

matas

Company announcement no. 11 2023/24, Allerød, 16 August 2023

Interim report

Q1 2023/24

(1 April – 30 June 2023)

Customer traffic and broader assortment
drive revenue and earnings growth



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Webcast

Matas will host a webcast for investors and analysts on Wednesday, 16 August at 11:00 a.m. CEST. The webcast and the presentation can be accessed from Matas' investor website: <https://investor.matas.dk>.

Webcast access numbers

for investors and analysts:

DK: +45 78 76 84 90

UK: +44 203 769 6819

US: +1 646 787 0157 PIN for all countries: 915912

Link to webcast:

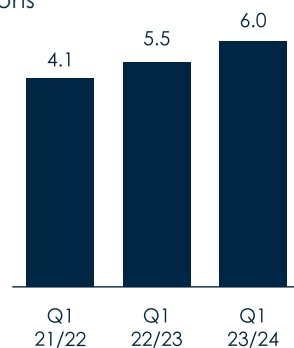
<https://matas-events.eventcdn.net/events/q1-report-2023>



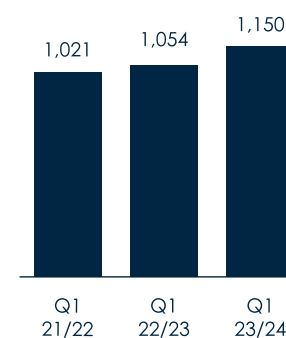
Customer traffic and broader assortment drive revenue and earnings growth

- Matas generated a total revenue of DKK 1,150 million in Q1 2023/24 corresponding to a year-on-year increase of 9.2% from DKK 1,054 million in Q1 2022/23.
- Gross margin was 44.0% in the quarter, in line with expectations and last year.
- EBITDA before special items came to DKK 201 million in Q1 2023/24 compared to DKK 192 million last year, and the EBITDA margin before special items was 17.5% in the quarter against 18.2% last year.
- Profit for the period amounted to DKK 49 million after tax compared to DKK 69 million last year, impacted by higher interest costs and special items related to the expected acquisition of Kicks Group AB.
- Based on the strong revenue development in Q1 2023/24 - as well as current trading, Matas upgrades its expectations to revenue growth for the financial year 2023/24. Revenue growth is now expected to be in the range of 4-7% (previously 3-6%). Expectation to EBITDA margin before special items is maintained at around 17%, as well as expectations to CAPEX, excl. M&A, is maintained at DKK 425-450 million incl. DKK 250 million to Matas Logistics Center.

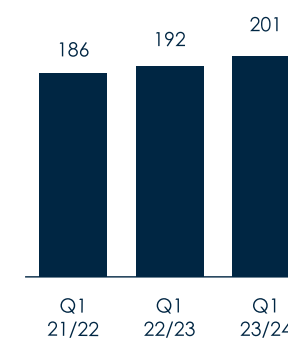
Customer transactions
Millions



Revenue
DKKm



EBITDA before special items
DKKm



“We are very pleased to see growth across all our channels, with stores growing 3% for the quarter and our online business with even higher momentum delivering 26% growth vs last year. Our customers continue to shop more frequently with Matas, and supported by our assortment expansion, we see strong growth both within Mass Beauty as well as Health and Wellbeing. We introduced 59 new brands and thousands of products and increased our inventories marginally to ensure faster delivery and convenience for our customers.”

Gregers Wedell-Wedellsborg, CEO of Matas A/S

Q1 2023/24 highlights

- Matas generated a total revenue of DKK 1,150 million in Q1 2023/24 corresponding to a year-on-year increase of 9.2% from DKK 1,054 million in Q1 2022/23. Retail sales increased by 8.9%, while underlying sales increased by 8.4%.
- Online sales grew by 26.1%. Overall, online sales accounted for 28.3%. Physical stores reported sales up by 3.2% compared to Q1 last year.
- Footfall was strong, and the number of transactions increased by 8.0% to 6.0 million, and the average basket size grew by 0.6% to DKK 188 per transaction.
- Gross profit for Q1 2023/24 amounted to DKK 506 million, up from DKK 466 million in Q1 2022/23. The gross margin was 44.0%, down from 44.2% in Q1 2022/23 due to product mix and assortment expansion.
- Other external costs amounted to DKK 111 million in Q1 2023/24, up from DKK 78 million in Q1 2022/23. Excluding special items, other external cost increased by DKK 18 million compared to Q1 2022/23, primarily driven by increase in marketing and logistic cost driven by online growth.
- EBITDA before special items came to DKK 201 million up from DKK 192 million in Q1 2022/23 resulting in an EBITDA margin before special items of 17.5% in Q1 2023/24.
- The total amortisation, depreciation and impairment charges were up by DKK 2 million to DKK 91 million in Q1 2023/24.
- Profit for the period amounted to DKK 49 million after tax against DKK 69 million in Q1 2022/23, impacted by the higher interest costs and special items related to the expected acquisition of Kicks Group AB.
- Free cash flow was an inflow of DKK 201 million in Q1 2023/24, compared with an inflow of DKK 99 million in Q1 2022/23.



Key financials

(DKKm)	Q1 2023/24	Q1 2022/23	Growth (%)	(DKKm)	Q1 2023/24	Q1 2022/23
Statement of comprehensive income				Ratios		
Revenue	1,150.0	1,053.5	9.2	Revenue growth	9.2%	3.2%
Gross profit	506.1	466.1	8.6	Underlying like-for-like revenue growth	8.4%	2.9%
EBITDA	179.8	186.7	(3.7)	Gross margin	44.0%	44.2%
EBIT	88.7	97.6	(9.1)	EBITDA margin	15.6%	17.7%
Net financials	(23.3)	(9.0)	158.9	EBITDA margin before special items	17.5%	18.2%
Profit before tax	65.4	88.6	(26.2)	EBIT margin	7.7%	9.3%
Profit for the period after tax	49.0	69.1	(29.1)	Cash conversion	109.5%	53.2%
Special items	21.1	4.8		Earnings per share, DKK	1.29	1.83
EBITDA before special items	200.9	191.5	5.0	Diluted earnings per share, DKK	1.28	1.81
Adjusted profit after tax	77.9	81.6	(4.6)	Share price, end of period, DKK	100.6	74.1
Statement of financial position				ROIC before tax including goodwill	9.6%	10.0%
Total assets	6,378.0	6,054.7		ROIC before tax excluding goodwill	47.6%	51.0%
Total equity	3,337.4	3,147.0		Net working capital as a percentage of LTM revenue	(1.1)%	0.7%
Net working capital	(50.0)	31.5		Investments as a percentage of revenue	4.4%	4.4%
Net interest-bearing debt	1,482.8	1,561.7		Net interest-bearing debt/EBITDA before special items	1.8	1.9
Statement of cash flows				Number of transactions (millions)*	6.0	5.5
Cash flow from operating activities	251.5	144.5		Average basket size (DKK)*	188	187
Cash flow from investing activities	(50.6)	(45.9)		Number of stores	261	260
Free cash flow	200.9	98.6		Club Matas members (millions)	1.9	1.8
				Club Matas Plus members (thousands)	77.1	57.6
				Average number of employees (FTE)	2,054	2,071

* For definitions of key financials, see page 95 of the 2022/23 Annual Report.

Management's review

Strategic initiatives in Q1 2023/24

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.

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 261 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 at 225 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.

Management's review

Continued strong progress across the seven strategic tracks of the Growing Matas Group strategy during Q1 2023/24

Commercial: Expand assortment

- Continued the fast assortment expansion with addition of 59 new brands online during Q1.
- The more than 130 new brands launched in 2022/23 contribute to approximately half of the Q1 revenue growth.

E-commerce: Extend market leadership

- Revenue growth of 26%, driven mainly by the strong performance of matas.dk that continues to increase in number of transactions.
- Matas.dk sustained its position as the second most frequently visited web shop in Denmark in second quarter of 2023.
- In May 2023, Matas.dk won two ecommerce awards by the Danish Chamber of Commerce for "Best B2C company" and "Best ecommerce app".

Connected retail: Consolidate and connect stores

- The "endless aisles" revenue from the stores (sale of products from matas.dk through the stores) grew by 28% during the quarter as a direct effect of a strong focus by the staff, implementation of customer facing screens in almost all stores, and the significantly expanded assortment online.
- The two new store openings in Søborg Hovedgade and on Købmagergade in Central Copenhagen (relocation) have had a successful start, while two more new openings are in the pipeline before Christmas.
- Additional 180 Mobile POS have been implemented in selected stores in June, doubling total number of mobile POS terminals to improve customer satisfaction, upsell opportunities, sign-up of Club Matas Plus members and soon the ability to sell through "endless aisles" directly on the mobile POS.

Brands: Grow portfolio of House Brands

- Nilens Jord has expanded its product range with the launch of its nail collection (84 shades), Brow Laminizers and a completely new men's skincare line to be launched in August.

- Increased sales of private label brands and Nilens Jord by DKK 24 million to 18.3% of retail revenues.

Logistics: Automate logistics

- The construction of Matas Logistics Center (MLC) is progressing according to the timeline with preparation of the land during July and August.
- The existing web shop facilities in Humlebæk continue to offer adequate room for further assortment expansion in the years to come.

Internationalisation: Geographical expansion

- Selected products from Matas Striberne, Matas Natur and My Moments are now available at 225 doors in Germany, while Nilens Jord has been listed in some of the same stores and will be available in 65 doors by August 2023.
- The recently launched web shops matas.no and matas.se have been off to a good start with high customer satisfaction and with more than 16,000 new Club Matas loyalty members in Norway and Sweden.
- The acquisition of Kicks Group is expected to reach closing by end of August 2023.



ESG/CSR: Impact society in a positive way

- During Q1, a strong focus has been put on the social aspect with a dedicated project on mental health in collaboration with True North. 100 store employees participated in a three-day camp focusing on mental health and wellbeing.

Q1 2023/24 performance

Revenue

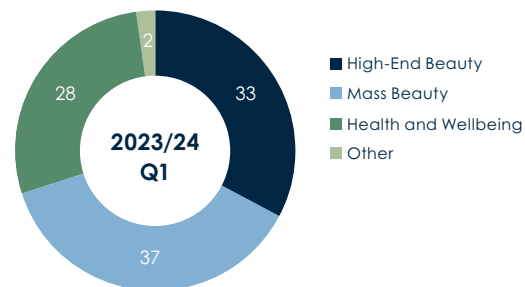
Matas generated total revenue of DKK 1,150 million in Q1 2023/24, a year-on-year increase of 9.2% from DKK 1,054 million in Q1 2022/23. Retail sales were up by 8.9% to DKK 1,121 million, while underlying like-for-like sales grew by 8.4%.

While revenue grew in all main categories, Health and Wellbeing was the primary growth driver in both absolute and relative terms.

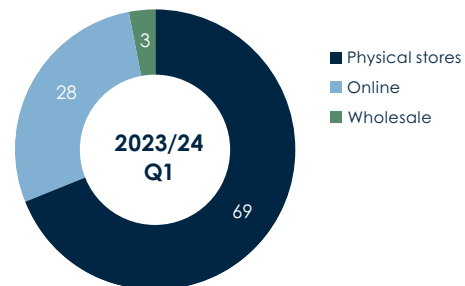
Revenue increased across all sales channels. Growing sales by DKK 68 million, online recorded the largest absolute and relative increase.

Footfall was strong, and the number of transactions increased by 8.0% to 6.0 million. The average basket size increased by 0.6% to DKK 188 per transaction.

Retail revenue by category (%)



Revenue by sales channel (%)



Revenue by categories and sales channels

(DKKm)	Q1 2023/24	Q1 2022/23	Growth (%)
Categories			
High-End Beauty	371.4	360.5	3.0
Mass Beauty	411.3	372.4	10.5
Health and Wellbeing	313.0	269.5	16.1
Other	25.2	26.5	(4.9)
Retail revenue	1,120.9	1,028.9	8.9
Retail revenue by category (%)			
High-End Beauty	33.1	35.0	
Mass Beauty	36.7	36.2	
Health and Wellbeing	27.9	26.2	
Other	2.3	2.6	
Sales channels			
Physical stores	795.0	770.5	3.2
Online	325.9	258.4	26.1
Wholesale	29.1	24.6	18.5
Total revenue	1,150.0	1,053.5	9.2
Revenue by sales channel (%)			
Physical stores	69.1	73.1	
Online	28.3	24.5	
Wholesale	2.5	2.3	

Q1 2023/24 performance

Performance by category

High-End Beauty grew sales by 3.0% recording higher sales of fragrances. Sales of professional haircare products recorded high growth and maintained the strong momentum from 2022/23.

Mass Beauty grew sales by 10.5% supported mainly by higher skincare sales, and a sunny first quarter also resulted in higher sales of sunscreen products.

The beauty segment accounted for 69.8% of the retail revenue compared to 71.2% in Q1 2022/23.

Health and Wellbeing grew sales by 16.1%. Sales of dermatological and special skincare products recorded ongoing significant growth during the quarter.

Overall private label sales, including Nilens Jord and Miild, accounted for 18.3% of the revenue generated by Matas stores and matas.dk in Q1 2023/24, an increase of 0.9 percentage points compared to Q1 2022/23.

Performance by sales channel

Matas' physical stores grew revenue by 3.2% or DKK 24 million to DKK 795 million. The number of Matas stores at 30 June 2023 amounted to 261, equal to the number of stores at 30 June 2022.

Online sales were up by 26.1%. Overall, online sales accounted for 28.3% of Q1 2023/24 revenue against 24.5% in Q1 2022/23.

Wholesale grew by DKK 4.6 million to DKK 29 million, driven by an increase in wholesale from Web Sundhed.

Categories

Matas is characterised by its wide assortment of 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, skincare and haircare products.

Health and Wellbeing: MediCare (OTC medicine and nursing products). Vitamins, minerals, health 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) and special skincare.

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

Sales channels

At 30 June 2023, Matas consisted of 261 physical stores – 260 stores in Denmark and one on the Faroe Islands. In addition, Matas has one associated store in Greenland. 69% of Q1 2023/24 revenue was generated by Matas' physical stores.

In addition, Matas was present online through matas.dk, matas.no, matas.se and several web shops operated by Firtal of which the most important ones are helsebixen.dk, jala-helsekost.dk and made4men.dk. 28% of revenue was generated through Matas' online channels.

Wholesale mainly consists of wholesale from Web Sundhed, Kosmolet, Miild and international wholesale of Matas' house brands in Germany, but also includes value adjustments of Club Matas points. Wholesale accounted for 3% of revenue in the quarter.

Private labels cover the following brands: Matas Cosmetics, Matas Materiel, Matas MediCare, Matas Natur, Matas Sportscare, Matas Striberne, Miild, My Moments by Matas, Nilens Jord, Skønt by Matas and Plasir.



Costs and operating performance

Gross profit for Q1 2023/24 amounted to DKK 506 million compared to DKK 466 million in Q1 2022/23.

The gross margin for Q1 2023/24 was 44.0%, down from 44.2% due to product mix and higher online share.

Adjusted for special items, overall costs (other external costs and staff costs) amounted to 26.5% of revenue in Q1 2023/24 against 26.1% the year before. Reported costs in the quarter amounted to 28.4% of revenue and were up by DKK 47 million compared to Q1 2022/23.

Other external costs amounted to DKK 111 million in Q1 2023/24 corresponding to an increase of DKK 34 million compared to DKK 78 million in Q1 2022/23. Other external costs included special items of DKK 21 million in Q1 2023/24 related to the expected acquisition of Kicks Group AB. Q1 2022/23 special items amounted to DKK 5 million.

Adjusted for special items, other external costs increased by DKK 18 million attributable to higher marketing and logistic costs as a result of the continuing digital growth and the execution of Growing Matas Group, including the internationalisation of Matas' house

brands (brands owned by the Group), and the recently launched web shops in Norway and Sweden.

Other external costs without special items accounted for 7.8% of revenue in Q1 2023/24 against 6.9% the year before. Reported other external costs accounted for 9.7% of revenue in Q1.

Q1 2023/24 staff costs amounted to DKK 215 million, an increase of DKK 13 million from DKK 202 million in the year-earlier period. No special items were reported in either Q1 2023/24 or Q1 2022/23.

The increase in staff costs was mainly related to salary increases following the union agreements.

Staff costs accounted for 18.7% of revenue in Q1 2023/24, against 19.2% in the corresponding period 2022/23.

At 30 June 2023, Matas Group had 2,054 full-time employees, against 2,071 at 30 June 2022.

EBITDA before special items came to DKK 201 million, and the EBITDA margin before special

Costs

(DKKm)	Q1 2023/24	Q1 2022/23	Growth
Other external costs	111.4	77.5	43.7%
- of which special items	21.1	4.8	
As a percentage of revenue	9.7%	7.4%	
Staff costs	214.9	201.9	6.4%
- of which special items	0.0	0.0	
As a percentage of revenue	18.7%	19.2%	

items was 17.5% against 18.2% in Q1 2022/23. Q1 2023/24 reported EBITDA amounted to DKK 180 million against DKK 187 million in Q1 2022/23.

Amortisation, depreciation and impairment

The total amortisation, depreciation and impairment charges were up by DKK 2 million to DKK 91 million in Q1 2023/24.

Net financials

Net financial expenses increased by DKK 14 million to DKK 23 million in Q1 2023/24 due to interest rate increase.

Profit for the period

The effective tax rate was 25.1% in Q1 2023/24, equivalent to a tax expense of DKK 16 million. Profit for the period was DKK 49 million after tax against DKK 69 million in Q1 2022/23.

Statement of financial position

Total assets amounted to DKK 6,378 million at 30 June 2023, up from DKK 6,055 million at 30 June 2022.

Non-current assets increased by DKK 194 million, which is mainly due to appreciation of leased assets and increased costs related to the construction of Matas Logistics Center.

Costs and operating performance

Current assets totalled DKK 1,197 million, a year-on-year increase of DKK 129 million.

Inventories amounted to DKK 1,006 million at 30 June 2023 an increase of DKK 77 million compared to the end of Q1 2022/23. Inventories accounted for 21.9% of LTM revenue at 30 June 2023 compared to 21.2% at 30 June 2022. The increase is primarily related to an increase in assortment, increase in private label, higher inventory for safeguarding the online business.

Trade receivables increased by DKK 34 million to DKK 65 million partly driven by the ongoing activities in Web Sundhed. Trade payables increased by DKK 167 million year-on-year driven by the increase in inventories.

Net working capital excluding deposits was negative DKK 50 million at 30 June 2023 against DKK 31 million at 30 June 2022.

Cash and cash equivalents amounted to DKK 67 million, up from DKK 46 million the year before.

Equity amounted to DKK 3,337 million at 30 June 2023 compared to DKK 3,147 million at 30 June 2022.

Net interest-bearing debt amounted to DKK 1,483 million at 30 June 2023, a year-on-year decline of DKK 79 million – equalling 1.8 times LTM EBITDA before special items, which is slightly below the long-term target between 2 and 3.

Gross interest-bearing debt amounted to DKK 1,549 million at 30 June 2023, including lease liabilities of DKK 631 million. At 30 June 2022, gross interest-bearing debt amounted to DKK 1,608 million, including lease liabilities of DKK 483 million.

At 30 June 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. After disposing of 185,442 shares in the period under review in connection with the exercise of the 2020/21 incentive programme, Matas held 172,981 treasury shares at 30 June 2023.

Statement of cash flows

Cash generated from operations was an inflow of DKK 252 million in Q1 2023/24 against an inflow of DKK 145 million in Q1 2022/23 corresponding to an increase of DKK 107 million attributable to a more favourable

Cash flows

(DKKm)

	Q1 2023/24	Q1 2022/23
Cash generated from operations	251.5	144.5
Free cash flow	200.9	98.6
Free cash flow net of acquisitions	200.9	98.6
Cash flows from financing activities	(171.1)	(80.7)

working capital development than in Q1 2022/23.

For Q1 2023/24, cash flows from investing activities were an outflow of DKK 51 million against an outflow of DKK 46 million in Q1 2022/23.

The Q1 2023/24 free cash flow was an inflow of DKK 201 million, compared to an inflow of DKK 99 million in Q1 2022/23.

Return on invested capital

The return on LTM invested capital before tax was 9.6% at 30 June 2023 against 10.0% at 30 June 2022. ROIC before tax excluding goodwill was 47.6% at 30 June 2023 against 51.0% at 30 June 2022.

Events after the date of the statement of financial position

Matas paid a dividend of DKK 2.00 per share on 4 July.

Significant risks

Matas Group is exposed to operational risks affecting the retail industry in general as well as in the Health and Beauty industry. If the current macroeconomic crisis leads to a recession and thereby slowing down the economic activity further, Matas' business could suffer. In addition, Matas is to some extent exposed to financial risks such as interest rate, liquidity, and credit risk.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and approved the interim report of Matas A/S for the period 1 April to 30 June 2023.

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

In our opinion, the interim report gives a true and fair view of the Group's assets and liabilities and financial position at 30 June 2023 and of the results of the Group's operations and cash flows for the period 1 April to 30 June 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 period and of the Group's financial position in general and describes the principal risks and uncertainties that the Group faces.

Allerød, 16 August 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

Malou Aamund

Statement of comprehensive income

(DKKm)	Q1 2023/24	Q1 2022/23
Revenue	1,150.0	1,053.5
Cost of goods sold	(643.9)	(587.4)
Gross profit	506.1	466.1
Other external costs	(111.4)	(77.5)
Staff costs	(214.9)	(201.9)
Amortisation, depreciation and impairment	(91.1)	(89.1)
EBIT	88.7	97.6
Share of profit or loss after tax of associates	0.1	0.2
Financial income	0.0	0.0
Financial expenses	(23.4)	(9.2)
Profit before tax	65.4	88.6
Tax on profit for the period	(16.4)	(19.5)
Profit for the period	49.0	69.1
Total comprehensive income	49.0	69.1
Distributed as follows:		
Shareholders of Matas A/S	49.0	69.1
Minority shareholders	-	-
	49.0	69.1
Earnings per share		
Earnings per share, DKK	1.29	1.83
Diluted earnings per share, DKK	1.28	1.81



Statement of cash flows

(DKKm)	Q1 2023/24	Q1 2022/23
Profit before tax	65.4	88.6
Adjustment for non-cash operating items etc.:		
Amortisation, depreciation and impairment	91.1	89.1
Other non-cash operating items, net	2.0	1.5
Share of profit or loss after tax of associates	(0.1)	(0.2)
Financial income	-	-
Financial expenses	23.4	9.2
Cash generated from operations before changes in working capital	181.8	188.2
Changes in working capital	69.7	(43.7)
Cash generated from operations	251.5	144.5
Interest received	0.0	0.0
Cash flow from operating activities	251.5	144.5
Acquisition of intangible assets	(34.9)	(32.1)
Acquisition of property, plant and equipment	(15.7)	(13.8)
Cash flow from investing activities	(50.6)	(45.9)
Free cash flow	200.9	98.6

(DKKm)	Q1 2023/24	Q1 2022/23
Debt settled with credit institutions	(110.4)	(29.9)
Interest paid	(21.9)	(7.7)
Repayment of lease liabilities	(38.8)	(43.1)
Cash flow from financing activities	(171.1)	(80.7)
Net cash flow from operating, investing and financing activities	29.8	17.9
Cash and cash equivalents, beginning of period	36.7	28.2
Cash and cash equivalents, end of period	66.5	46.1

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

Statement of financial position

(DKKm)	30 June 2023	30 June 2022	31 March 2023
ASSETS			
Non-current assets			
Goodwill	3,999.4	3,993.6	3,999.4
Trademarks and trade names	55.7	65.3	58.1
Other intangible assets	237.5	191.7	235.8
Total intangible assets	4,292.6	4,250.6	4,293.3
Property, plant and equipment			
Lease assets	599.8	460.4	622.3
Land and buildings	86.1	88.8	87.5
Other fixtures and fittings, tools and equipment	61.9	82.8	65.2
Leasehold improvements	28.0	37.5	27.3
Plant in progress	63.9	11.6	59.7
Total property, plant and equipment	839.7	681.1	862.0
Investments in associates	0.7	7.5	1.4
Deposits	47.6	47.0	44.3
Other securities and equity investments	0.6	0.6	0.7
Total other non-current assets	48.9	55.1	46.4
Total non-current assets	5,181.2	4,986.8	5,201.7
Current assets			
Inventories	1,006.2	928.9	911.8
Trade receivables	64.7	30.9	43.7
Corporation tax receivable	4.8	26.3	20.6
Other receivables	12.6	3.2	24.9
Prepayments	42.0	32.5	40.8
Cash and cash equivalents	66.5	46.1	36.7
Total current assets	1,196.8	1,067.9	1,078.5
Total assets	6,378.0	6,054.7	6,280.2

(DKKm)	30 June 2023	30 June 2022	31 March 2023
EQUITY AND LIABILITIES			
Equity			
Share capital	95.7	95.7	95.7
Translation reserve	0.3	0.3	0.3
Treasury share reserve	(20.9)	(43.5)	(43.5)
Retained earnings	3,261.8	3,094.0	3,233.5
Dividend proposed for the financial year	-	-	76.6
Matas A/S' share of equity	3,336.9	3,146.5	3,362.6
Minority interests	0.5	0.5	0.5
Total equity	3,337.4	3,147.0	3,363.1
Liabilities			
Deferred tax	198.1	193.2	198.8
Lease liabilities	438.6	306.6	462.6
Provisions	28.0	28.1	28.0
Credit institutions	918.1	996.5	917.7
Other payables	13.5	38.7	13.0
Total non-current liabilities	1,596.3	1,563.1	1,620.1
Credit institutions	-	128.0	110.4
Lease liabilities	192.6	176.7	188.4
Prepayments from customers	159.2	153.2	161.4
Trade payables	846.8	680.1	634.1
Dividend	76.2	75.9	-
Other payables	169.5	130.7	202.7
Total current liabilities	1,444.3	1,344.6	1,297.0
Total liabilities	3,040.6	2,907.7	2,917.1
Total equity and liabilities	6,378.0	6,054.7	6,280.2

Statement of changes in equity

(DKKm)	Share capital	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total	Minority interests	Total equity
Equity at 1 April 2023	95.7	0.3	(43.5)	76.6	3,233.5	3,362.6	0.5	3,363.1
Other comprehensive income	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	49.0	49.0	-	49.0
Total comprehensive income	-	-	-	-	49.0	49.0	-	49.0
Transactions with owners								
Dividend transferred to other payables	-	-	-	(76.3)	-	(76.3)	-	(76.3)
Dividend on treasury shares	-	-	-	(0.3)	0.3	-	-	-
Exercise of incentive programme	-	-	22.6	-	(22.6)	-	-	-
Share-based payment	-	-	-	-	2.0	2.0	-	2.0
Tax, share-based payment	-	-	-	-	(0.4)	(0.4)	-	(0.4)
Total transactions with owners	-	-	22.6	(76.6)	(20.7)	(74.7)	-	(74.7)
Equity at 30 June 2023	95.7	0.3	(20.9)	-	3,261.8	3,336.9	0.5	3,337.4

Statement of changes in equity

(DKKm)	Share capital	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total	Minority 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 period	-	-	-	-	69.1	69.1	-	69.1
Total comprehensive income	-	-	-	-	69.1	69.1	-	69.1
Transactions with owners								
Dividend transferred to other payables	-	-	-	(75.9)	-	(75.9)	-	(75.9)
Dividend on treasury shares	-	-	-	(0.7)	0.7	-	-	-
Exercise of incentive programme	-	-	32.5	-	(32.5)	-	-	-
Share-based payment	-	-	-	-	1.5	1.5	-	1.5
Total transactions with owners	-	-	32.5	(76.6)	(30.3)	(74.4)	-	(74.4)
Equity at 30 June 2022	95.7	0.3	(43.5)	-	3,094.0	3,146.5	0.5	3,147.0

Notes



Notes

Note 1 – Accounting policies

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

Except as set out below, the accounting policies are consistent with the accounting policies applied in the consolidated financial statements for 2022/23, to which reference is made.

Changes of accounting policies

Matas has implemented the latest IFRS amendments, which took effect on 1 April 2023 and have been approved by the EU.

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

Note 2 – Accounting estimates and judgments

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

The critical accounting estimates and judgments applied are consistent with those applied in the consolidated financial statements for 2022/23.

Note 3 – Seasonality

The Group's activities in the interim period were only to a limited extent affected by seasonal fluctuations.

Note 4 – Revenue

(DKKm)	Q1 2023/24	Q1 2022/23
Retail sales, physical stores	795.0	770.5
Retail sales, online	325.9	258.4
Wholesale	29.1	24.6
Total revenue	1,150.0	1,053.5

In Q1 2023/24, 28.3% of Matas Group's revenue was generated by its online channels, compared to 24.5% in the year-earlier period.

Revenue breaks down by product groups as follows:

(DKKm)	Q1 2023/24	Q1 2022/23
High-End Beauty	371.4	360.5
Mass Beauty	411.3	372.4
Health and Wellbeing	313.0	269.5
Other	25.2	26.5
Wholesale sales etc.	29.1	24.6
Total revenue	1,150.0	1,053.5

Notes

Note 4 – Revenue continued

(DKKm)	Q1 2023/24	Q1 2022/23
Sale of goods	1,150.0	1,053.5
Sale of services	-	-
Total revenue	1,150.0	1,053.5

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 57.6 million at 30 June 2023 (30 June 2022: DKK 57.6 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 the end of Q1 was insignificant, as was the amount of guarantee commitments.

Geographical information

Sales through Danish retail stores, web shops and wholesale sales via Kosmolet and the Web Sundhed Group accounted for >98% (2022/23: >98%) of revenue in Q1 2023/24.

Note 5 – Acquisition of subsidiaries and contingent consideration

At DKK 3,999.4 million, the carrying amount of goodwill was unchanged compared to 31 March 2023.

(DKKm)	2023/24	2022/23
Goodwill at 1 April	3,999.4	3,993.6
Addition on acquisition of Miild A/S	-	5.8
Goodwill at 30 June/31 March	3,999.4	3,999.4

Notes

Note 6 – Leases

Matas' lease assets are as follows:

(DKKm)	30 June 2023	30 June 2022	31 March 2023
Store leases	551.4	402.7	571.0
Administration and warehouse buildings etc.	42.9	54.0	45.4
Cars and other leases	5.5	3.7	5.9
Total lease assets	599.8	460.4	622.3

Matas' lease liabilities are as follows:

(DKKm)	30 June 2023	30 June 2022	31 March 2023
Non-current liabilities	438.3	306.6	462.6
Current liabilities	192.6	176.7	188.4
Total lease liabilities	630.9	483.3	651.0

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

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

(DKKm)	Q1 2023/24	Q1 2022/23
Store leases etc.	37.1	39.4
Administration and warehouse buildings etc.	3.8	3.4
Cars and other leases	0.6	0.4
Total depreciation of lease assets	41.5	43.2

Lease payments in the amount of DKK 46.1 million were made in Q1 2023/24 (Q1 2022/23: DKK 45.4 million).

Interest in the amount of DKK 7.3 million was expensed in Q1 2023/24 (Q1 2022/23: DKK 2.2 million).

Note 6 – Leases continued

Matas Group is the lessee of a limited number of premises. For some of these leases, the rent is fully or 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 2.3 million.

Note 7 – Other payables

(DKKm)	30 June 2023	30 June 2022	31 March 2023
Other non-current payables			
Contingent consideration and deferred purchase price	13.5	38.7	13.0
Total other non-current payables	13.5	38.7	13.0
Other current payables			
VAT payable	41.6	32.8	41.0
Holiday pay obligations etc.	51.1	69.5	65.1
Pay-related liabilities (A tax/social security contributions)	30.6	28.2	52.8
Contingent consideration and deferred purchase price	34.8	-	33.4
Other creditors	11.4	0.2	10.4
Total other current payables	169.5	130.7	202.7

Notes

Note 8 – Transactions with related parties

Pursuant to Matas A/S' Remuneration Policy, a total of 185,442 Performance Share Units (PSUs) related to the Company's long-term incentive programme (LTIP) for 2020/21 were vested at 23 June 2023.

PSUs were vested at 150% of the original grant. Based on a closing price at 22 June 2023 of DKK 83.5, the total value of vested PSUs amounted to DKK 15.5 million.

On 30 June 2023, a total of 158,696 PSUs have been granted related to the long-term incentive programme for 2023/24. A total of 61,726 PSUs were granted to CEO Gregers Wedell-Wedellsborg and a total of 36,307 PSUs have been granted to CFO Per Johannesen Madsen.

Note 9 – Subsequent events

Matas paid out a dividend of DKK 2.00 per share on 4 July 2023 as approved by the Annual General Meeting on 29 June 2023.



Interim financial highlights

(DKKm)	Q1 2023/24	Q4 2022/23	Q3 2022/23	Q2 2022/23	Q1 2022/23	(DKKm)	Q1 2023/24	Q4 2022/23	Q3 2022/23	Q2 2022/23	Q1 2022/23
Statement of comprehensive income						Key performance indicators					
Revenue	1,150.0	1,050.7	1,396.2	989.2	1,053.5	Number of transactions (millions)	6.0	5.5	6.8	5.4	5.5
Gross profit	506.1	484.5	620.9	442.9	466.1	Average basket size (DKK)	188.2	182.3	202.8	179.4	187.1
EBITDA	179.8	161.6	295.9	160.0	186.7	Total retail floor space (thousands of square metres)	53.7	53.3	53.7	53.5	53.5
EBIT	88.7	50.8	201.4	73.3	97.6	Avg. revenue per square metre (DKK thousands) - LTM	83.6	81.9	80.6	80.3	79.9
Net financials	(23.3)	(15.5)	(12.6)	(13.3)	(9.0)	Like-for-like growth	8.4%	7.5%	1.2%	1.6%	2.9%
Profit before tax	65.4	35.4	188.8	60.0	88.6						
Profit for the period	49.0	17.6	147.3	46.7	69.1	Adjusted figures					
						EBITDA	179.8	161.6	295.9	160.0	186.7
Statement of financial position						Special items	21.1	-	-	-	4.8
Total assets	6,378.0	6,280.2	6,149.0	6,111.2	6,054.7	EBITDA before special items	200.9	161.6	295.9	160.0	191.5
Total equity	3,337.4	3,363.1	3,345.2	3,195.8	3,147.0	Depreciation and amortisation of software	(81.2)	(97.8)	(81.9)	(75.3)	(77.8)
Net working capital	(50.0)	23.0	(119.4)	47.6	31.5	EBITA	119.7	63.8	214.0	84.7	113.6
Net interest-bearing debt	1,482.8	1,642.4	1,235.0	1,583.7	1,561.7	Adjusted profit after tax	77.9	27.8	157.1	55.6	81.6
Statement of cash flows						Gross margin	44.0	46.1%	44.5%	44.8%	44.2%
Cash flow from operating activities	251.5	(45.2)	433.9	145.7	144.5	EBITDA margin	15.6%	15.4%	21.2%	16.2%	17.7%
Cash flow from investing activities	(50.6)	(72.9)	(51.5)	(85.5)	(45.9)	EBITDA margin before special items	17.5%	15.4%	21.2%	16.2%	18.2%
Free cash flow	200.9	(118.1)	382.4	60.2	98.6	EBITA margin	10.4%	6.1%	15.3%	8.6%	10.8%
Net cash flow from operating, investing and financing activities	29.8	(94.9)	88.5	(2.9)	17.9	EBIT margin	7.7%	4.8%	14.4%	7.4%	9.3%

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Financial calendar 2023/24

The financial calendar for the remaining part of the 2023/24 financial year is as follows:

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

Forward-looking statements

This interim report contains statements relating to the future, including statements regarding Matas Group's future operating results, financial position, cash flows, business strategy and future targets. Such statements are based on Management's reasonable expectations and forecasts at the time of release of 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.



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