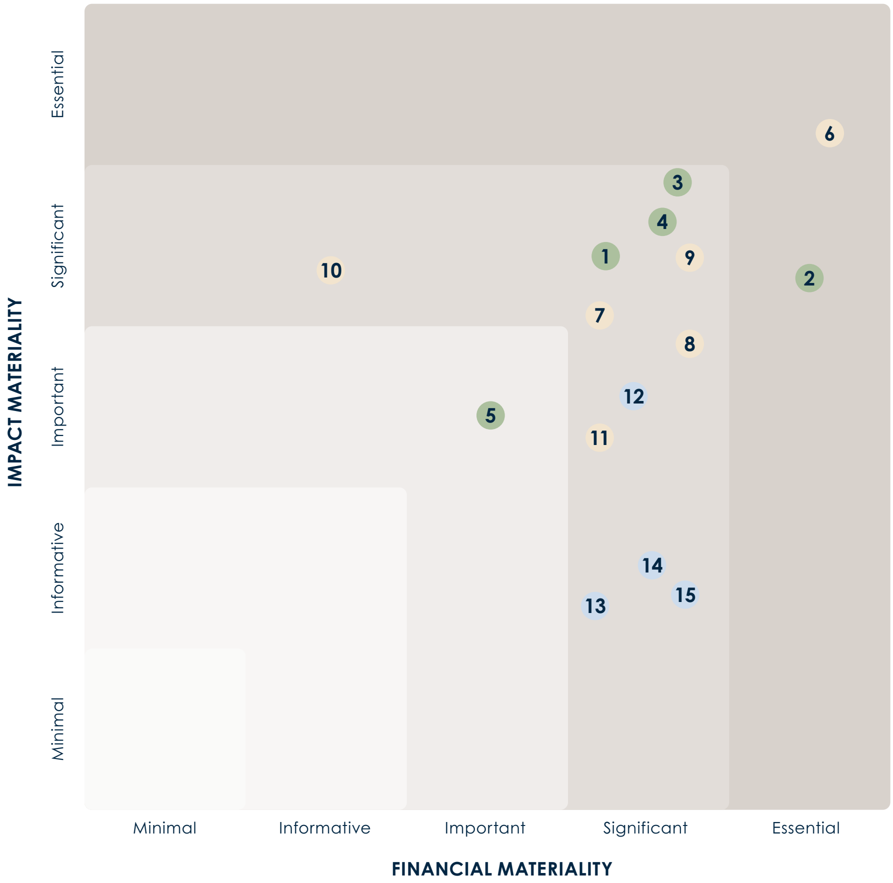
1. Climate change
2. Water and marine resources
3. Plastics
4. Packaging
5. Biodiversity and ecosystems

Social
Best place to be. Diversity.
Public health.

6. Product transparency and safety
7. Occupational health and safety
8. Education
9. Work and income
10. Labour and human rights
11. Diversity

Governance
Transparency.
Accountability.

12. Data GDPR
13. Anti-corruption
14. Stakeholder engagement and recourse
15. Taxes



Matas stakeholders

The update of the double materiality assessment has been informed by dialogue and engagement with affected stakeholders, as they have provided Matas with input and feedback regarding material impacts, risk and opportunities. The stakeholders involved in updating Matas double materiality assessment are employees, consumers, users of the sustainability reporting, industry experts, peers, and nature, considered as a silent stakeholder.

ESG **strategy**

Matas' ESG strategy supports Matas Group's growth priorities

In 2021, Matas presented a new strategy "Growing Matas Group" with the purpose 'Health and Beauty for Life'. The strategy is anchored in an omnichannel business model, where focus is centered on online growth, assortment expansions, connected retail potential and a solid logistics operation to support the growth. Matas' ESG strategy is fundamental in achieving the strategic growth priorities whilst ensuring a long-term sustainable business.

In this way, Matas' ESG strategy determines that when working towards reaching Matas' strategic priorities and targets for 2025/26, Matas should responsibly manage resources and reduce waste where possible. When expanding the existing product assortment, it ensures the health of customers and the environment, and it acts as safeguard for Matas' employees in their work environment.

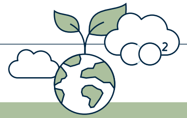
PURPOSE

Health and Beauty for Life

STRATEGIC PRIORITIES FOR 2025/26

Growing Matas Group: #1 for health and beauty	**Commercial:** #1 offer	**E-commerce:** #1 online	**Connected retail:** #1 in-store	**Brands:** #1 products	**Logistics:** #1 operator

ESG STRATEGY



Sustainability: Minimize the climate footprint of shopping	**Health:** Contribute to public health	**Inclusion:** Empower our colleagues and customers

ESG MILESTONES: OPERATIONAL GOALS AND COMMITMENTS

E Environment

Matas will use less resources and reduce its CO_2 emissions and use of plastic in the value chain.

- CO_2 neutral by 2030
- Eliminate 100 million pieces of plastic

S Social

Matas will focus on mental and physical health and be an inclusive and diverse Company.

- Promote public health
- Best place to be and grow in the retail industry

G Governance

Matas will lead the sustainability agenda and ensure reporting compliance and data transparency.

- Leading sustainability
- Reporting excellence

Governance

Risk management

Matas Group works continually to identify, assess and respond to the risks to which Matas Group is exposed. Changes to macroeconomic factors within Matas Group's geographical area may affect Matas Group through changes in overall retail demand, specifically in the health and beauty market, and by supply chain disruptions.

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

The Executive Management is responsible for preparing, implementing and maintaining control and risk management systems subject to the approval of the Board of Directors, which has the overall responsibility for management. Based on 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, and it also continually monitors the development and handling of key risks.

The Board of Directors is provided with an overview of Matas Group's key risks and their potential impact on earnings at least once a year so that any measures necessary to mitigate such risks can be implemented.

Risk management cycle
at Matas Group:

Material **operational risks**

Risk	Description	Mitigation
Macroeconomic development	Matas Group operates in a discretionary consumer spending category and is exposed to changes in the macroeconomic environment within Matas Group's geographical area and general changes in consumer behavior, which may affect Matas Group's business in terms of demand for health and beauty products.	By actively monitoring the macroeconomic trends and changes in consumer behavior, as well as monitoring the daily sales trends in Matas, the management can respond swiftly, for instance in case of sudden declines in sales, by adjusting campaigns and other sales promoting initiatives.
Brand and product liability	Ranked as the sixth best brand among all Danish brands in 2022 (YouGov), the Matas brand and product liability is crucial for the Matas Group to keep and attract customers, shareholders, and employees.	Continuously build and maintain brand awareness through commercial initiatives. Furthermore, Matas Group has developed a risk management policy and procedures in case of potential claims related to product liabilities, including personal injury claims, and has also taken out an insurance in this area.
Industry developments and international competition	Matas Group is strongly exposed to the development in overall retail sales in Denmark, where we see a general shift towards online channels. Historically, Matas Group has competed with a large number of Danish retail market players, including supermarkets, local perfumeries, health food shops, pharmacies, department stores and travel retailers. As consumer behavior continues its shift toward online channels, competition from international players has intensified, and Matas Group is currently facing increasing competition from Danish and international health, beauty and wellbeing web shops.	The growing online sales are supported by new ways of launching and marketing brands and by new technology-driven options. Strategically, Matas Group aims to bring its many assets into play in new ways to pursue the potential provided by a stronger market position. It strives to do this by increasing its focus on online sales, launching of marketing campaigns, leveraging the Club Matas loyalty programme, developing the store network and enhancing the customer experience.

Material **operational risks**

Risk	Description	Mitigation
Cyber and IT security	Reliable IT systems and infrastructure are critical to Matas Group's daily operation.	Matas Group has a modern, upgraded IT infrastructure focusing on data security and protection of the Company's and its customers' data. Matas Group continually considers security issues and risks when choosing system solutions and has established comprehensive safeguards to prevent data security breaches. Matas Group is exposed to digital attacks and constantly seeks to improve its cyber security. Matas Group pursues a highly segmented network structure segregating data flows from stores, suppliers, employees and other business partners. Matas Group continually monitors network traffic and performs regular data backups.
Supply chain disruption	A global supply chain disruption may cause delays or absence in delivery of specific goods.	In order to meet any changes in terms of delivery or reduced access to important product categories, Matas Group deals with a large number of different suppliers and markets a broad range of different brands within each product category.
Financial risks	Matas Group is to some extent exposed to financial risks such as interest rate, liquidity and credit risks.	Reference is made to note 29 to the consolidated financial statements for additional information on the financial risks.

Corporate **governance**

Exercising corporate governance is of the utmost importance to Matas Group, and the Board of Directors evaluates the Company's management processes at least once a year to ensure that the structure is appropriate in relation to 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. These recommendations are available at the website of the Committee on Corporate Governance, **corporategovernance.dk**

Matas Group complies with all these recommendations. The Company's corporate governance statements are available at the Company's website at **investor.matas.dk/governance.cfm**

Communicating with investors and other stakeholders
Matas Group is committed to maintaining a constructive dialogue and a high level of transparency when communicating with shareholders and other stakeholders to enable them to exercise the highest possible level of active ownership. The Board of Directors has adopted a Communication and Stakeholder policy, an Investor Relations policy and an ESG policy. These policies are available on **investor.matas.dk/governance.cfm**

All company announcements are published via Nasdaq Copenhagen and can subsequently be accessed from the Company's website at **investor.matas.dk**

The date of the Annual General Meeting (AGM) and the deadline for submitting requests for specific proposals to be included on the agenda are announced not later than eight weeks before the contemplated date of the Company's AGM. In accordance with the Articles of Association, general meetings are convened by the Board of Directors at not more than five weeks' and not less than three weeks' notice. Notices convening general meetings are posted on the Company's website at **investor.matas.dk**

Diversity on the Board of Directors and in management
The Board of Directors discusses diversity at Matas Group's management levels annually and sets measurable targets.

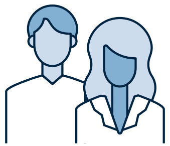
Maintaining diversity on the Board of Directors in terms of competencies, experience, knowledge, gender and age is important.

It is the ambition of the Board of Directors to retain the diversity in management so that the mix reflects equal gender distribution as defined in the Danish Companies Act. The composition of management members of the relevant Matas Group companies including the two upper management layers below the Board of Directors comply with the requirements for an equal share of men and women in company management in accordance with the Danish Companies Act, as per 31 March 2023.

Read more about Matas Group's diversity policy here: **ESG Report 2022/23**

Duties and responsibilities of the Board of Directors
At Matas Group, management duties and responsibilities are divided between the Company's Board of Directors and Executive Management. No 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 Group has a business procedure for the Board of Directors, which is reviewed and approved annually by the Board of Directors.

The Board of Directors holds eight ordinary board meetings plus a strategy seminar each year and will further convene as required. In



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Ordinary board meetings plus a strategy seminar each year

the 2022/23 financial year, ten board meetings and one strategy seminar were held. The Executive Management is in charge of 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 Company's overall strategy and purpose 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 and approved by the Board of Directors annually.

Election of members to the Board of Directors
The Board of Directors consists of up to seven members elected by the annual general meeting for terms of one year. Board members are eligible for re-election. The Board of Directors elects a Chairman and a Deputy Chairman from among its own members.

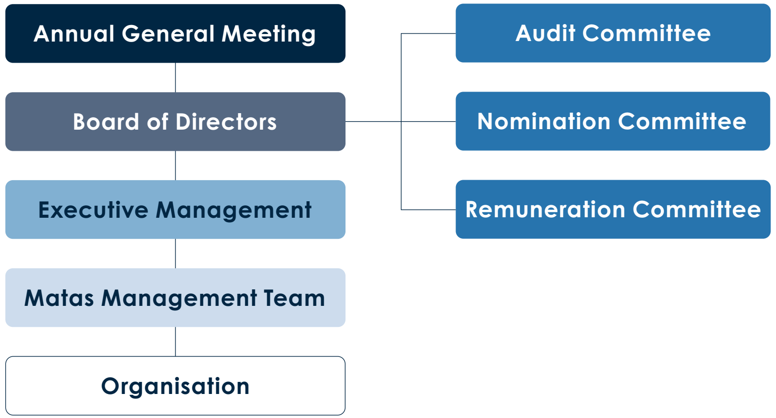
Composition of the Board of Directors
The members of the Board of Directors are a group of experienced business professionals who also represent diversity, international experience and skills that are considered to be relevant to Matas Group. All board members are independent.

Once a year, in connection with the board evaluation, the Board of Directors defines the qualifications, continuity, renewal, diversity and competencies the Board of Directors must possess in order for the Board of Directors to best perform its tasks, taking into account the Company's current needs.

The Board of Directors evaluates its work on an annual basis. The Chairman of the Board is responsible for the evaluation process, which in the financial year 2022/23 included an external advisor to give an independent view on the performance and compositions of the Board of Directors.

The Board of Directors has set up three committees – an Audit Committee, a Nomination Committee and a Remuneration Committee – charged with assisting the Board of Directors in its work.

Governance structure



The board and committee meetings	Board meetings	Strategy seminar	Audit Committee	Nomination Committee	Remuneration Committee	2022/23 total
Lars Vinge Frederiksen	●●●●●●●●●● 100%	● 100%		●● 100%	●●● 100%	100%
Mette Maix	○●●●●●●●●● 90%	● 100%		●● 100%	●●● 100%	94%
Birgitte Nielsen	●●●●●●●●●● 100%	● 100%	●●●●● 100%			100%
Henrik Taudorf Lorensen	○●●●●●●●●● 90%	● 100%		●● 100%	○●● 66%	88%
Kenneth Melchior	●●●●●●●●●● 100%	● 100%	●●●●● 100%			100%
Lars Jensen*	●●●●●●●● 100%	● 100%	●●●● 100%			100%
Lars Frederiksen**	●● 100%		● 100%			100%

* Joined the Board of Directors 28 June 2022 ** Resigned 28 June 2022

● Present ○ Absent

Audit Committee

The Board of Directors has set up an Audit Committee, the Chairman of which is independent and is skilled in accounting. The Audit Committee is chaired by Birgitte Nielsen and also consists of Kenneth Melchior and Lars Jensen. The duties of the Audit Committee include monitoring the financial reporting process, Matas Group's internal control and risk management systems, the organisation and efficiency of the accounting function and the collaboration with the independent auditors. The Audit Committee held five meetings during the financial year 2022/23.

Nomination Committee

The Board of Directors has set up a Nomination Committee, which is chaired by Lars Vinge Frederiksen and also consists of Mette Maix and Henrik Taudorf Lorensen. The overall purpose of the Nomination Committee is to help the Board of Directors ensure that appropriate plans and processes are in place for the nomination of candidates to the Board of Directors and the Executive Management. The Nomination Committee held two meetings during the financial year 2022/23.

Remuneration Committee

The Board of Directors has set up a Remuneration Committee, which is chaired by Lars Vinge Frederiksen and also consists of Mette Maix and Henrik Taudorf Lorensen. The purpose of the Remuneration Committee is to ensure that Matas Group maintains a Remuneration Policy for the members of the Board of Directors and the Executive Management and to assist with the preparation of the Company's annual Remuneration Report.

The Remuneration Committee held three meetings during the financial year 2022/23. The Committee has found that no changes are required to the Company's Remuneration Policy in the coming financial year. The Remuneration Policy was approved at the Annual General Meeting held in June 2021. In addition, the Remuneration Committee defined KPIs for the remuneration of the Executive Management and followed up on these. Lastly, the Remuneration Committee oversaw the preparation of a separate Remuneration Report for 2022/23.

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

The Board of Directors has adopted a Remuneration Policy, which has been approved by the general meeting.

The Remuneration Policy and the remuneration paid to the Board of Directors and the Executive Management are detailed in the Company's annual Remuneration Report. Additional information may be found in note 31 to the Consolidated financial statement and on the Company's website, **Investor.matas.dk**

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 is free of material misstatement, a number of internal control and risk management procedures have been established for the financial reporting process.

Control environment
The Board of Directors sets the general framework for internal controls and risk management in Matas Group, while the Executive Management has the operational responsibility for establishing efficient control and risk management in the financial reporting. The Executive Management oversees that policies and working procedures in connection with the financial reporting are appropriate to mitigate the risk of errors. The internal controls are the responsibility of the individual departments, and the accounting and controlling functions are segregated.

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 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 Matas Group, the controlling function's line of reference to the CFO and the ongoing dialogue with the auditors, 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 concept. This includes an evaluation of general accounting policies and critical accounting estimates and the related risk and sensitivity assessment. The risk of fraud is also assessed. For additional information on critical accounting estimates, see note 2 to the consolidated financial statements.

Control activities
In order to monitor results, store performance, financing and other risks, standardised monthly reports following up on budgets and a number of key performance indicators (KPIs) are prepared.

Interim financial statements are closed according to a planned process 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. In order to ensure segregation of duties, the controlling function reports directly to the Executive Management through the CFO.

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

Information and communication
Matas Group has established a standardised process for external reporting to ensure that a true and fair view is provided of its performance.

With regards to Matas Group's internal rules on inside information, the Company maintains an open communication process which ensures efficient control of its performance and financial reporting that provides a true and fair view. Providing clarity for each employee with respect to his or her role and relevant working procedures is an important element of this.

Monitoring
Management conducts its ongoing monitoring based on the monthly financial reporting, liquidity analyses and KPI reports combined 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 checks that the Executive Management observes Group policies and addresses any weaknesses. The external auditors meet with the Audit Committee at least once a year without the Executive Management and report any material weaknesses in their long-form audit report.

Matas Group has also established a whistleblower scheme, through which breaches of laws and regulations can be reported anonymously if the person reporting a concern wishes to avoid using the normal channels of communication. More details on the whistleblower scheme can be found in the section on ESG.

Board of **Directors**

Lars Vinge Frederiksen, Chairman

- Born 1958, Danish nationality
- Professional board member since 2013
- Member of the Board of Directors since 2013
- Up for re-election in 2023
- Chairman of the Remuneration and Nomination Committees
- Independent board member

Other directorships

Member of the board of directors and of the remuneration and nomination committees of Tate & Lyle PLC, London. Chairman of the supervisory board of PAI Partners SA, Paris.

Expertise

Special expertise in general management, strategic development and financial communication for listed international companies. Expertise in Corporate Governance, mergers and acquisitions and business development.

Mette Maix, Deputy Chairman

- Born 1969, Danish nationality
- CEO at Rosendahl Design Group A/S
- Member of the Board of Directors since 2017
- Up for re-election in 2023
- Member of the Remuneration and Nomination Committees
- Independent board member

Other directorships

Member of the boards of directors of Aarstiderne A/S, Good Food Group A/S, Planetary Impact Ventures and UNICEF Danmark.

Expertise

Special expertise in international sales, brand development and retail, including omnichannel and physical retail, and experience in general management and strategic development.

Birgitte Nielsen, Board member

- Born 1963, Danish nationality
- Professional board member since 2006
- Member of the Board of Directors since 2013
- Up for re-election in 2023
- Chairman of the Audit Committee
- Independent board member

Other directorships

Member of the board of directors of Kirk Kapital A/S, Topsøe Holding A/S and De Forenede Ejendomsselskaber A/S.

Expertise

Special expertise in general management and strategic development, board experience, including extensive financial and accounting expertise, and capital markets experience.

Board of **Directors**

Henrik Taudorf Lorensen, Board member

- Born 1971, Danish nationality
- Founder and CEO of TAKT A/S
- Member of the Board of Directors since 2020
- Up for re-election in 2023
- Member of the Remuneration and Nomination Committees
- Independent board member

Other directorships: Member of the boards of directors of EarLabs AB, Malmö, Louisiana Museum of Modern Art, Bubblebee Industries ApS and Pongo Partners ApS and Director of TAKT A/S' subsidiary TAKT Export ApS.

Expertise: Special expertise in consumer branding, digitalisation, ESG, international sales, strategic development and general management.

Kenneth Melchior, Board member

- Born 1983, Danish nationality
- Vice President, General Manager, Zalando Lounge
- Member of the Board of Directors since 2021
- Up for re-election in 2023
- Member of the Audit Committee
- Independent board member

Other directorships: Member of the board of directors of Les Deux.

Expertise: Special expertise in international retail, in-depth insights into digital marketing, international knowledge of customer clubs and loyalty programmes and experience in launching e-commerce in several European markets.

Lars Jensen, Board member

- Born 1973, Danish nationality
- CEO at Royal Unibrew A/S
- Member of the Board of Directors since 2022
- Member of the Audit Committee
- Independent board member

Other directorships: Member of the board of directors in several companies related to the direct ownership of Royal Unibrew A/S.

Expertise: Special expertise within consumer packaged goods (CPG), general management and strategic development, financial experience, and management from listed companies.

Executive Management

	Gregers Wedell-Wedellsborg, CEO	**Per Johannesen Madsen, CFO**
	Born 1972, Danish nationality CEO at Matas since November 2017	Born 1968, Danish nationality CFO at Matas since August 2022
Expertise and experience	Gregers holds a MSc in political science from University of Copenhagen and a MPA from Harvard University.	Per holds a MSc in Business Administration Economics and Auditing from Copenhagen Business School.
	• Group Executive Vice President, Coop Denmark • Digital Director, TV 2 Denmark • Management positions, Berlingske Media • Consultant, Accenture • Officer, Royal Danish Guards • Board experience since 2012	• Group CFO, Scandlines • Executive Vice President & CFO, Copenhagen Airport • Senior Finance positions Nordic & Germany, The Coca-Cola Company • Auditor & Consultant, Arthur Andersen

Shareholder information

Share capital (DKK)	95,728,730
Number of shares (of DKK 2.5)	38,291,492
Nominal value per share	2.5 DKK
Shares classes	1
Restrictions on transferability and voting rights	None
Stock exchange	Nasdaq Copenhagen
Trading symbol	MATAS
ISIN code	DK0060497295
Closing price at 31 March, 2022	96.30 DKK
Closing price at 31 March, 2023	84.20 DKK
Change during the financial year	(12.6%)

Matas A/S is listed on Nasdaq Copenhagen and is a component of the OMX Copenhagen Mid Cap index.

Share capital

Matas Group held 358,423 treasury shares at 31 March 2023 (626,585 at 31 March 2022). Treasury shares are held for the purpose of cancelling shares bought back and meeting the obligations under the long-term executive incentive program.

At 31 March 2023, Matas A/S' market capitalisation was DKK 3.2 billion. The average daily turnover in Matas A/S' shares was DKK 6.3 million, a decrease of 51% compared DKK 12.4 million in 2021/22.

Authorisations relating to the share capital

At the Annual General Meeting held on 27 June 2019, the Board of Directors was authorised as described below in relation to the share capital. None of these authorisations had been exercised at 1 April 2023.

- In the period until 1 April 2024, the Board of Directors is authorised to increase the Company's share capital in one or more issues without pre-emption rights for the Company's existing shareholders by up to a nominal amount of DKK 9,570,000. The capital increase must take place at market price and may be effected by cash payment or as consideration for a full or partial acquisition of business activities or other assets.

- In the period until 1 April 2024, the Board of Directors is authorised to increase the Company's share capital in one or more issues without pre-emption rights for the Company's existing shareholders 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 and/or employees in its subsidiaries. The new shares will be issued at a subscription price to be determined by the Board of Directors that may be below the market price.

- New shares issued in pursuance of the above authorisations, which are not to exceed a nominal amount of DKK 9,570,000, must be issued to named holders and be registered in the name of the holder in the Company's register of shareholders, must be fully paid up, must be negotiable instruments and must in every respect carry the same rights as the existing shares. 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.

The Board of Directors is further 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 current authorisation is valid until 29 June 2023. The Board of Directors proposes that the authorisation be renewed at the Annual General Meeting to be held on 29 June 2023.

Allocation of capital and dividend policy

Matas Group's capital structure must always ensure the financial flexibility required to implement the strategic objectives announced.

Matas has a long-term financial gearing ratio target of 2.0-3.0x, measured as net interest-bearing debt to EBITDA before special items. The financial gearing ratio may under exceptional circumstances temporarily exceed 3 on a quarterly basis.

Distributions by way of dividends and share buybacks are expected to amount to at least 20% of adjusted profit after tax

Ownership
During the financial year 2022/23, Matas' shareholder base grew by 6% to 20,610 registered shareholders, who represented 93% of the share capital. The proportion of shares held by Danish shareholders was 66%, in line with the preceding year.

Shareholders holding more than 5% of the share capital in Matas A/S according to attest shareholding notifications are:

- Brightfolk A/S, Denmark (10.0%)
- ATP, Denmark (5.12%)

Dividend
Based on the highly satisfactory financial results, the Board of Directors proposes that DKK 76.6 million, equivalent to 24% of Matas Group's adjusted profit for 2022/23, be distributed as dividends, equivalent to DKK 2.00 per share.

Investor relations website
Information about Matas A/S and its shares, share price, company announcements, financial data, annual and interim reports, investor presentations, financial calendar etc. can be found on **investor.matas.dk**

Investor relations
It is the policy of Matas A/S to communicate precisely, actively and in a timely manner to its stakeholders in the financial markets in order to ensure that all investors have equal and adequate 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. For further details on our investor relations policy, please visit **investor.matas.dk**

At 31 March 2023, Matas A/S is covered by three equity analysts. For a full list of analysts, please see **investor.matas.dk**

29 June 2023	Annual General Meeting for 2022/23
16 August 2023	Interim report – Q1 2023/24
10 November 2023	Interim report – Q2 2023/24
9 January 2024	Trading update for Q3 2023/24
2 February 2024	Interim report – Q3 2023/24
7 May 2024	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
28 May 2024	Annual Report 2023/24
19 June 2024	Annual General Meeting for 2023/24

Statements

matas natur
serum
TØR HUD
SNESVAMP & JOJOBAOLIE
MED ØKOLOGISK OG NATURLIGT INDHOLD
UDEN PARFUME
matas natur
dagcreme
TØR HUD
SNESVAMP & JOJOBAOLIE
MED ØKOLOGISK OG NATURLIGT INDHOLD
UDEN PARFUME
matas natur
nyhed
anti-age dagcreme
TØR HUD
HAMPEFRØ- & MANDELOLIE
MED ØKOLOGISK OG NATURLIGT INDHOLD
MED PARFUME
Vegan
matas natur
nyhed
anti-age natcreme
TØR HUD
HAMPEFRØ- & MANDELOLIE
MED ØKOLOGISK OG NATURLIGT INDHOLD
MED PARFUME
Vegan

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 2022 to 31 March 2023.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

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 assets and liabilities and financial position at 31 March 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 April 2022 to 31 March 2023.

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 Parent Company's cash flows and financial position and describes the principal risks and uncertainties that the Group and the Parent Company face.

We recommend the Annual Report for approval at the Annual General Meeting.

Allerød, 31 May 2023

Executive Management

Gregers Wedell-Wedellsborg
CEO

Per Johannesen Madsen
CFO

Board of Directors

Lars Vinge Frederiksen
Chairman

Mette Maix
Deputy Chairman

Birgitte Nielsen

Henrik Taudorf Lorensen

Kenneth Melchior

Lars Jensen

Independent **auditor's report**

To the shareholders of Matas A/S

Report on the audit of the consolidated financial statements and parent company financial statements.

Opinion
We have audited the consolidated financial statements and the parent company financial statements of Matas A/S for the financial year 1 April 2022 – 31 March 2023, which comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and 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 additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 April 2022 – 31 March 2023 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor
Subsequent to Matas A/S being listed on Nasdaq OMX Copenhagen, EY was appointed auditors of Matas A/S on 30 June 2014. We have been reappointed annually at the general meeting for a total consecutive period of 9 years up to and including the financial year 2022/23.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 1 April 2022 – 31 March 2023. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Key audit matter	Description of key audit matter	How our audit addressed the key audit matter
Valuation of goodwill	Accounting policies and information regarding goodwill and impairment testing of goodwill are disclosed in notes 2 and 16 of the consolidated financial statements. The carrying amount of goodwill amounted to DKK 3,999.4 million at 31 March 2023, corresponding to 64% of the Group's assets. The useful life of goodwill is indefinite, and according to International Financial Reporting Standards as adopted by the EU (IAS 36), goodwill must be tested for impairment at least annually. No impairment of goodwill was identified in the financial year. The annual impairment test is key to our audit, as it includes Management's assumptions and estimates relating to, for instance, future earnings. Therefore, we consider valuation of goodwill as a key audit matter in respect of the financial statements.	Our audit procedures included: • Assessment of the discounted cash flow model prepared by Management to project the recoverability of the carrying amount of goodwill, including the relevance of the valuation methodology applied. • Evaluating the key assumptions and input data applied by Management based on our knowledge of the business and industry together with available supporting evidence such as and externally observable market data related to inflation and interest rates etc. • Reconciling the input data applied by Management in the discounted cash flow model to available internal budgets to ensure internal consistency. Input data is based on a budget for the financial year 2023/24 prepared by Management and a projection in the remaining budget period to 2028/29 as a terminal value. • Examination of whether the information on goodwill disclosed by Management in notes 2 and 16 may be considered adequate.
Recognition of revenue	Accounting policies and information regarding recognition of revenue are disclosed in notes 2 and 23 of the consolidated financial statements. Revenue is recognised when control of the goods has been transferred to the buyer and it is measured at fair value, less rebates, discounts, sales taxes and reductions for the performance obligations in relations to the non-performed share of revenue in form of the Club Matas loyalty programme. Revenue recognition was a matter of significance in our audit due to the inherent risk in the estimates and judgements which Management makes in the normal course of business as to timing of revenue and measurement of expected obligations related to gift certificates and Club Matas loyalty points. Revenue related to obligations is recognised as customers redeem their gift certificates and Club Matas points. Therefore, we consider recognition of revenue as a key audit matter in respect of the financial statements.	Our audit procedures included: • Considering the accounting policies for revenue recognition, including those related to measurement of revenue obligations, and assessing compliance of policies with applicable accounting standards. We identified and assessed internal controls related to the timing of revenue recognition. • Testing the effectiveness of the IT set-up relevant for the revenue recognition and utilised data analytics to understand revenue transactions and analysing the relationship between revenue, trade receivables and cash receipts. On a sample basis, we tested sales transactions to test occurrence and measurement, and performed audit procedures in the period after the date of the statement of the financial position to assess whether transactions were recognised in the correct period. • Evaluating the key assumptions applied by Management regarding revenue obligations based on our knowledge of the business and by reviewing the supporting documentation prepared by Management. • Examination of disclosures provided by Management in the consolidated financial statements and the parent company financial statements to applicable accounting standards.

Statement on the Management's review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the 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 additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated financial statements and parent company financial statements of Matas A/S, we performed procedures to express an opinion on whether the Annual Report of Matas A/S for the financial year 1 April 2022 – 31 March 2023 with the file name 2138004PXX8LWGHGL872-2023-03-31-en is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;
- Evaluating the appropriateness of the Company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the Annual Report of Matas A/S for the financial year 1 April 2022 – 31 March 2023 with the file name 2138004PXX8LWGHGL872-2023-03-31-en is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 31 May 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

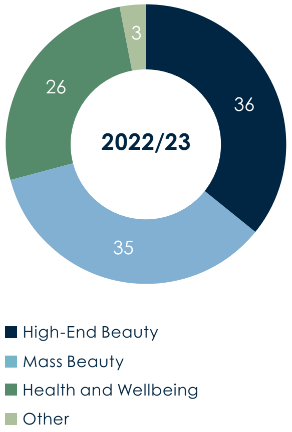
Torben Bender	**Ole Becker**
State Authorised Public Accountant	State Authorised Public Accountant
mne21332	mne33732

Consolidated financial statements

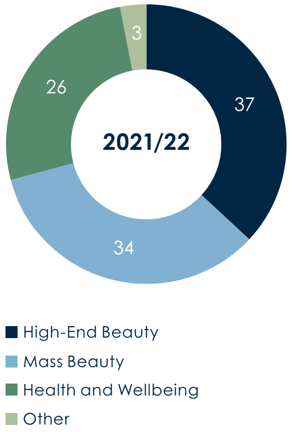
Statement of **comprehensive income**

(DKKm)	Note	2022/23	2021/22
Revenue	3, 4	4,489.6	4,344.2
Cost of goods sold	5	(2,475.2)	(2,378.2)
Gross profit		**2,014.4**	**1,966.0**
Other external costs	6	(384.9)	(332.3)
Staff costs	7	(825.3)	(824.1)
Amortisation, depreciation and impairment	8, 30	(381.1)	(421.3)
EBIT		**423.1**	**388.3**
Share of profit or loss after tax of associates	9	(4.9)	(4.6)
Financial income	10	0.5	5.3
Financial expenses	11	(45.9)	(37.9)
Profit before tax		**372.8**	**351.1**
Tax on profit for the year	12	(92.1)	(74.6)
Profit for the year		**280.7**	**276.5**
Other comprehensive income			
Value adjustment of hedging instrument in the year		-	1.7
Tax on value adjustment of hedging instrument		-	(0.4)
Other comprehensive income after tax		-	1.3
Total comprehensive income for the year		**280.7**	**277.8**
Distributed as follows:			
Shareholders of Matas A/S		280.7	277.8
Minority shareholders		-	-
		280.7	**277.8**
Earnings per share:			
Earnings per share, DKK	13	7.41	7.27
Diluted earnings per share, DKK	13	7.35	7.20

Retail revenue by category
%



Retail revenue by category
%



Statement of **cash flows**

(DKKm)	Note	2022/23	2021/22
Profit before tax		372.8	351.1
Amortisation, depreciation and impairment	8	381.1	421.3
Share of profit or loss after tax of associates		4.9	4.6
Financial income	10	(0.5)	(5.3)
Financial expenses	11	45.9	37.9
Other non-cash operating items, net		8.0	(13.5)
Cash generated from operations before changes in working capital		**812.2**	**796.1**
Changes in working capital	26	(69.9)	(181.6)
Cash generated from operations		**742.3**	**614.5**
Interest received	10	0.5	5.2
Corporation tax paid		(63.8)	(109.2)
Cash flow from operating activities		**679.0**	**510.5**
Acquisition of intangible assets	15	(162.1)	(132.9)
Acquisition of property, plant and equipment	17	(92.2)	(50.5)
Disposal of investments in subsidiaries		-	0.4
Acquisition of subsidiaries and operations	27	(1.5)	(48.6)
Cash flow from investing activities		**(255.8)**	**(231.6)**
Free cash flow		**423.2**	**278.9**

(DKKm)	Note	2022/23	2021/22
Raising of loans with credit institutions	24	-	763.5
Repayment of loans with credit institutions		(126.0)	(708.4)
Repayment of lease liabilities	30	(172.3)	(167.7)
Interest paid	11	(39.8)	(27.1)
Dividend paid		(76.6)	(76.6)
Acquisition of treasury shares		-	(75.1)
Cash flow from financing activities		**(414.7)**	**(291.4)**
Net cash flow from operating, investing and financing activities		**8.5**	**(12.5)**
Cash and cash equivalents, beginning of period		28.2	40.7
Cash and cash equivalents, end of period		**36.7**	**28.2**

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

Statement of **financial position**

(DKKm)	Note	31 March 2023	31 March 2022
ASSETS			
Non-current assets			
Goodwill		3,999.4	3,993.6
Trademarks and trade names		58.1	67.8
Other intangible assets		235.8	186.8
Total intangible assets	15, 16	**4,293.3**	**4,248.2**
Lease assets	30	622.3	500.2
Land and buildings	17	87.5	86.6
Other fixtures and fittings, tools and equipment	17	65.2	86.7
Leasehold improvements	17	27.3	40.3
Plant in progress	17	59.7	9.6
Total property, plant and equipment		**862.0**	**723.4**
Investments in associates	9	1.4	7.3
Deposits		44.3	46.8
Other securities and investments		0.7	0.6
Total other non-current assets		**46.4**	**54.7**
Total non-current assets		**5,201.7**	**5,026.3**
Current assets			
Inventories	19	911.8	890.1
Trade receivables	20	43.7	26.6
Corporation tax receivable		20.6	45.5
Other receivables		24.9	7.1
Prepayments		40.8	31.5
Cash and cash equivalents		36.7	28.2
Total current assets		**1,078.5**	**1,029.0**
Total assets		**6,280.2**	**6,055.3**

(DKKm)	Note	31 March 2023	31 March 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	21	95.7	95.7
Translation reserve		0.3	0.3
Treasury share reserve		(43.5)	(76.0)
Retained earnings		3,233.5	3,055.2
Dividend proposed for the financial year	14	76.6	76.6
Matas A/S' share of equity		**3,362.6**	**3,151.8**
Non-controlling interests		0.5	0.5
Total equity		**3,363.1**	**3,152.3**
Liabilities			
Deferred tax	22	198.8	192.8
Lease liabilities	30	462.6	343.5
Provisions		28.0	28.0
Credit institutions, non-current	24	917.7	996.1
Other payables		13.0	37.7
Total non-current liabilities		**1,620.1**	**1,598.1**
Credit institutions, current		110.4	157.9
Lease liabilities	30	188.4	179.5
Prepayments from customers	23	161.4	154.5
Trade payables		634.1	662.9
Other payables	25	202.7	150.1
Total current liabilities		**1,297.0**	**1,304.9**
Total liabilities		**2,917.1**	**2,903.0**
Total equity and liabilities		**6,280.2**	**6,055.3**

Statement of **changes in equity**

(DKKm)	Share capital	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 April 2022	**95.7**	**0.3**	**(76.0)**	**76.6**	**3,055.2**	**3,151.8**	**0.5**	**3,152.3**
Other comprehensive income	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	76.6	204.1	280.7	-	280.7
Total comprehensive income	**-**	**-**	**-**	**76.6**	**204.1**	**280.7**	**-**	**280.7**
Transactions with owners								
Dividend paid	-	-	-	(75.9)	-	(75.9)	-	(75.9)
Dividend on treasury shares	-	-	-	(0.7)	0.7	-	-	-
Share buyback programme	-	-	32.5	-	(32.5)	-	-	-
Share-based payment	-	-	-	-	8.0	8.0	-	8.0
Tax, share-based payment	-	-	-	-	(2.0)	(2.0)	-	(2.0)
Total transactions with owners	**-**	**-**	**32.5**	**(76.6)**	**(25.8)**	**(69.9)**	**-**	**(69.9)**
Equity at 31 March 2023	**95.7**	**0.3**	**(43.5)**	**76.6**	**3,233.5**	**3,362.6**	**0.5**	**3,363.1**

Statement of **changes in equity**

(DKKm)	Share capital	Hedging reserve	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 April 2021	**95.7**	**(1.3)**	**0.3**	**(2.6)**	**76.6**	**2,870.2**	**3,038.9**	**-**	**3,038.9**
Value adjustment of hedging instrument	-	1.7	-	-	-	-	1.7	-	1.7
Tax on value adjustment	-	(0.4)	-	-	-	-	(0.4)	-	(0.4)
Other comprehensive income	-	1.3	-	-	-	-	1.3	-	1.3
Profit for the year	-	-	-	-	76.6	199.9	276.5	-	276.5
Total comprehensive income	**-**	**1.3**	**-**	**-**	**76.6**	**199.9**	**277.8**	**-**	**277.8**
Transactions with owners									
Dividend paid	-	-	-	-	(76.6)	-	(76.6)	-	(76.6)
Dividend on treasury shares	-	-	-	-	-	-	-	-	-
Share buyback programme	-	-	-	(75.0)	-	-	(75.0)	-	(75.0)
Addition of non-controlling interests	-	-	-	-	-	-	-	0.5	0.5
Exercise of incentive programme	-	-	-	1.6	-	(26.7)	(25.1)	-	(25.1)
Share-based payment	-	-	-	-	-	11.8	11.8	-	11.8
Total transactions with owners	**-**	**-**	**-**	**(73.4)**	**(76.6)**	**(14.9)**	**(164.9)**	**0.5**	**(164.4)**
Equity at 31 March 2022	**95.7**	**-**	**0.3**	**(76.0)**	**76.6**	**3,055.2**	**3,151.8**	**0.5**	**3,152.3**

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 Annual Report and the financial statements of the Parent Company, Matas A/S, for the year ended 31 March 2023 include both the consolidated financial statements of Matas A/S and its subsidiaries (Matas Group) and the separate financial statements of the Parent Company, Matas A/S.

The consolidated financial statements of Matas A/S and the financial statements of the parent company, Matas A/S, for 2022/23 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

The Board of Directors and the Executive Management considered and adopted the Annual Report of Matas A/S for 2022/23 on 31 May 2023. The Annual Report will be presented to the shareholders of Matas A/S for approval at the Annual General Meeting to be held on 29 June 2023.

Basis of preparation

The consolidated financial statements are presented in DKK, and all amounts are rounded to millions with one decimal place (DKKm) unless otherwise stated.

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

Matas A/S has implemented all new or amended financial reporting standards and interpretations adopted by the EU that apply to the financial year 1 April 2022 – 31 March 2023. These have not significantly affected Matas' Annual Report for 2022/23.

Change in accounting estimates

Matas has as part of the review of the strategy for 2023/24 – 2027/28 for the Group considered each individual lease, including assessment of several performance targets to categorize the individual leases into a specific category. This corresponds to Matas commercial approach considering the development in performance and the development in the market for rental and main traffic flows.

The estimated lease period has been set to 2-5 years to reflect the commercial approach and the strategy, compared with previous 2-8 years. A full reassessment will be performed annually going forward to ensure that the individual leases are correctly categorised in line with the strategy.

The reassessment has resulted in the renewed recognition as of 31 March 2023 with right-of-use assets of DKK 622 million and DKK 651 million of liabilities, cf. note 30 Leases.

Alternative performance measures

The Annual Report includes non-IFRS financial ratios. We believe that non-IFRS ratios provide investors and Matas' management with valuable information for purposes of evaluating the Group's financial performance. As other companies may calculate these ratios in a different way than Matas does, they may not be comparable with the ratios applied by other companies. Accordingly, these financial ratios should not be considered a substitute for performance measures defined under IFRS. For a definition of the performance measures applied by Matas, see 'Definitions of key financials'.

Description of accounting policies

Consolidated financial statements

The consolidated financial statements comprise the financial statements of the Parent Company, Matas A/S, and subsidiaries in which Matas A/S has control. Matas A/S 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 Matas Group has control, de facto control and potential voting rights that are real and have 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 Matas Group's 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 a write-down has not been made.

Notes to the financial statements

Note 1 – Accounting policies continued

The subsidiaries' line items are recognised 100% in the consolidated financial statements. Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries that are not wholly owned is included in the consolidated profit and equity, respectively, but is presented separately.

Business combinations

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

In connection with acquisitions of new entities over which Matas Group obtains control, the acquisition method is used. The acquired entities' 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 Group effectively obtains control over the acquired entity.

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 impairment. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating unit subsequently forming 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. If part of the consideration is contingent on future events occurring or on agreed conditions being met, that part of the consideration is recognised at fair value at the acquisition date. Contingent consideration that is not an equity instrument is subsequently measured at fair value through profit or loss. Costs attributable to business combinations are recognised directly in other external costs in the year in which they are 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.

Foreign currency translation

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 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 as financial income or financial expenses.

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.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets or liabilities are recognised in profit or loss together with changes in the fair value of the hedged asset or liability as regards the hedged portion. The portion of the value adjustment of a derivative hedging instrument that is not included in a hedge is presented in profit or loss under financial items.

Notes to the financial statements

Note 1 – Accounting policies continued

For derivative financial instruments that are not designated as and/or do not qualify as hedging instruments, changes in fair value are recognised as financial income or financial expenses.

Statement of comprehensive income

Revenue

Matas Group generates revenue from sales of Mass Beauty and High-End Beauty products, vitamins, minerals and supplements, household and personal care products and over-the-counter medicine through the Matas chain's store network and web shops.

Matas Group's sales agreements are divided into separately identifiable performance obligations (relating primarily to the Club Matas loyalty programme), which are recognised and measured separately at fair value. If a sales agreement comprises more than one performance obligation, the total sales value of the sales agreement is allocated proportionately to the individual performance obligations of the agreement. Performance obligations in relation to the non-performed proportion of revenue related to the allocation of points under the Club Matas loyalty programme are deducted. Income from the sale of gift vouchers is recognised as revenue upon redemption, alternatively upon expiry of the validity period.

Revenue is recognised when control of the individual identifiable performance obligation passes to the customer. For Matas, this is generally when the goods are handed over.

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. Having regard to Matas' operations, with sales generally being made directly to consumers, the fair value corresponds to the agreed selling price net of discounts and the value of points earned by the customer.

The proportion of the total consideration that is variable, for example in the form of discounts, bonus payments, etc., is recognised in revenue when it is reasonably certain that it will not be subsequently reversed due to, for example, non-redemption of points earned.

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 net marketing costs, administrative expenses and other operating and maintenance costs.

Staff costs

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

Share of profit or loss after tax of associates

Matas Group's share of the profits or losses after tax of associates is recognised in the statement of comprehensive income after elimination of the proportionate share of intra-group gains/losses.

Financial income and expenses

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

Tax on profit for the year

The Parent Company and its Danish subsidiaries are subject to the Danish rules on mandatory joint taxation of Matas Group. The jointly taxed entities are taxed under the tax prepayment scheme.

Matas A/S is the administration company in respect of 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 entities 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 or loss, other comprehensive income or directly in equity.

Notes to the financial statements

Note 1 – Accounting policies continued

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.

Other intangible assets

Other intangible assets, which primarily comprise software, customer lists and shares in co-operative property, 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 3-10 years.

Property, plant and equipment

Land and buildings, fixtures, fittings, tools and equipment and leasehold improvements 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.

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 Matas Group. The replaced components are derecognised in the statement of financial position and their carrying amount transferred to profit or loss. All other costs for ordinary repairs and maintenance are recognised in profit or loss as incurred.

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

Buildings	75 years
Building parts	10-25 years
Fixtures, fittings, tools and equipment	1-7 years
Leasehold improvements	2-8 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 depreciation is recognised prospectively as a change in accounting estimates.

Lease assets and lease liabilities

As described above, Matas has reassessed all IFRS 16 Leases assets and liabilities as part of the assessment in connection with the Annual Report 2022/23.

Lease assets and lease liabilities are recognised in the statement of financial position when, under a lease concerning a specific identified asset, lease assets are made available to Matas Group for the lease term and when the Group obtains the right to substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

On initial recognition, lease liabilities are measured at the present value of future lease payments, discounted using an alternative borrowing rate. The following lease payments are recognised as part of the lease liability:

- Fixed payments

Notes to the financial statements

Note 1 – Accounting policies continued

- Variable payments changing in accordance with changes in an index or a rate based on the applicable index or rate
- Payments under extension options that Matas Group is highly likely to exercise

The lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured when there is a change in the underlying contractual cash flows due to changes in an index or a rate or if Matas Group changes its assessment as to whether it reasonably expects to exercise an extension or termination option.

On initial recognition, the lease asset is measured at cost, corresponding to the value of the lease liability adjusted for prepaid lease payments plus any initial direct costs and estimated costs of reinstatement or similar and less any discounts granted or other types of incentives received from the lessor.

On subsequent recognition, the asset is measured at cost less any accumulated depreciation and impairment. The lease asset is depreciated over the shorter of the lease term and the useful life of the lease asset. The lease asset is recognised in the statement of comprehensive income on a straight-line basis.

The lease asset is adjusted for changes in the lease liability resulting from changes in the lease terms or changes in the contractual cash flows according to changes in an index or a rate.

Lease assets are depreciated on a straight-line basis over the estimated lease term, which is:

Leased stores etc.	2-5 years
Administration and warehouse buildings etc.	2-5 years
Cars and other leases	3 years

Matas Group has opted not to recognise leases of low-value assets and short-term leases in the statement of financial position. Lease payments concerning such leases are instead recognised in the statement of comprehensive income on a straight-line basis.

Investments in associates

Investments in associates are measured under the equity method at the proportionate share of the enterprises' equity value calculated in accordance with Matas Group's accounting policies minus or plus the proportionate share of unrealised intra-group gains and losses and plus values added on acquisition, including goodwill.

Investments are tested for impairment whenever there is an indication of impairment.

Associates with negative equity value are measured at zero value. If Matas Group has a legal or constructive obligation to cover the associate's negative balance, such obligation is recognised under liabilities.

Acquisitions of investments in associates are accounted for under the purchase method, see the description of business combinations.

Impairment testing of non-current assets

Goodwill and intangible assets with indefinite useful lives are tested for impairment anually or whenever there is an indication of impairment, 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 through profit or loss 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 reviewed for impairment annually 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 reviewed for impairment on an ongoing basis. 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.

Notes to the financial statements

Note 1 – Accounting policies continued

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 loss is recognised under amortisation, depreciation and impairment losses.

Impairment of goodwill is not reversed. Impairment of other assets is reversed to the extent that there have been changes in the assumptions and estimates that led to the impairment loss. Impairment losses are only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation/depreciation, had the asset not been impaired.

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realisable value.

Goods for resale are measured at cost, comprising the 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 developments in the expected sales price.

Receivables

Receivables are measured at amortised cost. Impairment charges are recognised according to the simplified expected credit loss model, under which the total loss is recognised in the statement of comprehensive income at the same time as the receivable is recognised in the statement of financial position based on the lifetime expected credit loss.

Prepayments

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

Equity

Dividend

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.

Translation reserve

The translation reserve in the consolidated financial statements comprises the Parent Company's share of foreign exchange differences arising on translation of financial statements of foreign entities from their functional currencies into the presentation currency used by Matas (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.

Incentive programmes

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 under staff costs over the vesting period. The balancing item is recognised directly in equity as a shareholder transaction.

On initial recognition of Performance Share Units (PSUs), the number of PSUs expected to vest is estimated. Subsequent to initial recognition, the estimate is adjusted to reflect the actual number of exercised PSUs.

The fair value of the PSUs granted is estimated using basic assumptions. The calculation takes into account the terms and conditions of the PSUs granted.

Notes to the financial statements

Note 1 – Accounting policies continued

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

Provisions are measured as Management's best estimate of the amount which is expected to be required to settle the liability.

On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability.

Provisions for the reinstatement of tenancies etc. upon eviction are measured at the present value of the expected future liability at the date of the statement of financial position. The provision is determined based on current legislation and estimated future costs, discounted to their present value. Any specific risks that are believed to apply to the provision are recognised in estimated costs. The discount factor used reflects the general level of interest rates. Liabilities are recognised as they arise and are adjusted on a regular basis to reflect changes in requirements, price levels, etc. The present value of the costs is recognised in the cost of the items of property, plant and equipment in question and depreciated with these assets. The increase of the present value over time is recognised under financial expenses in the statement of comprehensive income.

Employee benefits
Pension obligations and similar non-current liabilities
Matas Group has entered into pension schemes and similar arrangements with the majority of its employees.

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

Matas Group has not established any defined benefit pension plans.

Current and deferred tax
In accordance with the joint taxation rules, Matas A/S in its capacity as administration company assumes the liability for payment to the tax authorities of its Danish 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 in accordance with the balance sheet 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 where temporary differences – other than business acquisitions – arise at the date of acquisition without affecting either the profit or loss for the year or the taxable income is not recognised. 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 on the basis of the tax regulations and rates that, according to the rules in force at the date of the statement of financial position, will apply at the time when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in comprehensive income.

Prepayments from customers
Prepayments from customers comprise performance obligations regarding issued gift vouchers and the Club Matas customer loyalty programme. Performance obligations regarding gift vouchers are recog-

Notes to the financial statements

Note 1 – Accounting policies continued

nised at the date of issue. Liabilities relating to gift vouchers and the customer loyalty programme are recognised in revenue when used and/or expired.

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

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 under financial expenses over the term of the loan.

Other non-financial 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, and cash flows from disposed 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 and dividends received and corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities 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 interest and dividends to shareholders.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value, and which can be converted into cash without hindrance.

Segment information
Matas Group has one reportable segment. Therefore, the segment information only comprises information on products and services and geographical information at revenue level.

Notes to the financial statements

Note 2 – Significant accounting estimates, assumptions and judgments

Estimation uncertainty

In preparing the consolidated financial statements, Management makes a number of accounting estimates and assumptions that form the basis for the presentation, recognition and measurement of Matas' assets and liabilities.

The computation of the carrying amount of certain assets and liabilities requires that estimates and assumptions be made about 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. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties which may result in actual results differing from these estimates. It may be necessary to change previously made estimates as a result of changes in the circumstances on which the previous estimates were based or because of new knowledge or subsequent events.

The special risks to which Matas is exposed are described in the Management's review and in the notes.

Impairment testing of goodwill

In performing the annual impairment test of goodwill, an assessment is made of how the cash-generating unit 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. This uncertainty is reflected in the discount rate applied.

The impairment test and key sources of estimation uncertainty are described in detail in note 16.

Inventory measurement

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realisable value. Goods for resale are measured at cost, comprising the 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 developments in the expected sales price.

Full stock counts are performed at all stores once a year, predominantly in the last quarter of the financial year. A provision for shrinkage corresponding to 1.8% of sales in the period was made at the date of the stock count. The shrinkage percentage reflects the shrinkage reported by the majority of the stores performing their stock count in the last quarter of the financial year. The shrinkage percentage was unchanged compared to 2021/22.

Measurement of prepayments

Prepayments from customers comprise performance obligations regarding issued gift vouchers and the Club Matas customer loyalty programme.

Prepayments relating to gift vouchers are recognised at the date of issue.

For the Club Matas customer loyalty programme, performance obligations are recognised at the date of recognition of the sale triggering the allocation of Club Matas points. The obligation is measured at the estimated fair value of the Club Matas points allocated. The estimated fair value is by nature subject to some uncertainty with respect to the actual future redemption of points.

Lawsuits and disputes

Matas Group is a party to a number of minor disputes that are not expected to affect its financial position or future earnings to any significant extent.

Determining the term of a lease

The lease term covers the non-cancellable period of the lease plus periods comprised by an extension option which Matas reasonably expects to exercise and plus periods comprised by a termination option which Matas reasonably expects not to exercise. Matas' store leases often contain options entitling Matas to extend the lease in pursuance of Danish tenancy law. On initial recognition of the lease liability, Matas considers whether it reasonably expects to exercise the extension option and estimates the expected lease term, which estimates are reassessed upon the occurrence of a significant event or a significant change in circumstances that is within the Group's control. Upon expiry of the non-cancellable period, the individual leases are assessed in consideration of Matas' strategy.

Notes to the financial statements

Note 2 – Significant accounting estimates, assumptions and judgments continued

Determining the discount factor in a lease
Matas applies an alternative borrowing rate for purposes of measuring the present value of future lease payments. In determining this alternative borrowing rate, Matas divides its portfolio of lease assets into categories with similar characteristics and risk profiles. The alternative borrowing rate is determined on initial recognition and in connection with subsequent changes resulting from Matas revising its assessment as to whether it reasonably expects to exercise a purchase, extension or termination option or from the lease being modified.

Note 3 – Segment information

Matas has one reportable segment that is selling Mass Beauty and High-End Beauty products, vitamins, minerals and supplements, household and personal care products and over-the-counter medicine.

All Matas Group's non-current assets are physically located in Denmark as at 31 March 2023 (31 March 2022: 100.0%).

Note 4 – Revenue

(DKKm)	2022/23	2021/22
Retail sales	4,380.1	4,242.3
Wholesale sales etc.	109.5	101.9
Total revenue	**4,489.6**	**4,344.2**

During the financial year 2022/23, 26.8% of Matas' revenue was generated by its web shops, compared with 25.1% in 2021/22.

Revenue breaks down by product groups as follows:

(DKKm)	2022/23	2021/22
High-End Beauty	1,560.7	1,550.3
Mass Beauty	1,536.0	1,444.5
Health and Wellbeing	1,157.0	1,109.1
Other	126.5	138.4
Wholesale sales etc.	109.4	101.9
Total revenue	**4,489.6**	**4,344.2**

The product groups may be specified 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 and 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 and dermatological skincare.

Notes to the financial statements

Note 4 – Revenue continued

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

- **Wholesale sales etc.** comprise sales concerning the associated Matas store, value adjustments of Club Matas points, B2B and sales by Kosmolet and Web Sundhed outside of Matas.

(DKKm)	2022/23	2021/22
Sale of goods	4,489.6	4,344.2
Sale of services	-	-
Total revenue	**4,489.6**	**4,344.2**

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 web shops 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. The performance obligation is measured at the estimated fair value of the Club Matas points allocated and amounted to DKK 56.7 million at 31 March 2023 (31 March 2022: DKK 58.4 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, usually over an average period of three months.

Customers have the option of returning products, but the volume of returns at 31 March 2023 was insignificant, as was the amount of guarantee commitments.

Geographical information
Matas Group operates almost exclusively in Denmark. Revenue from sales through Danish retail stores, web shops and wholesale sales accounted for more than 98% like last year.

Note 5 – Cost of goods sold etc.

(DKKm)	2022/23	2021/22
Cost of goods sold for the year	2,460.2	2,361.8
Write-down of inventories for the year	15.0	16.4
Total cost of goods sold etc.	**2,475.2**	**2,378.2**

Note 6 – Fees to the auditors appointed by the shareholders in general meeting

(DKKm)	2022/23	2021/22
Fees to EY	2.8	2.4
Total fees to auditors appointed by the shareholders in general meeting	**2.8**	**2.4**

(DKKm)	2022/23	2021/22
Audit	1.9	1.6
Other assurance engagements	0.2	0.1
Tax and VAT assistance	-	-
Other services	0.7	0.7
Total fees to auditors appointed by the shareholders in general meeting	**2.8**	**2.4**

Matas has adopted a policy for non-audit services provided by the auditors appointed by the shareholders in general meeting. The policy regulates when services must be approved by the Audit Committee and which services are permitted and not permitted.

Notes to the financial statements

Note 7 – Staff costs

(DKKm)	2022/23	2021/22
Wages and salaries	793.5	780.3
Defined contribution plans	52.5	52.2
Share-based payment	8.0	11.8
Other staff costs	16.6	19.1
Total staff costs	**870.5**	**863.4**

(DKKm)	2022/23	2021/22
Staff costs in statement of comprehensive income	825.3	824.1
Intangible assets	45.2	39.3
Total staff costs	**870.5**	**863.4**
Average number of employees	2,124	2,164

Over the past financial years, Matas Group has made investments in the implementation of the Company's strategy for purposes of developing concepts and digitalising Matas Group's activities using its own staff.

Management's remuneration is disclosed in note 31.

Note 8 – Depreciation, amortisation and impairment

(DKKm)	2022/23	2021/22
Amortisation, intangible assets	123.5	170.1
Depreciation, property, plant and equipment	70.2	73.7
Depreciation of lease assets	181.6	172.4
Loss on disposal of intangible assets	-	3.5
Loss on disposal of property, plant and equipment	5.8	1.6
Total depreciation, amortisation and impairment	**381.1**	**421.3**

Note 9 – Share of profit or loss after tax of associates

The share of profit or loss after tax of associates was a loss of DKK 4.9 million for 2022/23 against a loss of DKK 4.6 million in 2021/22. The 2022/23 and 2021/22 losses primarily concerned the investment in Miild A/S.

Note 10 – Financial income

(DKKm)	2022/23	2021/22
Interest allowance from Danish tax authorities	-	5.1
Other	0.5	0.2
Total financial income	**0.5**	**5.3**
Interest from financial assets measured at amortised cost amounts to	-	-

Note 11 – Financial expenses

(DKKm)	2022/23	2021/22
Interest, credit institutions	30.0	17.4
Interest, lease liabilities	9.4	10.3
Interest, contingent consideration	4.4	4.8
Interest, holiday pay obligation	-	0.5
Amortisation of financing costs	1.6	2.6
Amortisation, CAP	-	1.7
Other	0.5	0.6
Total financial expenses	**45.9**	**37.9**
Interest on financial liabilities measured at amortised cost amounts to	43.8	32.5

Notes to the financial statements

Note 12 – Tax

(DKKm)	2022/23	2021/22
Tax on the profit for the year breaks down as follows:		
Tax on the profit for the year	92.1	74.6
Total tax	**92.1**	**74.6**
Tax on the profit for the year has been calculated as follows:		
Current tax	82.3	80.0
Deferred tax	6.0	(5.1)
Current tax regarding previous years	3.8	(0.3)
Total	**92.1**	**74.6**
Tax on profit for the year can be explained as follows:		
Computed 22.0% tax on profit before tax	82.0	77.2
Incentive programmes	0.7	(6.5)
Current payments, discounting	1.0	0.9
Limitation of right to deduct interest	2.0	0.1
Other	2.4	2.7
Transaction costs	0.2	0.2
Tax regarding previous years	3.8	0.0
Total tax	**92.1**	**74.6**
Effective tax rate	24.7%	21.2%

Note 13 – Earnings per share

(DKKm)	2022/23	2021/22
Profit for the year (the Group's share)	**280.7**	**276.5**
Average number of shares	38,291,492	38,291,492
Average number of treasury shares	(409,851)	(275,091)
Average number of outstanding shares	**37,881,641**	**38,016,401**
Average dilutive effect of outstanding PSUs	315.518	400,077
Diluted average number of outstanding shares	**38,197,159**	**38,416,478**
Earnings per share of DKK 2.50	7.41	7.27
Diluted earnings per share of DKK 2.50	7.35	7.20

Note 14 – Dividend per share

Based on the satisfactory financial results, the Board of Directors proposes that DKK 76.6 million, equivalent to 24% of Matas' adjusted profit after tax for 2022/23, be distributed as dividends, equivalent to DKK 2.00 per share.

Notes to the financial statements

Note 15 – Intangible assets

(DKKm)	Goodwill	Trademarks and trade names	Other intangible assets	Total
Cost at 1 April 2022	**3,993.6**	**1,203.9**	**602.1**	**5,799.6**
Additions on acquisitions	5.8	-	0.7	6.5
Additions	-	-	162.1	162.1
Disposals	-	-	-	-
Cost at 31 March 2023	**3,999.4**	**1,203.9**	**764.9**	**5,968.2**
Amortisation and impairment at 1 April 2022	**-**	**1,136.1**	**415.3**	**1,551.4**
Amortisation	-	9.7	113.8	123.5
Disposals	-	-	-	-
Amortisation and impairment at 31 March 2023	**-**	**1,145.8**	**529.1**	**1,674.9**
Carrying amount at 31 March 2023	**3,999.4**	**58.1**	**235.8**	**4,293.3**
Cost at 1 April 2021	**3,930.6**	**1,203.9**	**451.5**	**5,586.0**
Additions on acquisitions	65.7	-	18.7	84.4
Additions	-	-	132.9	132.9
Disposals	(2.7)	-	(1.0)	(3.7)
Cost at 31 March 2022	**3,993.6**	**1,203.9**	**602.1**	**5,799.6**
Amortisation and impairment at 1 April 2021	**-**	**1,060.3**	**321.2**	**1,381.5**
Amortisation	-	75.8	94.3	170.1
Disposals	-	-	(0.2)	(0.2)
Amortisation and impairment at 31 March 2022	**-**	**1,136.1**	**415.3**	**1,551.4**
Carrying amount at 31 March 2022	**3,993.6**	**67.8**	**186.8**	**4,248.2**
Amortised over	-	15 years	3-10 years	

Other intangible assets comprise software, customer lists and shares in co-operative property as well as other intangible assets acquired in business combinations. Except for goodwill, all intangible assets are considered to have a limited useful life.

Note 16 – Impairment testing

Goodwill

Goodwill increased by DKK 5.8 million in 2022/23 as a result of the acquisition of the remaining 60% of the shares in Miild A/S on 30 September 2022. As at 31 March 2023, Management tested the carrying amount of goodwill for impairment at individual cash-generating unit (CGU) level, defined as the Matas chain, Firtal Group, Kosmolet, Web Sundhed and Miild.

Goodwill has been allocated as follows between individual CGUs:

(DKKm)	2022/23	2021/22
Matas chain	3,729.0	3,729.0
Firtal Group	119.5	119.5
Kosmolet	79.4	79.4
Web Sundhed	65.7	65.7
Miild	5.8	0.0
Goodwill at 31 March	**3,999.4**	**3,993.6**

Management monitors goodwill on the basis of the overall group of CGUs, and the annual impairment testing of goodwill is thus performed for the Matas chain, Firtal Group, Kosmolet, Web Sundhed and Miild.

Recoverable amounts are in each individual case calculated as the higher of the value in use and the fair value less costs to sell. The descriptions below set out the value on which the recoverable amount is based.

Matas chain

As regards the Matas chain, the recoverable amount is based on the value in use, which is determined using expected net cash flows on the basis of the 2023/24 budget approved by the Board of Directors and a projection for the remaining forecast period (the years 2023/24-2027/28).

For the terminal period, an expected EBITDA growth rate of 1.5% p.a. (31 March 2022: 1.5% p.a.) has been used.

Notes to the financial statements

Note 16 – Impairment testing continued

In the long-term perspective, demand is expected to be affected by changes in the demographics, mix of consumers and consumer behaviour that support health and beauty trends in Denmark, and by developments in product prices. In addition, the level of innovation among manufacturers as well as product launches will affect demand. Matas' underlying growth is expected to be positive. In the short-term perspective, growth will depend partly on general economic trends. Matas anticipates long-term market growth within its product areas of an average 1.5% p.a., assuming stable economic growth.

Growth will also depend on inflationary trends and on whether economic growth translates into increased consumer spending.

Earnings during the forecast period are based on the EBITDA level indicated in the 2023/24 budget and expected investments based on Management's strategic forecasts.

In performing the impairment test, Management used a discount factor (WACC) after tax of 7.9% (2021/22: 7.1%), a discount factor before tax of 9.7% (2021/22: 8.6%).

The weighted average growth rate used to extrapolate future net cash flows for the years after 2027/28 is estimated at 1.5% (31 March 2022: 1.5%). The growth rate is not assessed to exceed the long-term average growth rate within the Matas chain's markets.

Based on the impairment test performed for the Matas chain at 31 March 2023, there is no current evidence of impairment. In Management's assessment, likely changes in the basic assumptions described above will not lead to the carrying amount exceeding the recoverable amount.

The WACC before tax may increase by 1.3 percentage point or terminal period EBITDA may decrease by 12.5% before there is need for impairment.

Firtal Group

As regards Firtal Group, the recoverable amount is based on the value in use, which is determined using expected net cash flows on the basis of the 2022/23 budget approved by the Board of Directors and a projection for the remaining forecast period (the years 2024/25-2027/28).

For the terminal period, an expected EBITDA growth rate of 1.5% p.a. (31 March 2022: 1.5% p.a.) has been used.

Firtal Group was acquired in autumn 2018. Firtal Group, which operates a number of web shops focused on well-defined niche segments, has grown faster than was anticipated at the time of the acquisition and is expected to continue to report strong growth in the years ahead.

Earnings during the forecast period are based on the EBITDA level indicated in the 2023/24 budget and expected investments based on Management's strategic forecasts.

In performing the impairment test, Management used a discount factor (WACC) after tax of 7.9% (2021/22: 8.8%), a discount factor before tax of 9.5% (2021/22: 10.9%).

The weighted average growth rate used to extrapolate future net cash flows for the years after 2027/28 is estimated at 1.5% (31 March 2022: 1.5%).

Based on the impairment test performed for Firtal Group at 31 March 2023, there is no current evidence of impairment. In Management's assessment, likely changes in the basic assumptions described above will not lead to the carrying amount exceeding the recoverable amount.

The WACC before tax may increase by 2.5 percentage points or terminal period EBITDA may decrease by 22.3 % before there is need for impairment.

Kosmolet

As regards Kosmolet, the recoverable amount is based on the value in use, which is determined using expected net cash flows on the basis of the 2023/24 budget approved by the Board of Directors and a projection for the remaining forecast period (the years 2024/25-2027/28).

For the terminal period, an expected EBITDA growth rate of 1.5% p.a. has been used.

Kosmolet, the owner of the Danish make-up brand Nilens Jord, was acquired in June 2019. Management believes Nilens Jord was the most popular Danish make-up brand in financial year 2022/23 and expects it to retain this position in the years ahead.

Earnings during the forecast period are based on the EBITDA level indicated in the 2023/24 budget and expected investments based on Management's strategic forecasts.

Notes to the financial statements

Note 16 – Impairment testing continued

In performing the impairment test, Management used a discount factor (WACC) after tax of 7.9% (2021/22: 8.8%), a discount factor before tax of 9.7% (2021/22: 11.0%).

The weighted average growth rate used to extrapolate future net cash flows for the years after 2026/27 is estimated at 1.5% (31 March 2022: 1.5%).

Based on the impairment test performed for Kosmolet at 31 March 2023, there is no current evidence of impairment. In Management's assessment, likely changes in the basic assumptions described above will not lead to the carrying amount exceeding the recoverable amount.

The WACC before tax may increase by 8.0 percentage points or terminal period EBITDA may decrease by 67.6% before there is need for impairment.

Web Sundhed

As regards Web Sundhed, the recoverable amount is based on the value in use, which is determined using expected net cash flows on the basis of the 2023/24 budget approved by the Board of Directors and a projection for the remaining forecast period (the years 2024/25-2027/28).

For the terminal period, an expected EBITDA growth rate of 1.5% p.a. has been used.

Web Sundhed was acquired in April 2021 and consists of the companies Apo IT ApS and Web-Apo ApS. The activities of the acquired businesses comprise sourcing, IT, logistics and marketing services.

In performing the impairment test, Management used a discount factor (WACC) after tax of 9.5% (2021/22: 8.8%), a discount factor before tax of 11.2% (2021/22: 10.6%).

The weighted average growth rate used to extrapolate future net cash flows for the years after 2028/29 is estimated at 1.5% (31 March 2022: 1.5%).

Based on the impairment test performed for Web Sundhed at 31 March 2023, there is no current evidence of impairment. In Management's assessment, likely changes in the basic assumptions described above will not lead to the carrying amount exceeding the recoverable amount.

The WACC before tax may increase by 4.0 percentage points or terminal period EBITDA may decrease by 32.1% before there is need for impairment.

Miild

As regards Miild, the recoverable amount is based on the value in use, which is determined using expected net cash flows on the basis of the 2023/24 budget approved by the Board of Directors and a projection for the remaining forecast period (the years 2024/25-2027/28).

For the terminal period, an expected EBITDA growth rate of 1.5% p.a. has been used.

Having acquired the remaining 60% of the shares in Miild A/S at 30 September 2022, Matas now owns all the shares in the company. Miild A/S is a Danish beauty brand focusing on allergy-friendly cosmetics.

In performing the impairment test, Management used a discount factor (WACC) after tax of 9.5%, a discount factor before tax of 11.0%.

The weighted average growth rate used to extrapolate future net cash flows for the years after 2028/29 is estimated at 1.5% (31 March 2022: 1.5%).

Based on the impairment test performed for Miild at 31 March 2023, there is no current evidence of impairment. In Management's assessment, likely changes in the basic assumptions described above will not lead to the carrying amount exceeding the recoverable amount.

The terminal period EBITDA may decrease by 82.3% before there is need for impairment.

Notes to the financial statements

Note 17 – Property, plant and equipment

(DKKm)	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improve-ments	Plant in progress	Total
Cost at 1 April 2022	**136.3**	**351.4**	**232.2**	**9.6**	**729.5**
Additions on acquisitions	-	0.4	-	-	0.4
Additions	6.8	23.6	6.5	55.3	92.2
Disposals	-	(7.1)	(6.1)	(5.2)	(18.4)
Cost at 31 March 2023	**143.1**	**368.3**	**232.6**	**59.7**	**803.7**
Depreciation and impairment at 1 April 2022	**49.7**	**264.7**	**191.9**	**-**	**506.3**
Depreciation	5.9	44.8	19.5	-	70.2
Disposals	-	(6.4)	(6.1)	-	(12.5)
Depreciation and impairment at 31 March 2023	**55.6**	**303.1**	**205.3**	**-**	**564.0**
Carrying amount at 31 March 2023	**87.5**	**65.2**	**27.3**	**59.7**	**239.7**
Cost at 1 April 2021	**134.9**	**322.9**	**225.4**	**-**	**683.2**
Additions on acquisitions	-	1.7	-	-	1.7
Additions	1.4	30.4	9.1	9.6	50.5
Disposals	-	(3.6)	(2.3)	-	(5.9)
Cost at 31 March 2022	**136.3**	**351.4**	**232.2**	**9.6**	**729.5**
Depreciation and impairment at 1 April 2021	**44.1**	**219.7**	**173.9**	**-**	**437.7**
Depreciation	5.6	48.6	19.5	-	73.7
Disposals	-	(3.6)	(1.5)	-	(5.1)
Depreciation and impairment at 31 March 2022	**49.7**	**264.7**	**191.9**	**-**	**506.3**
Carrying amount at 31 March 2022	**86.6**	**86.7**	**40.3**	**9.6**	**223.2**
Depreciated over:	10-75 years	1-7 years	2-8 years	-	

Note 18 – Treasury shares

	Number of shares at DKK 2.5		% of share capital	
	2022/23	2021/22	2022/23	2021/22
1 April	626,585	22,943	1.64%	0.06%
Disposed of in connection with exercise of LTIP	(268,162)	(14,359)	(0.07)%	(0.04)%
Share buyback programme 2021/22	-	618,001	-	1.61%
Treasury shares at 31 March	**358,423**	**626,585**	**0.94%**	**1.64%**

A total of 268,162 treasury shares were vested in connection with the exercise of LTIP 2019/20. Reference is made to note 31 for a description of the Group's incentive programmes.

For an overview of outstanding incentive programmes, see note 31.

Note 19 – Inventories

(DKKm)	2022/23	2021/22
Goods for resale	911.8	890.1
Carrying amount of inventories recognised at net selling price	-	-
Inventories at 31 March	**911.8**	**890.1**

Notes to the financial statements

Note 20 – Trade receivables

Trade receivables primarily relate to wholesale sales. Provisions for expected losses on trade receivables, included in the carrying amount of trade receivables, have developed as follows:

Expected loss on trade receivables based on an estimated loss rate:

(DKKm)	2022/23	2021/22
1 April	0.5	0.5
Impairment in the year	-	-
Realised in the year	-	-
Impairment at 31 March	**0.5**	**0.5**

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

(DKKm)	2022/23	2021/22
Maturity:		
Up until 30 days	-	0.3
Between 30 and 90 days	0.4	0.1
More than 90 days	-	1.8
Impairment at 31 March	**0.4**	**2.2**

Note 21 – Equity

Share capital

The nominal value of the share capital is DKK 95,728,730 divided into shares of DKK 2.50, equivalent to 38,291,492 shares and 38,291,492 votes. The shares are not divided into share classes.

Capital structure

The Group's capital structure must at all times ensure the financial flexibility required to implement the strategic objectives announced.

The financial gearing ratio, measured as net interest-bearing debt to EBITDA before special items, may under exceptional circumstances, such as major strategic initiatives, temporarily exceed 3.

Going forward, specifically towards the end of the strategy period, the Group expects to generate a substantial free cash flow once more. The free cash flow will, in order of priority, be used to bring down debt if the financial gearing target has not been met; for investing for profitable growth within the existing business; and for distribution to the shareholders by way of dividends and, possibly, share buybacks.

The ratio of equity to total equity and liabilities was 53.6% at 31 March 2023 (31 March 2022: 52.0%).

Notes to the financial statements

Note 22 – Deferred tax

(DKKm)	2022/23	2021/22
Deferred tax at 1 April	192.8	199.2
Additions on acquisitions	-	(1.3)
Deferred tax for the year, recognised in profit for the year	6.0	(5.1)
Deferred tax at 31 March	**198.8**	**192.8**
Deferred tax is recognised as follows in the statement of financial position:		
Deferred tax (asset)	-	-
Deferred tax (liability)	198.8	192.8
Deferred tax at 31 March, net	**198.8**	**192.8**
Deferred tax relates to:		
Intangible assets	203.7	195.6
Property, plant and equipment	1.6	1.1
Inventories	(1.1)	(0.3)
Other assets and liabilities	(5.4)	(3.7)
Deferred tax at 31 March, net	**198.8**	**192.8**

Unrecognised deferred tax assets which are not expected to be utilised against future earnings amount to DKK 9.9 million (2021/22: DKK 10.7 million).

Changes in temporary differences during the year:

(DKKm)	Balance at 1 April	Additions on acquisitions	Recognised in profit for the year, net	Balance at 31 March
2022/23				
Intangible assets	195.6	-	8.1	203.7
Property, plant and equipment	1.1	-	0.5	1.6
Inventories	(0.3)	-	(0.8)	(1.1)
Other assets	(3.6)	-	(1.8)	(5.4)
Total	**192.8**	**-**	**6.0**	**198.8**

(DKKm)	Balance at 1 April	Additions on acquisitions	Recognised in profit for the year, net	Balance at 31 March
2021/22				
Intangible assets	209.1	(0.9)	(12.6)	195.6
Property, plant and equipment	(3.1)	(0.4)	4.6	1.1
Inventories	(1.0)	-	0.7	(0.3)
Other assets	(5.8)	-	2.2	(3.6)
Total	**199.2**	**(1.3)**	**(5.1)**	**192.8**

Notes to the financial statements

Note 23 – Prepayments from customers

Prepayments from customers comprise performance obligations regarding issued gift vouchers and the Club Matas customer loyalty programme. Prepayments relating to gift vouchers are recognised at the date of issue.

For the Club Matas customer loyalty programme, performance obligations are recognised at the date of recognition of the sale triggering the allocation of Club Matas points. The performance obligation is measured at the estimated fair value of the Club Matas points allocated. 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.

Note 24 – Amounts owed to credit institutions

(DKKm)	2022/23	2021/22
Amounts owed to credit institutions are recognised in the statement of financial position as follows:		
Non-current liabilities	917.7	996.1
Current liabilities	110.4	157.9
Total	**1,028.1**	**1,154.0**
Nominal value	**1,030.4**	**1,157.9**
Falls due more than 5 years after the reporting date, nominal value	-	-
Fair value	**1,030.4**	**1,157.9**

The fair value of financial liabilities is determined as the present value of expected future instalments and interest payments. The current interest rate for similar loan periods in Matas Group is used as discount rate.

Amounts owed to credit institutions carry variable interest at an initial margin in the range of 55-110 basis points above CIBOR (however, at least 0% for the main part of the debt) and include a margin ratchet dependent on the level of leverage. At 31 March 2023, the effective interest rate on the net debt was 0.4-1.1% p.a. (31 March 2022: 0.4-1.1% p.a.).

Matas Group's credit facility is subject to special covenants. Matas Group has complied with these covenants since raising the facility.

Note 25 – Other payables

(DKKm)	2022/23	2021/22
Included in current liabilities:		
VAT payable	41.0	32.4
Holiday pay obligation	65.1	66.9
Pay-related liabilities	52.8	50.7
Contingent consideration	33.4	-
Other creditors	10.4	0.1
Total other payables, current liabilities	**202.7**	**150.1**

Note 26 – Changes in working capital

(DKKm)	2022/23	2021/22
Change in inventories	(19.4)	(23.4)
Change in deposits and receivables	(42.8)	(7.7)
Change in trade payables and other payables	(7.7)	(150.5)
Total changes in working capital	**(69.9)**	**(181.6)**

Notes to the financial statements

Note 26 – Changes in working capital continued

(DKKm)	1 April 2022	Cash flows	Non-cash changes	31 March 2023
2022/23				
Credit institutions	1,157.9	(127.5)	-	1,030.4
Lease liabilities	523.0	(172.3)	300.3	651.0
Liabilities from financing activities	**1,680.9**	**(299.8)**	**300.3**	**1,681.5**

(DKKm)	1 April 2021	Cash flows	Non-cash changes	31 March 2022
2021/22				
Credit institutions	1,100.0	57.9	-	1,157.9
Lease liabilities	669.6	(167.7)	21.1	523.0
Liabilities from financing activities	**1,769.6**	**(109.8)**	**21.1**	**1,680.9**

Note 27 – Acquisition of subsidiaries and contingent consideration

Having acquired the remaining 60% of the shares in Miild A/S at 30 September 2022, Matas now owns all the shares in the company. Miild A/S is a Danish beauty brand focusing on allergy-friendly cosmetics.

The consideration amounted to DKK 1.5 million in cash, to which should be added a potential earn-out payment of an estimated DKK 4.3 million.

The provisional purchase price allocation shows values added on acquisition in the form of goodwill of DKK 5.8 million.

Transaction costs in the amount of DKK 0.8 million were incurred in connection with the acquisition.

The transaction cost has been recognised under other external costs for 2022/23. Other than this, the acquisition did not affect activities in 2022/23.

Revenue and loss for the 2022/23, calculated as if Miild A/S had been acquired at 1 April 2022, amounted to DKK 6,1 million and DKK 1,6 million, respectively.

Contingent consideration of DKK 20.0 million concerning the acquisition of Firtal Group was paid at the beginning of financial year 2021/22.

2021/22
On 12 April 2021, Matas Group acquired all shares and voting rights in the companies Apo IT ApS and Web-Apo ApS. The companies were acquired through the newly established subsidiary Web Sundhed ApS. The activities of the acquired businesses comprise sourcing, IT, logistics and marketing services.

The total purchase price amounted to DKK 73.4 million of which DKK 42.1 million was paid upfront. Up to DKK 20 million of the purchase price is contingent on certain milestones being reached, while DKK 25.0 million, recognised at a fair value of DKK 31.3 million at the acquisition date, has been deferred. Cash and cash equivalents amounted to DKK 13.5 million, and the net cash consideration was DKK 28.6 million.

Notes to the financial statements

Note 27 – Acquisition of subsidiaries and contingent consideration continued

Transaction costs in the amount of DKK 5.1 million were paid in 2021/22 in connection with the acquisition. The transaction costs were recognised in the financial year 2020/21 under other external costs.

For the period since the acquisition, revenue of DKK 79.4 million and EBITDA of DKK (1.5) million have been recognised in relation to the companies. If the companies had been recognised at 1 April 2021, revenue would have amounted to DKK 81.5 million and EBITDA to DKK (1.5) million.

The pre-acquisition statement of financial position contains assets of a fair value of DKK 33.7 million, including customer contracts (other intangible assets) of DKK 9.9 million, IT development projects of DKK 7.3 million and cash and cash equivalents of DKK 13.5 million.

Liabilities amounted to DKK 26.3 million, including trade payables of DKK 21.2 million and deferred tax liabilities.

The fair value of acquired net assets was DKK 7.7 million.

Management expects the conditions for the payment of contingent consideration, relating primarily to revenue and earnings, to be met. If the conditions are met, the contingent consideration becomes payable in March 2024 (up to DKK 10.0 million) and March 2025 (up to DKK 10.0 million), respectively. The deferred purchase price of DKK 25.0 million becomes payable in March 2024.

The total consideration amounted to DKK 73.4 million, and goodwill arising on the acquisition was DKK 65.7 million.

Goodwill represents the value of the existing employees and know-how as well as expected synergies from the combination with Matas Group. The goodwill recognised is not tax-deductible.

Note 27 – Acquisition of subsidiaries and contingent consideration continued

Management has based its fair value measurement on assumptions not observable in the market, which corresponds to level 3 measurement in the fair value hierarchy.

The carrying amount of goodwill developed as follows in the financial year 2022/23:

(DKKm)	**2022/23**	**2021/22**
Goodwill at 1 April	3,993.6	3,930.6
Addition on acquisition of Miild A/S	5.8	-
Addition on Web Sundhed ApS' acquisition of Apo-Web ApS and Apo IT ApS	-	65.7
Disposal relating to retail network changes	-	(2.7)
Goodwill at 31 March	**3,999.4**	**3,993.6**

Note 28 – Contingent liabilities and security

Matas Group is a party to a number of minor disputes that are not expected to affect its financial position or future earnings to any significant extent.

In addition, Matas has, in the normal course of business, provided security in the form of bank guarantees to store lessors for a total amount of DKK 15 million (2021/22: DKK 16 million).

Notes to the financial statements

Note 29 – Financial risks and financial instruments

The Group's risk management policy
As a consequence of its financing, Matas Group is exposed to changes in the level of interest rates. Matas Group has limited exposure to changes in foreign currencies. Matas Group does not engage in active speculation in financial risks. The Group's financial management is thus aimed solely at controlling the financial risks which are a direct result of the Group's operations and financing.

For a description of the accounting policies and methods applied, including recognition criteria and measurement basis, see the accounting policies.

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

Interest rate risks
It is Matas Group policy to hedge interest rate risks on its loans when it is assessed attractive. Hedging is usually made by means of interest rate swaps or the like, through which floating-rate loans are converted into loans with a fixed interest rate.

Due to Matas Group's floating-rate cash and cash equivalents and debt to credit institutions, a drop in interest rates of 1% p.a. relative to the actual level of interest rates would, other things being equal, have a positive effect on the profit for the year of DKK 9 million (2021/22: DKK 11 million) and on year-end equity of DKK 9 million (31 March 2022: DKK 11 million).

Sensitivity analysis assumptions
Sensitivities are calculated on the basis of financial assets and liabilities recognised at 31 March. No adjustments have been made for instalments, raising of loans, etc. during the course of the year.

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

Currency risk
The Group's currency risk is primarily related to its purchases in EUR. The Group has not entered into any foreign exchange contracts.

Liquidity risk
The Group's liquidity reserve consists of cash and cash equivalents and unutilised credit facilities and amounted to DKK 940 million at 31 March 2023 (31 March 2022: DKK 812 million). The Group aims to maintain sufficient cash resources for, among other things, strategic investments. The Group's financial liabilities fall due as follows:

(DKKm)	Carrying amount	Contractual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
2022/23						
Non-derivative financial instruments						
Credit institutions	1,028.1	1,030.4	110.4	920.0	-	-
Lease liabilities	651.0	711.1	188.4	330.1	192.5	-
Trade payables	634.1	634.1	634.1	-	-	-
Contingent consideration and deferred purchase price	46.4	50.8	35.0	15.8	-	-
Financial liabilities at 31 March 2023	**2,359.6**	**2,426.4**	**967.9**	**1,265.9**	**192.5**	**-**

(DKKm)	Carrying amount	Contractual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
2021/22						
Non-derivative financial instruments						
Credit institutions	1,154.0	1,157.9	157.9	1,000.0	-	-
Lease liabilities	523.0	537.6	181.4	205.5	139.8	10.9
Trade payables	662.9	662.9	662.9	-	-	-
Contingent consideration and deferred purchase price	37.7	45.0	-	45.0	-	-
Financial liabilities at 31 March 2022	**2,377.6**	**2,403.4**	**1,002.2**	**1,250.5**	**139.8**	**10.9**

Notes to the financial statements

Note 29 – Financial risks and financial instruments continued

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

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

Credit risk
The Group's credit risks are related to receivables and cash and cash equivalents. The maximum credit risk related to financial assets corresponds to the values recognised in the statement of financial position.

The Group is not exposed to any significant risks regarding any one individual customer or partner. Accordingly, trade receivables are not insured. The Group has no significant overdue receivables and has therefore only recognised minor loss allowances, see note 20.

(DKKm)	Carrying amount 31 March 2023	Fair value 31 March 2023	Carrying amount 31 March 2022	Fair value 31 March 2022
Deposits	44.3	44.3	46.8	46.8
Trade receivables	43.7	43.7	26.6	26.6
Other receivables	24.9	24.9	7.1	7.1
Cash and cash equivalents	36.7	36.7	28.2	28.2
Loans and receivables	**149.6**	**149.6**	**108.7**	**108.7**
Non-current financial liabilities				
Credit institutions	917.7	920.0	996.1	1,000.0
Lease liabilities	462.6	462.6	348.4	348.4
Current financial liabilities				
Credit institutions	110.4	110.4	157.9	157.9
Lease liabilities	188.4	188.4	179.5	179.5
Suppliers	634.1	634.1	662.9	662.9
Financial liabilities at amortised cost	**2,313.2**	**2,315.5**	**2,344.8**	**2,348.7**

The methods applied are unchanged from 2021/22.

Derivative financial instruments
Matas Group uses derivative financial instruments to hedge the interest rate risk on the Company's loans. Matas Group does not actively speculate in the interest rate development.

As of 31 March 2023 Matas Group has no active instruments.

Notes to the financial statements

Note 30 – Leases

Matas' lease assets are as follows:

(DKKm)	2022/23	2021/22
Store leases etc.	571.0	437.4
Administration and warehouse buildings etc.	45.4	60.1
Cars and other leases	5.9	2.7
Total lease assets	**622.3**	**500.2**

Matas Group's lease liabilities may be specified as follows:

(DKKm)	2022/23	2021/22
Non-current liabilities	462.6	343.5
Current liabilities	188.4	179.5
Total lease liabilities	**651.0**	**523.0**

Matas Group's retail leases are subject to a notice of termination of between 3 and 12 months as they are mostly evergreen contracts as defined in the Danish Business Rent Act.

The following amounts have been recognised in the statement of comprehensive income:

(DKKm)	2022/23	2021/22
Store leases	165.6	155.9
Administration and warehouse buildings etc.	12.4	12.5
Cars and other leases	3.6	4.0
Total depreciation of lease assets	**181.6**	**172.4**

In 2022/23, Matas made lease payments concerning recognised assets of DKK 182.8 million (2021/22: DKK 178.6 million).

Note 30 – Leases continued

Matas is the lessee of a limited number of premises. For some of these leases, the full rent is based on revenue, while for others, 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 9.8 million.

A total amount of DKK 3.4 million (2021/22: DKK 4.5 million) was recognised in the statement of comprehensive income 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 zero million at 31 March 2023 (2021/22: DKK 1.9 million).

Note 31 – Management's remuneration, share options and shareholdings

At the Annual General Meeting held on 28 June 2022, it was approved that the Chairman and the members of the Audit Committee would receive DKK 150,000 and DKK 75,000, respectively, the Chairman and the members of the Nomination Committee would receive DKK 75,000 and DKK 37,500, respectively, and the Chairman and the members of the Remuneration Committee would receive DKK 75,000 and DKK 37,500, respectively, in addition to the fixed annual fee for their committee work. 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.

The fixed salary of the members of the Executive Management consists of a salary, pension contributions and other employee 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 and CFO are eligible to receive a bonus of up to 70% of their annual base salary.

Moreover, the members of the Executive Management are eligible to receive share options or other rights such as PSUs (Performance Share Units) at a value of up to 100% of their annual base salary excluding pension contributions as at the date of grant. A breakdown of management compensation included in staff costs (see note 7) appears as follows:

Notes to the financial statements

Note 31 – Management's remuneration, share options and shareholdings continued

(DKKm)	Fixed salary incl. benefits	Pension con-tributions	Short-term bonus 1)	Total	PSUs 2)	Total, including PSUs
2022/23						
Gregers Wedell-Wedellsborg	5.3	0.5	2.9	8.8	3.3	12.1
Per Johannesen Madsen	2.1	0.3	0.0	2.4	1.3	3.7
Executive Management, total	**7.4**	**0.8**	**2.9**	**11.2**	**4.6**	**15.8**
Other executives, total	**20.4**	**1.5**	**3.8**	**25.7**	**4.9**	**30.6**
Lars Vinge Frederiksen	0.9	-	-	0.9	-	0.9
Lars Frederiksen[3)]	0.1	-	-	0.1	-	0.1
Henrik Taudorf Lorensen	0.4	-	-	0.4	-	0.4
Mette Maix	0.5	-	-	0.5	-	0.5
Birgitte Nielsen	0.5	-	-	0.5	-	0.5
Kenneth Melchior	0.4	-	-	0.4	-	0.4
Lars Jensen[4)]	0.3	-	-	0.3	-	0.3
Board of Directors, total[5)]	**3.0**	**-**	**-**	**3.0**	**-**	**3.0**
Total	**30.8**	**2.3**	**6.7**	**39.9**	**9.5**	**49.4**

1) Paid in 2022/23 concerning 2021/22. 2) Granted in the year. 3) Resigned on 28 June 2022. 4) Joined on 28 June 2022. 5) Total is including roundings.

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.

One executive resigned during the financial year 2022/23.

(DKKm)	Fixed salary incl. benefits	Pension con-tributions	Short-term bonus 1)	Total	PSUs 2)	Total, including PSUs
2021/22						
Gregers Wedell-Wedellsborg	5.2	0.5	3.2	9.0	3.8	12.8
Anders Skole-Sørensen	2.8	0.3	1.4	4.4	1.4	5.9
Executive Management, total	**8.0**	**0.8**	**4.7**	**13.4**	**5.3**	**18.7**
Executive Management, termination benefit, Anders Skole-Sørensen	**7.4**	**-**	**-**	**7.4**	**-**	**7.4**
Other executives, total	**16.8**	**1.1**	**2.2**	**20.1**	**5.4**	**25.5**
Lars Vinge Frederiksen	0.9	-	-	0.9	-	0.9
Lars Frederiksen	0.5	-	-	0.5	-	0.5
Henrik Taudorf Lorensen	0.4	-	-	0.4	-	0.4
Mette Maix	0.4	-	-	0.4	-	0.4
Signe Trock Hilstrøm[3)]	0.1	-	-	0.1	-	0.1
Birgitte Nielsen	0.4	-	-	0.4	-	0.4
Kenneth Melchior[4)]	0.3	-	-	0.3	-	0.3
Board of Directors, total	**2.9**	**-**	**-**	**2.9**	**-**	**2.9**
Total	**35.1**	**1.9**	**6.8**	**43.8**	**10.6**	**54.4**

1) Paid in 2021/22 concerning 2020/21. 2) Granted in the year. 3) Resigned on 29 June 2021. 4) Joined on 29 June 2021.

Two executives resigned during the financial year 2021/22.

Notes to the financial statements

Note 31 – Management's remuneration, share options and shareholdings continued

In addition, Matas has signed a severance agreement with CFO Anders Skole-Sørensen, who resigned on 1 June 2022. Under the severance agreement, ordinary remuneration, including participation in the ordinary LTIP and STIP programmes, has been paid until the end of financial year 2022/23. In addition, in accordance with the Danish Salaried Employees Act, Anders Skole-Sørensen will receive one month's termination benefits in connection with his last monthly salary. Lastly, as he is considered a good leaver, Anders Skole-Sørensen is entitled to retain already granted PSUs and to exercise them under the terms and conditions of the incentive programme. A total of DKK 7.4 million relating to this severance agreement was recognised in financial year 2021/22.

In accordance with Matas A/S' overall guidelines on incentive pay, Matas in 2022/23 granted a total of 180,248 PSUs to purchase shares in Matas A/S, consisting of 77,579 PSUs to members of the Executive Management and 102,669 PSUs to key employees. Depending on the achievement of two KPIs, which are each weighted 50%, the number of PSUs granted may at vesting vary between 75% and 150% of the number originally granted. One KPI is based on the EBITDA before special items performance and the other on the revenue performance in the period up to and including financial year 2024/25. 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 KPIs described above are achieved, the PSUs granted will vest after publication of the Annual Report for 2024/25.

Assuming minimum and maximum achievement, respectively, of the KPIs by the end of financial year 2024/25, the PSUs represent a value of DKK 10.8 million and DKK 21.5 million, respectively.

Programme	Number of employees	Number of PSUs granted	Market value at grant (DKKm)
2020/21	10	129,356	6.7 - 13.3
Adjustment relating to retired employees	(3)	(40,794)	(2.1) – (4.2)
2020/21, adjusted	**7**	**88,562**	**4.6 -9.1**
2021/22	11	123,082	10.6 - 21.2
Adjustment relating to retired employees	(3)	(31,778)	(2.7) - (5.5)
2021/22, adjusted	**8**	**91,304**	**7.9 -15.7**
2022/23	12	180,248	10.8 - 21.5
Adjustment relating to retired employees	(1)	(20,476)	(1.2) - (2.5)
2022/23, adjusted	**11**	**159,772**	**9.5 - 19,1**

Notes to the financial statements

Note 31 – Management's remuneration, share options and shareholdings continued

Movements in outstanding PSUs:

(No.)	Gregers Wedell-Wedellsborg	Per Johannesen Madsen	Anders Skole-Sørensen	Executive Management, total	Executives	Total	Market value at grant (DKKm)
Outstanding at 1 April 2022	153,176	-	73,915	227,091	130,752	357,843	20,5 - 40,9
PSUs vested in 2022/23	(61,365)	-	(32,294)	(93,659)	(42,697)	(136,356)	(5.3) - (10.6)
PSUs granted in 2022/23	55,700	21,879	20,476	98,055	82,193	180,248	10.8 - 21.5
Retired employees	-	-	(62,097)	(62,097)	-	(62,097)	(4.0) - (7.9)
Outstanding at 31 March 2023	**147,511**	**21,879**	**-**	**169,390**	**170,248**	**339,638**	**22.0 – 44.0**

The number of outstanding PSUs under all ongoing programmes totals 432,686 including resigned employees.

In 2022/23, the cost recognised relating to PSUs was DKK 8.0 million.

Shareholdings

Shareholdings of the Board of Directors and the Executive Management in Matas A/S and changes in shareholdings in 2022/23:

	Shareholding at 1 April 2022 No.	Purchase/ sale in the period No.	Shareholding at 31 March 2023 No.	Market value at 31 March 2023 (DKKm)
Board of Directors [1]				
Lars Vinge Frederiksen, Chairman	19,095	-	19,095	1.6
Birgitte Nielsen	3,439	-	3,439	0.3
Henrik Taudorf Lorensen	2,000	-	2,000	0.2
Mette Maix	1,700	-	1,700	0.1
Kenneth Melchior	-	356	356	-
Lars Jensen[2]	-	-	-	-
Executive Management [3]				
Gregers Wedell-Wedellsborg	52,195	93,752	145,947	12.3
Per Johannesen Madsen	-	30,200	30,200	2,5

1) Lars Frederiksen resigned on 28 June 2022, 2) Joined on 28 June 2022 and 3) Anders Skole-Sørensen resigned on 1 June 2022.

Notes to the financial statements

Note 32 – Related parties

Matas Group's related parties with significant influence comprise the companies' board of directors and executive boards and their related family members. Further, related parties comprise companies in which the above-mentioned persons have significant interests as well as associates.

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 former board member Lars Frederiksen, who resigned 28 June 2022 and who indirectly owns one leased store. Rent for the retail lease was DKK 0.8 million (2021/22: DKK 0.8 million).

Management's remuneration is disclosed in note 31.

Note 33 – Events after the date of the statement of financial position

No subsequent events have occurred that materially affect Matas Group's financial position.

Note 34 – New financial reporting regulation

Matas has adopted all the new amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year 1 april 2022 to 31 March 2023. The implementation of these new or amended standards and interpretations had no material impact on the financial statements for the year. The new standards that are not yet effective are not expected to have any material impact on Matas.

Matas Group

	Domicile	Ownership
Parent Company		
Matas A/S	Denmark	
Denmark		
Subsidiaries		
Matas Operations A/S	Denmark	100%
Matas Property A/S	Denmark	100%
Firtal Group ApS	Denmark	100%
Firtal Web A/S	Denmark	100%
Firtal Tech ApS	Denmark	66%
Firtal Distribution ApS	Denmark	100%
Kosmolet A/S	Denmark	100%
Web Sundhed ApS	Denmark	100%
Web-Apo ApS	Denmark	100%
Apo-IT ApS	Denmark	100%
Miild A/S	Denmark	100%
Associates		
Geniads ApS	Denmark	50%
Other countries		
Matas Torshavn P/F	Faroe Islands	100%
Matas Sverige AB (dormant)	Sweden	100%
GRAENN GmbH	Germany	100%

Parent company financial statements

Statement of **comprehensive income**

(DKKm)	Note	2022/23	2021/22
Other operating income	3	9.5	11.3
Other external costs	14	(2.9)	(4.0)
Staff costs	4	(21.9)	(33.4)
EBIT		**(15.3)**	**(26.1)**
Financial expenses	5	(5.0)	(1.0)
Profit/loss before tax		**(20.3)**	**(27.1)**
Tax on profit/loss for the year	6	2.6	13.0
Profit/loss for the year		**(17.7)**	**(14.1)**
Other comprehensive income			
Other comprehensive income after tax		-	-
Total comprehensive income for the year		**(17.7)**	**(14.1)**
Proposed appropriation of profit			
Proposed dividend: DKK 2.00 per share (2021/22: DKK 2.00 per share)		76.6	76.6
Retained earnings		(94.3)	(90.7)
Total		**(17.7)**	**(14.1)**

Statement of **cash flows**

(DKKm)	Note	2022/23	2021/22
Profit/loss before tax		(20.3)	(27.1)
Financial expenses	5	5.0	1.0
Non-cash operating items etc.		8.0	(13.4)
Cash generated from operations before changes in working capital		**(7.3)**	**(39.5)**
Changes in working capital	9	0.6	0.2
Cash generated from operations		**(6.7)**	**(39.3)**
Corporation tax paid		(63.8)	(109.2)
Cash flow from operating activities		**(70.5)**	**(148.5)**
Change in receivables from Group entities		-	-
Cash flow from investing activities		**-**	**-**
Free cash flow		**(70.5)**	**(148.5)**
Dividend paid		(70.5)	(76.6)
Share buyback programme		-	(75.1)
Interest paid		(5.0)	1.0
Debt raised/settled with Group entities		152.1	299.2
Cash flow from financing activities		**70.5**	**148.5**
Net cash flow from operating, investing and financing activities		**-**	**-**
Cash and cash equivalents at 1 April		-	-
Cash and cash equivalents at 31 March		**-**	**-**

Statement of **financial position**

(DKKm)	Note	31 March 2023	31 March 2022
ASSETS			
Non-current assets			
Investments in subsidiaries	7	2,036.3	2,036.3
Deferred tax assets	6	5.0	7.1
Total non-current assets		**2,041.3**	**2,043.4**
Current assets			
Receivables from Group entities	11	-	-
Corporation tax receivable	6	28.2	56.8
Other receivables		0.2	0.6
Total current assets		**28.4**	**57.4**
Total assets		**2,069.7**	**2,100.8**

(DKKm)	Note	31 March 2023	31 March 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	8	95.7	95.7
Treasury share reserve		(43.5)	(76.0)
Retained earnings		1,726.4	1,846.5
Dividend proposed for the financial year		76.6	76.6
Total equity		**1,855.2**	**1,942.8**
Liabilities			
Payables to Group entities	11	212.8	156.5
Trade payables	11	1.7	1.5
Total current liabilities		**214.5**	**158.0**
Total liabilities		**214.5**	**158.0**
Total equity and liabilities		**2,069.7**	**2,100.8**

Statement of **changes in equity**

(DKKm)	Share capital	Treasury share reserve	Proposed dividend	Retained earnings	Total
Equity at 1 April 2022	**95.7**	**(76.0)**	**76.6**	**1,846.5**	**1,942.8**
Other comprehensive income	-	-	-	-	-
Profit/loss for the year	-	-	76.6	(94.3)	(17.7)
Total comprehensive income	**-**	**-**	**76.6**	**(94.3)**	**(17.7)**
Transactions with owners					
Dividend paid	-	-	(75.9)	-	(75.9)
Dividend on treasury shares	-	-	(0.7)	0.7	-
Exercise of incentive programme	-	32.5	-	(32.5)	-
Share-based payment	-	-	-	8.0	8.0
Tax, share-based payment	-	-	-	(2.0)	(2.0)
Total transactions with owners	**-**	**32.5**	**(76.6)**	**(25.8)**	**(69.9)**
Equity at 31 March 2023	**95.7**	**(43.5)**	**76.6**	**1,726.4**	**1,855.2**
Equity at 1 April 2021	**95.7**	**(2.6)**	**76.6**	**1,952.1**	**2,121.8**
Other comprehensive income	-	-	-	-	-
Profit/loss for the year	-	-	76.6	(90.7)	(14.1)
Total comprehensive income	**-**	**-**	**76.6**	**(90.7)**	**(14.1)**
Transactions with owners					
Share buyback programme	-	(75.0)	-	-	(75.0)
Dividend paid	-	-	(76.6)	-	(76.6)
Exercise of incentive programme	-	1.6	-	(26.7)	(25.1)
Share-based payment	-	-	-	11.8	11.8
Total transactions with owners	**-**	**(73.4)**	**(76.6)**	**(14.9)**	**(164.9)**
Equity at 31 March 2022	**95.7**	**(76.0)**	**76.6**	**1,846.5**	**1,942.8**

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 Reports the Danish Financial Statements Act requires separate parent company financial statements for companies reporting under IFRS.

The financial statements of the Parent Company are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

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
Dividend in subsidiaries is recognised in the parent company's statement of comprehensive income in the financial year in which the dividend is declared. An impairment test is performed if more than the comprehensive income of a subsidiary is distributed.

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 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 administration company in respect of the joint taxation and accordingly settles all corporation taxes with the tax authorities. Joint taxation contributions to/from subsidiaries are recognised under tax on the profit for the year. Tax payable and tax receivable are 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 entities.

Companies using the tax losses of other entities pay a joint taxation contribution to the Parent Company at an amount corresponding to the tax base of the tax losses used. Companies whose tax losses are used by other entities receive joint taxation contributions from the Parent Company corresponding to the tax base of the losses used (full distribution).

Notes to the financial statements

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 reviewing investments in subsidiaries for impairment.

The estimates used are based on assumptions which Management believes to be reliable, but which are inherently subject to uncertainty. Such 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. The financial risks affecting 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 – Other operating income

(DKKm)	2022/23	2021/22
Management fee from Group entities	9.5	11.3
Total	**9.5**	**11.3**

Note 4 – Staff costs

Remuneration of the Parent Company's Board of Directors and Executive Management is recognised in profit or loss.

Fees to the Board of Directors are recognised in the amount of DKK 3.0 million (2021/22: DKK 2.9 million).

The remuneration of the Executive Management is recognised in profit or loss in the amount of DKK 11.2 million (2021/22: DKK 13.4 million).

Share-based payment is recognised in the amount of DKK 8.0 million (2021/22: DKK 11.5 million) for the Executive Management and other executives.

The item in 2021/22 also includes termination benefits for the Company’s former CFO, who resigned 1 June 2022.

For additional information on remuneration of the Board of Directors and the Executive Management, see note 31 to the consolidated financial statements.

Note 5 – Financial expenses

(DKKm)	2022/23	2021/22
Interest, Group entities	5.0	1.0
Total financial expenses	**5.0**	**1.0**

Notes to the financial statements

Note 6 – Tax

(DKKm)	2022/23	2021/22
Tax on the profit/loss for the year breaks down as follows:		
Tax on the profit/loss for the year	(2.6)	(13.0)
Total	**(2.6)**	**(13.0)**
Tax on the profit/loss for the year has been calculated as follows:		
Joint taxation contributions	(5.3)	(7.9)
Deferred tax	2.1	(4.6)
Prior-year tax adjustment	0.6	(0.5)
Total	**(2.6)**	**(13.0)**
Tax on the profit/loss for the year is explained as follows:		
Computed 22.0% tax on profit/loss before tax	(4.5)	(6.0)
Interest expense limitation	0.6	0.0
Cash settlement of LTIP 2019/20 through equity	(1.4)	(8.6)
Provisions	0.9	0.9
Other	1.8	0.7
Total	**(2.6)**	**(13.0)**
Effective tax rate	(12.7)%	(48.0)%

Deferred tax assets as of 31 March 2023 is recognised with DKK 5.0 million (2021/22: DKK 7.1 million) regarding Matas Group share-based payments (PSUs). The change in the deferred tax assets in 2022/23 of DKK 2.1 million is recognised in the income statement.

Note 7 – Investments in subsidiaries

(DKKm)	2022/23	2021/22
Cost at 1 April	2,036.3	2,036.3
Carrying amount at 31 March	**2,036.3**	**2,036.3**

The Company's equity investment in Matas Operations A/S was 100% at 31 March 2023 (31 March 2022: ownership interest 100%).

Note 8 – Equity and treasury shares

Share capital

The nominal value of the share capital is DKK 95,728,730 divided into shares of DKK 2.50, equivalent to 38,291,492 shares and 38,291,492 votes. The shares are not divided into share classes.

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 ratio of equity to total equity and liabilities was 89.3% at 31 March 2023 (31 March 2022: 92.5%).

Treasury shares

See note 18 to the consolidated financial statements.

Notes to the financial statements

Note 9 – Changes in working capital

(DKKm)	2022/23	2021/22
Change in receivables, prepayments and deferred income	0.4	0.1
Change in trade payables and other payables	0.2	0.1
Total	**0.6**	**0.2**

(DKKm)	1 April 2022	Cash flows	31 March 2023
2022/23			
Group entities	(156.5)	(56.3)	(212.8)
Receivables/payables, financing activities	**(156.5)**	**(56.3)**	**(212.8)**

(DKKm)	1 April 2021	Cash flows	31 March 2022
2021/22			
Group entities	52.4	(208.9)	(156.5)
Receivables/payables, financing activities	**52.4**	**(208.9)**	**(156.5)**

Note 10 – Contingent liabilities and security

The Parent Company is jointly taxed with the other Danish companies of the Matas Group. As the administration company, the Company has unlimited and joint and several liability with the other entities participating in the joint taxation for Danish corporation tax payable by the jointly taxed entities. Corporation tax payable amounted to DKK zero at 31 March 2023 (31 March 2022: DKK zero). Any adjustments to the taxable joint taxation income may cause the Parent Company's liability to increase.

The Parent Company and a number of Matas Group's Danish subsidiaries are jointly and severally liable for the joint registration of VAT.

Security
The Company has guaranteed all debt raised under the agreement with credit institutions.

Debts to credit institutions raised by the Company's subsidiaries stood at DKK 1,030 million at 31 March 2023 (31 March 2022: DKK 1,158 million).

Notes to the financial statements

Note 11 – Financial risks and financial instruments

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

Liquidity risk
The Company's financial liabilities fall due as follows:

(DKKm)	Carrying amount	Contractual cash flows	Within 1 year	2 to 3 years	4 to 5 years	After 5 years
2022/23						
Non-derivative financial instruments						
Payables to Group entities	212.8	212.8	212.8	-	-	-
Trade payables	1.7	1.7	1.7	-	-	-
31 March 2023	**214.5**	**214.5**	**214.5**	**-**	**-**	**-**
2021/22						
Non-derivative financial instruments						
Payables to Group entities	156.5	156.5	156.5	-	-	-
Trade payables	1.5	1.5	1.5	-	-	-
31 March 2022	**158.0**	**158.0**	**158.0**	**-**	**-**	**-**

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

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

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

The Company has no material credit risk.

(DKKm)	Carrying amount 2022/23	Fair value 2022/23	Carrying amount 2021/22	Fair value 2021/22
Receivables from Group entities	-	-	-	-
Loans and receivables	**-**	**-**	**-**	**-**
Payables to Group entities	212.8	212.8	156.5	156.5
Suppliers	1.7	1.7	1.5	1.5
Financial liabilities at amortised cost	**214.5**	**214.5**	**158.0**	**158.0**

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.

Notes to the financial statements

Note 12 – Related parties

In addition to the disclosures in note 32 to the consolidated financial statements, the Parent Company's related parties comprise subsidiaries, see note 7 to the parent company's financial statements.

Matas A/S is jointly taxed with its subsidiaries. Joint taxation contributions from subsidiaries amounted to DKK (5.3) million in 2022/23 (2021/22: DKK (7.9) million).

Matas A/S has set up a management fee scheme with its subsidiaries, see note 3, and a cash pool scheme.

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, see note 4 to the parent company's financial statements and note 31 to the consolidated financial statements.

Note 13 – New standards and interpretations

The description in note 34 to the consolidated financial statements of new standards not yet in force also fully covers the Parent Company.

Note 14 – Fees to the auditors appointed by the shareholders in general meeting

(DKKm)	2022/23	2021/22
Fees to EY	0.4	0.3
Total fees to auditors appointed by the shareholders in general meeting	**0.4**	**0.3**

(DKKm)	2022/23	2021/22
Audit	0.3	0.2
Other assurance engagements	-	-
Tax and VAT assistance	-	-
Other services	0.1	0.1
Total fees to auditors appointed by the shareholders in general meeting	**0.4**	**0.3**

Matas has adopted a policy for non-audit services provided by the auditors appointed by the shareholders in general meeting. The policy regulates when services must be approved by the Audit Committee and which services are permitted and not permitted.

Other

Definitions of **key financials**

The financial ratios shown in the list of key financials in the consolidated financial statements have been calculated in accordance with the guidelines of the Danish Finance Society.

Revenue growth	Revenue for the year less last year's revenue/last year's revenue
Gross margin	Gross profit as a percentage of revenue
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

In the Annual Report, Matas applies the following non-GAAP measures:

Underlying (like-for-like) revenue growth	Growth reported by retail stores included in two comparable periods
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment
EBITDA margin	EBITDA as a percentage of revenue
EBITDA before special items	EBIT plus amortisation, depreciation and impairment losses plus specific costs/income which Management does not consider part of normal operations
EBITDA margin before special items	EBITDA margin before special items as a percentage of revenue
EBITA	EBIT plus amortisation of trademarks and other intangible assets except software plus any impairment losses in respect of goodwill and other intangible assets plus specific costs/income which Management does not consider part of normal operations
EBITA margin	EBITA as a percentage of revenue
EBIT	Earnings before interest and tax
EBIT margin	EBIT as a percentage of revenue
Adjusted profit after tax	Profit after tax for the year plus the tax-adjusted effect of amortisation of intangible assets except software and impairment losses and specific costs/income which are not considered part of normal operations
Cash conversion	EBITDA before special items plus change in net working capital less capital expenditure divided by EBITDA before special items
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
Net interest-bearing debt	Debt to credit institutions and other interest-bearing debt less cash and cash equivalents
Net interest-bearing debt to EBITDA before special items (gearing)	Ratio of net interest-bearing debt at year-end to LTM EBITDA before special items
Invested capital	The sum of property, plant and equipment, intangible assets and net working capital less parts of deferred tax
Return on invested capital (ROIC) before tax, including goodwill	EBITA as a percentage of average invested capital
Return on invested capital (ROIC) before tax, excluding goodwill	EBITA as a percentage of average invested capital excluding goodwill
Investments as a percentage of revenue	The year's addition of intangible assets and property, plant and equipment, including acquisitions of subsidiaries and operations as a percentage of revenue
Average basket size	Average DKK amount a customer spends per visit in the physical stores or web shops, calculated by dividing total retail sales revenue by number of transactions.

Interim financial highlights

(Unaudited)

	2022/23				2021/22			
(DKKm)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Statement of comprehensive income								
Revenue	1,050.7	1,396.2	989.2	1,053.5	970.6	1,378.4	973.9	1,021.3
Gross profit	484.5	620.9	442.9	466.1	468.3	613.7	430.9	453.1
EBITDA	161.6	295.9	160.0	186.7	160.0	300.9	163.0	185.7
EBIT	50.8	201.4	73.3	97.6	59.9	193.7	56.7	78.0
Net financials	(15.5)	(12.6)	(13.3)	(9.0)	(12.2)	(4.2)	(10.3)	(10.5)
Profit before tax	35.4	188.8	60.0	88.6	47.7	189.5	46.4	67.5
Profit for the period	17.6	147.3	46.7	69.1	39.3	146.7	36.4	54.1
Statement of financial position								
Assets	6,280.2	6,149.0	6,111.2	6,054.7	6,055.3	6,216.5	6,204.9	6,243.5
Equity	3,363.1	3,345.2	3,195.8	3,147.0	3,152.3	3,107.6	3,012.2	2,993.5
Net working capital	23.0	(119.4)	47.6	31.5	(12.2)	(89.5)	(76.2)	(113.1)
Net interest-bearing debt	1,642.4	1,235.0	1,583.7	1,561.7	1,648.8	1,660.5	1,766.0	1,739.5
Statement of cash flows								
Cash flow from operating activities	(45.2)	433.9	145.7	144.5	51.5	241.2	129.6	88.2
Cash flow from investing activities	(72.9)	(51.5)	(85.5)	(45.9)	(39.4)	(55.1)	(43.5)	(93.6)
Free cash flow	(118.1)	382.4	60.2	98.6	12.1	186.1	86.1	(5.4)
Net cash flow from operating, investing and financing activities	(94.9)	88.5	(2.9)	17.9	(15.1)	16.8	(9.2)	(5.0)

Interim financial highlights – continued

(Unaudited)

(DKKm)	2022/23 Q4	2022/23 Q3	2022/23 Q2	2022/23 Q1	2021/22 Q4	2021/22 Q3	2021/22 Q2	2021/22 Q1
Key performance indicators								
Number of transactions (millions)	5.5	6.8	5.4	5.5	5.1	6.6	5.2	5.1
Average basket size (DKK)	182.3	202.8	179.4	187.1	182.7	204.5	181.9	196.4
Total retail floor space (thousands of square metres)	53.3	53.7	53.5	53.5	53.3	53.3	53.4	53.8
Avg. revenue per square metre (DKK thousands) - LTM	81.9	80.6	80.3	79.9	79.3	79.5	78.7	78.5
Like-for-like growth	7.5%	1.2%	1.6%	2.9%	(2.3)%	2.8%	1.8%	5.9%
Adjusted figures								
EBITDA	161.6	295.9	160.0	186.7	160.0	300.9	163.0	185.7
Special items	-	-	-	4.8	7.8	(17.4)	2.6	0.0
EBITDA before special items	161.6	295.9	160.0	191.5	167.8	283.5	165.6	185.7
Depreciation of property, plant and equipment	(97.8)	(81.9)	(75.3)	(77.8)	(79.5)	(77.5)	(75.5)	(78.2)
EBITA	63.8	214.0	84.7	113.6	88.3	206.0	90.1	107.5
Adjusted profit after tax	27.8	157.1	55.6	81.6	61.4	156.5	62.5	77.2
Gross margin	46.1%	44.5%	44.8%	44.2%	48.2%	44.5%	44.2%	44.4%
EBITDA margin	15.4%	21.2%	16.2%	17.7%	16.5%	21.8%	16.7%	18.2%
EBITDA margin before special items	15.4%	21.2%	16.2%	18.2%	17.3%	20.6%	17.0%	18.2%
EBITA margin	6.1%	15.3%	8.6%	10.8%	9.1%	14.9%	9.3%	10.5%
EBIT margin	4.8%	14.4%	7.4%	9.3%	6.2%	14.1%	5.8%	7.6%

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