

matas

Company announcement no. 20 2021/22 – INSIDE INFORMATION (Upgrade) Allerød, 4 November 2021

Interim report

H1 2021/22

(1 April – 30 September 2021)

Matas upgrades guidance on the back of record-high summer sales and successful launch of new strategy

In case of discrepancies between the two versions, or in case of doubt, the Danish version prevails.



Content

- 03 Matas upgrades financial guidance for 2021/22
- 04 Q2 2021/22 highlights
- 05 H1 2021/22 highlights
- 06 Additional information
- 07 Key financials
- 08 Management's review
- 10 Q2 and H1 2021/22 performance
- 12 Developments in costs and operating performance
- 15 Statement by the Board of Directors and the Executive Management
- 17 Statement of comprehensive income
- 18 Statement of cash flows
- 19 Assets
- 19 Equity and liabilities
- 20 Statement of changes in equity
- 23 Notes
- 28 Interim financial highlights

Video conference

Matas will host a video conference for investors and analysts on **Thursday, 4 November 2021 at 10:00 a.m.** The video conference and the presentation can be accessed from Matas' investor website: <https://investor.en.matas.dk>.

Video conference access numbers for investors and analysts:

DK: +45 78 15 01 09
 UK: +44 333 300 9270
 US: +1 6467224956

Link to webcast:

<https://streams.eventcdn.net/matasp/2021q2/>

Matas upgrades guidance on the back of record-high summer sales and successful launch of new strategy

Matas grew revenue by 4.4% in Q2 2021/22 on the back of continuing growth in online sales and stable sales in the physical stores. Stronger sales of beauty products and a broader range of products on matas.dk more than offset the disappearance of personal protective equipment sales. Gross profit was up by DKK 29 million, driven by an increase in the gross profit margin to 44.2% from 43.1% in the year-earlier period.

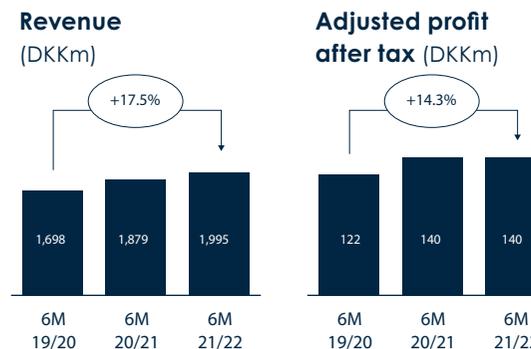
The launch of Matas' new growth strategy, 'Growing Matas Group', in the second quarter entailed substantial start-up costs for the establishment and marketing of an expanded product range on matas.dk. As a result, EBITDA before special items dropped by DKK 14 million to DKK 166 million. The EBITDA margin was 17.0% against 19.3% in Q2 2020/21, in which period staff costs were exceptionally low due to extraordinary trainee subsidies.

Matas upgrades its FY revenue growth guidance to 1%-4% from the previous estimate of 0%-3%. The EBITDA margin before special items is upgraded to a range of 18.0%–19.0% from previously 17.5%–18.5%. The CAPEX estimate is now DKK 195-215 million before potential M&A from DKK 295-315 million previously.

“Matas’ new growth strategy is off to a flying start, and we’ve successfully built on the significant momentum from last year. Customers have embraced the broader product range available on matas.dk from day one, and market conditions have been favourable.”

“Our main priority is to translate the short-term spending boom into long-term sustainable growth. To that end, we’ve tapped into our substantial financial resources to introduce thousands of new items on matas.dk and expand our logistics capacity to the effect that 90% of our customers now have access to our next-day delivery service”.

states Gregers Wedell-Wedellsborg, CEO of Matas A/S



Matas upgrades financial guidance for 2021/22

- Revenue is now expected in the range of DKK 4,200–4,330 million, equivalent to a growth rate of between 1% and 4%, against the previous estimate of DKK 4,160–4,290 million, equivalent to a growth rate of between 0% and 3%.
- The EBITDA margin before special items is expected in the range of 18.0%–19.0% against the previously expected range of 17.5%–18.5%.
- Investments are now expected in the range of DKK 195–215 million before acquisitions from DKK 295–315 million previously. The level has been lowered by DKK 100 million against the backdrop of reduced uncertainty about the timing

of investments in Matas Logistics Center (MLC) since guidance was provided in the Q1 2021/22 interim report. (For additional information, see page 9).

The driving factors behind the upgrade were the revenue growth witnessed in the first half and reduced Covid-19-related uncertainty.

Revenue guidance for the rest of 2021/22 is based on the following basic assumptions: (Unchanged)

- Continued, but moderate, growth in consumer spending

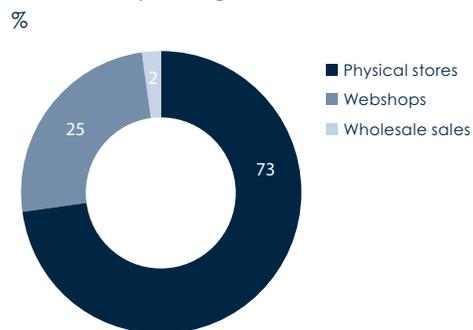
- No significant restrictions or retail sector lockdowns during the financial year
- A gradual normalisation of trading patterns and travel activity in the second half of calendar year 2021
- No sales of personal protective equipment but continued strong demand for health products
- Continuing shift in sales channels from physical to online shopping but at a more moderate pace than in 2020/21

- Increasing competition, especially online

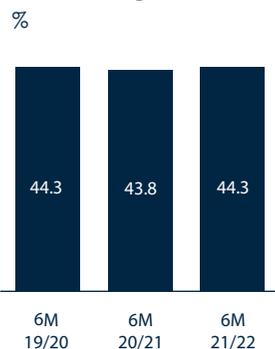
Earnings guidance is based on the following assumptions:

- A stable earnings level in physical stores and on matas.dk
- Accelerated digital business development activity across Matas Group, which is expected to squeeze the EBITDA margin by up to 1% in the short term but also to secure the Company's long-term growth

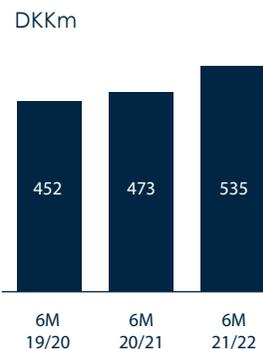
Revenue by categories



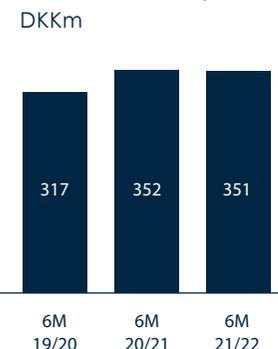
Gross margin



Costs



EBITDA before special items



Q2 2021/22 highlights

- Revenue grew by 4.4% to DKK 974 million. Retail sales in own stores and webshops were up by 2.2% to DKK 949 million, while the remaining growth was accounted for by the activities acquired by Web Sundhed. The total number of transactions fell slightly, by 0.7%, to 5.2 million, while the average basket size grew by 2.9% to DKK 182. Like-for-like growth was 1.8%. Relative to the pre-Covid-19 Q2 level, growth was 15.8%.
- Physical store sales were largely stable at DKK 737 million, down 0.5% or DKK 3 million on Q2 2020/21. The average basket size was up by 4%, while the number of transactions fell by a similar rate.
- Growing sales by 12.8% or DKK 24 million, Matas Group's webshops continued to build on the significant momentum from Q2 2020/21, during which revenue surged by 90%. The number of transactions increased by 23%, while the average basket size fell by 8%.
- Wholesale sales etc. were up by DKK 21 million, supported by a DKK 19 million contribution from the activities acquired by Web Sundhed.
- The second quarter saw a major shift of sales between product categories. Sales of professional haircare products almost doubled, supported by the launch of Pro Hair Care on matas.dk, while sales of personal protective equipment plunged by 94% or DKK 21 million.
- The gross margin for Q2 2021/22 was 44.2%, up from 43.1% in Q2 2020/21. The higher gross margin was mainly attributable to increasing sales of high-margin house brands and makeup products and reduced sales of low-margin personal protective equipment compared with the year-earlier period.
- EBITDA before special items came to DKK 166 million, down from DKK 180 million in the year-earlier period. The 8% drop in EBITDA was driven by a 31% increase, equivalent to DKK 16 million, in other external costs and a 15% increase, equivalent to DKK 26 million, in payroll costs. As a result, the EBITDA margin before special items fell to 17.0% from 19.3% the year before.
- The increase in other external costs was attributable mainly to costs relating to growth initiatives, marketing of the expanded product range on matas.dk and variable logistics costs driven by growing sales.
- The increase in payroll costs was primarily due to a normalisation of salaries in the physical Matas stores compared with the situation in Q2 2020/21 when Matas received special Covid-19-related trainee subsidies of DKK 14 million. The underlying trend in physical store costs improved marginally on the back of ongoing efficiency improvements. Higher activity in digital sales channels and the acquisition of Web Sundhed accounted for DKK 8 million of the increase in payroll costs.
- Cash generated from operations was an inflow of DKK 130 million in Q2 2021/22 against an inflow of DKK 119 million in Q2 2020/21.



H1 2021/22 highlights

- Revenue was up by 6.2% to DKK 1,995 million, while underlying like-for-like sales grew by 3.9%. High-End Beauty sales were up by 7.5% and Mass Beauty sales grew by 4.2%.
- Online sales via matas.dk and Firtal were up by 9.5% to DKK 470 million to account for 24% of H1 revenue compared with 23% in H1 2020/21.
- Physical store sales were up by 2.7% to DKK 1,480 million to account for 74% of H1 revenue compared with 77% in H1 2020/21.
- The gross margin was 44.3% compared with 43.8% in H1 2020/21. The increase was driven mainly by lower sales of low-margin personal protective equipment and continued margin improvements in Matas Group's digital sales channels.
- Other external costs were up by 18% to DKK 138 million, while staff costs increased by 11% to DKK 398 million. Overall costs accounted for 26.8% of revenue against 25.2% in H1 2020/21.
- At DKK 351 million, EBITDA before special items was largely unchanged from H1 2020/21. The EBITDA margin before special items was 17.6% against 18.7% in H1 2020/21.
- Cash generated from operations came to DKK 218 million in H1 2021/22 against DKK 420 million in H1 2020/21.

Key figures (DKK mio.)	2021/22 Q2	2020/21 Q2	2021/22 H1	2020/21 H1
Revenue	973.9	932.6	1,995.2	1,879.4
Gross profit	430.9	402.4	884.0	822.6
EBITDA before special items	165.6	179.6	351.3	352.4
EBIT	56.7	77.2	134.7	149.3
Adjusted profit after tax	62.5	72.5	139.6	139.9
Free cash flow	86.1	89.8	80.7	326.6
Revenue growth	4.4%	13.4%	6.2%	10.7%
Underlying like-for-like revenue growth	1.8%	13.6%	3.9%	10.9%
Gross margin	44.2%	43.1%	44.3%	43.8%
EBITDA margin before special items	17.0%	19.3%	17.6%	18.7%
Net interest-bearing debt/ EBITDA before special items			2.2	2.9



Additional information

Contacts

Gregers Wedell-Wedellsborg

CEO, tel +45 48 16 55 55

Anders Skole-Sørensen

CFO, tel +45 48 16 55 55

Henrik Lund

Head of Investor Relations,
tel +45 30 30 99 08

Klaus Fridorf

Head of Communication,
tel +45 61 20 19 97

Company information

Matas A/S
Rørmosevej 1
3450 Allerød, Denmark

Tel.: +45 48 16 55 55
www.matas.dk
investor.en.matas.dk
Company reg. (CVR) no. 27 52 84 06

Financial calendar

The financial year covers the period 1 April – 31 March, and the following dates have been fixed for releases etc. in the remainder of financial year 2021/22:

6 January 2022

Trading update for Q3 2021/22

10 February 2022

Interim report – Q3 2021/22

16 May 2022

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

1 June 2022

Annual report 2021/22

28 June 2022

Annual general meeting for 2021/22



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 as well as any effects of measures to contain the spread of Covid-19 that are not specifically mentioned above.

Key financials

(DKKm)	2021/22 Q2	2020/21 Q2	2021/22 H1	2020/21 H1	(DKKm)	2021/22 Q2	2020/21 Q2	2021/22 H1	2020/21 H1
Statement of comprehensive income					Ratios				
Revenue	973.9	932.6	1,995.2	1,879.4	Revenue growth	4.4%	13.4%	6.2%	10.7%
Gross profit	430.9	402.4	884.0	822.6	Underlying like-for-like revenue growth	1.8%	13.6%	3.9%	10.9%
EBITDA	163.0	178.0	348.7	349.3	Gross margin	44.2%	43.1%	44.3%	43.8%
EBIT	56.7	77.2	134.7	149.3	EBITDA margin	16.7%	19.1%	17.5%	18.6%
Net financials	(10.3)	(11.0)	(20.8)	(23.2)	EBITDA margin before special items	17.0%	19.3%	17.6%	18.7%
Profit before tax	46.4	66.2	113.9	126.1	EBIT margin	5.8%	8.3%	6.8%	7.9%
Profit for the period after tax	36.4	51.5	90.5	98.2	Cash conversion	51.8%	50.5%	43.3%	99.9%
Special items	2.6	1.6	2.6	3.1	Earnings per share, DKK	0.95	1.35	2.37	2.57
EBITDA before special items	165.6	179.6	351.3	352.4	Diluted earnings per share, DKK	0.94	1.33	2.34	2.55
Adjusted profit after tax	62.5	72.5	139.6	139.9	Share price, end of period, DKK			121.0	73.9
Statement of financial position					ROIC before tax			9.6%	8.2%
Total assets			6,204.9	6,276.0	Net working capital as a percentage of LTM revenue			(1.8)%	1.3%
Total equity			3,012.2	2,864.3	Investments as a percentage of revenue	4.5%	3.2%	6.9%	5.0%
Net working capital			(76.2)	49.4	Net interest-bearing debt/EBITDA before special items			2.2	2.9
Net interest-bearing debt			1,766.0	2,136.9	Number of transactions (millions)	5.2	5.3	10.3	10.1
Statement of cash flows					Average basket size (DKK)	181.9	176.8	189.1	185.1
Cash flow from operating activities	129.6	119.2	217.8	420.3	Average no. of employees	2,163	2,154	2,126	2,119
Cash flow from investing activities	(43.5)	(29.4)	(137.1)	(93.7)					
Free cash flow	86.1	89.8	80.7	326.6					

* For definitions of key financials, see pages 101-102 of the 2020/21 Annual Report.

Management's review

Executing on our new 'Growing Matas Group' strategy

Matas launched its new five-year strategy, 'Growing Matas Group', at a virtual capital markets day held on 18 August 2021. The strategy sets out to deliver revenue of more than DKK 5 billion by 2025/26, with growth driven by a doubling of online sales to more than DKK 2 billion on the back of a significantly expanded product range. The process of upgrading the stores will continue, the focus being on digital services and advice. In addition the Matas Group will focus on developing the portfolio of brands owned by the Group or to which Matas Group has exclusive rights.

The growth strategy aims to win market share in selected segments. Matas made a breakthrough within professional haircare in the second quarter with sales almost doubling on the back of new brands and intensive marketing efforts. An important focus area of the strategy is Health, and the second quarter saw the first three health shops being rolled out in large physical stores. Focusing on dermatological skincare, these shops in shop – combined with the launch of a number of new dermatological brands in physical stores and online – represent a change of gear in the health area. The second quarter also saw marketing efforts with respect

to Matas' new proprietary supplements, including Profokus (probiotics developed by NovoZymes), being stepped up.

The Matas Group continued its efforts to digitalise, consolidate and optimise stores in the second quarter with the systems for optimisation of store inventories and alignment of staffing levels with customer flows being further refined. Mergers of stores at larger and better locations were completed in Horsens, Herning and Aabenraa.

Online matas.dk continued to win market share in a growing online market and consolidated its position as the second-most used webshop in Denmark across categories.

In the digital area, matas.dk improved its speed of delivery even further in the second quarter. A growing proportion of customers now opt for same-day delivery of their purchases. This delivery service is now offered to about 50% of all Danish households and was used by 8.4% of customers in the second quarter compared with 6.2% at the end of Q1. Factors such as faster delivery, more personalised marketing and improved app functionality

translated into improving online customer satisfaction through the quarter.

Matas.dk's physical facilities at Humlebæk were extended by 2,000 sqm to 10,000 sqm with a view to facilitating growth, and the operation of matas.dk was further optimised during the quarter.

During the first six months of the financial year, Matas Group worked to further strengthen its CSR efforts in terms of sustainability, health and inclusion.

Matas Group has committed to working to become carbon-neutral in terms of Scope 1 and 2 emissions (direct emissions) by 2030, eliminate 100 million units of plastic by 2030, promote public health and strive to become the best place to work in the retail industry.

In order to achieve these goals, the Matas Group has launched a range of supportive measures.

In the second quarter, Matas supported a number of NGOs with a view to raising awareness of their work. Measures included a fundraising campaign for the Danish Cancer Society and an information

campaign for Girltalk.dk. Matas also launched a partnership with the Danish Doctors' Vaccination Service to offer free flu vaccinations for 20,000 elderly people at 53 Matas stores.

In August, a major climate reporting project was launched. This resulted in the development of Matas' first carbon baseline for its own operations, and Matas intends to publish the organisation's first independent climate accounts at the end of the financial year. In an effort to reduce its plastics consumption, Matas has launched a project to upcycle its own products, and matas.dk now lines packages with recycled shock-absorbing paper.

Global logistics chain bottlenecks have not had any major impact on Matas because the Group's products to only a small extent consist of ingredients manufactured outside Europe and because of the high degree of substitution between products in the event of a shortage of individual items.

Overall, Matas Group's performance is supported by the continued high level of economic activity with record-high employment levels, increasing pay levels

Management's review (continued)

and strong consumer confidence, but the Group is also feeling the effects of the tight labour market and the ensuing challenges in terms of unfilled shop assistant positions in large cities and recruitment difficulties in selected areas. At present, the situation is not considered to have a critical impact on operations or any significant financial effects.

At Matas Group, we are seeing the first signs of supplier price increases, but overall, we do not expect this to have an adverse impact on our gross margin in the current financial year.

Matas Logistics Center – our biggest investment to date

In August 2021, Matas' Board of Directors approved the plan to build a big new central logistics centre. Matas Logistics Center (MLC) will bring together a wide range of logistics functions currently handled from various locations in one, state-of-the-art automated facility.

While it was originally announced that MLC would involve a total investment of more than DKK 500 million, the total investment is now expected in the range of DKK 500–600 million. This specified investment framework will allow Matas to expand MLC's initial capacity and, if relevant, to install a solar cell system in connection with

MLC, an investment which should be seen in light of Matas' sustainability strategy. The investment framework makes allowance for the risk of a construction cost overrun of up to DKK 20-30 million as a result of overheating in the construction industry.

The establishment of MLC is mainly expected to affect the Group's cash flows in financial year 2022/23, while the impact in 2023/24 and 2024/25 will be less significant. CAPEX guidance for 2022/23, including the MLC investment, will be provided in the annual report for 2021/22. MLC is expected to affect CAPEX by less than DKK 30 million in the current financial year.

The purchase of the site on which MLC is to be built is expected to be effected within the next 12 months when local planning has been finalised.

MLC will enable Matas to fully execute on its strategy to expand the product range by up to 150,000 items.

MLC is scheduled for completion by mid-2024. In order to ensure that Matas will be able to execute the planned strategic assortment expansion and handle peak season sales around Black Friday and Christmas 2024, matas.dk's current facility at Humlebæk has been extended and improved. This facility will therefore be able



to act as a buffer in the event that MLC is delayed. The plan is for MLC and the current facility at Humlebæk to operate in parallel for a period until the operation of MLC has been optimised. This will also provide additional flexibility during the start-up phase.

When fully operational, MLC is expected, seen in isolation, to add 1–1.5 percentage points to Matas' overall EBITDA margin.

Q2 and H1 2021/22 performance

Revenue

Matas generated total revenue of DKK 974 million in Q2 2021/22, a year-on-year increase of 4.4% from DKK 933 million in Q2 2020/21. Retail sales in own stores and webshops were up by 2.2% to DKK 949 million, while underlying sales grew by 1.8%. Relative to Q2 2019/20, Matas' revenue has grown by 18.4%.

While revenue grew in both Beauty categories, Mass Beauty was the primary growth driver in both absolute and relative terms.

Up by DKK 24 million, online sales recorded the largest absolute increase, while wholesale sales etc. delivered the largest relative increase, at 508%, supported primarily by Web Sundhed's acquisitions, which contributed DKK 19 million.

The number of transactions fell slightly, by 0.7%, to 5.2 million, while the average basket size grew by 2.9% to DKK 182.

Revenue by categories and sales channels (DKKm)	2021/22 Q2	2020/21 Q2	Growth	2021/22 H1	2020/21 H1	Growth
Categories						
High-End Beauty	320	310	3.4%	679	631	7.5%
Mass Beauty	335	319	4.9%	686	659	4.2%
Health & Wellbeing	260	265	(1.6)%	521	517	0.7%
Other	34	35	(3.9)%	64	63	2.2%
Own store and webshop retail revenue	949	929	2.2%	1,949	1,869	4.3%
Retail revenue by category (%)						
High-End Beauty	34%	33%		35%	34%	
Mass Beauty	35%	34%		35%	35%	
Health & Wellbeing	27%	29%		27%	28%	
Other	4%	4%		3%	3%	
Sales channels						
Physical stores	737	741	(0.5)%	1,480	1,440	2.7%
Webshops (matas.dk and Firtal)	212	188	12.8%	470	429	9.5%
Wholesale sales (incl. Web Sundhed and Kosmolet)	25	4	508.2%	46	10	358.3%
Total revenue	974	933	4.4%	1,995	1,879	6.2%
Revenue by sales channel (%)						
Physical stores	76%	79%		74%	77%	
Webshops (matas.dk and Firtal)	22%	20%		24%	23%	
Wholesale sales (incl. Web Sundhed and Kosmolet)	2.5%	0.5%		2.3%	0.5%	

Q2 and H1 2021/22 performance (continued)

Performance by category

High-End Beauty grew sales by 3.4%, delivering growth in almost all product groups with men's fragrances as the main driver. Supported by the launch of the Pro Hair Care portal in the middle of the quarter, sales of professional haircare products almost doubled in Q2 2021/22.

Mass Beauty grew sales by 4.9%. A sunny second quarter resulted in higher sales of sunscreen products, while sales of makeup products maintained the strong momentum from Q1 to surpass both the Q2 2020/21 level and the Q2 2019/20 level. On the other hand, sales of hand lotion and soap continued downhill compared with the year-earlier period.

Health & Wellbeing reported sales down by 1.6%. The various product lines recorded highly different growth rates with quit-smoking, inner beauty and mother & child products as the main drivers, whereas sales of personal protective equipment plunged by 94% or DKK 21 million.

Wholesale sales, including wholesale sales by Web Sundhed and Kosmolet etc., grew by DKK 21 million to DKK 25 million, driven by Web Sundhed's acquired revenue of DKK 19 million, while revenue from Club Matas relating to partners, value adjustments of

Club Matas points and B2B, which are also included in this item, boosted wholesale sales by DKK 3 million.

Performance by sales channel

Matas' physical stores reported sales down by 0.5% or DKK 3 million to DKK 737 million. The average basket size was up by 4%, while the number of transactions fell by a similar rate. The number of Matas stores at 30 September 2021 was 262, a year-on-year decline of one. Relative to Q2 2019/20, physical store revenue grew by 3.0%.

Growing sales by 12.8% or DKK 24 million, Matas' webshops continued to build on the significant momentum from Q2 2020/21, during which revenue surged by 90%. The number of transactions increased by 23%, while the average basket size fell by 8%. The smaller basket size should be seen in light of the launch of Club Matas Plus with free shipping leading to more, but smaller, transactions. Growth was supported by cross-selling of Firtal's product range on matas.dk. Relative to Q2 2019/20, Matas' webshops have grown revenue by 114%.

Categories

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

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

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

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

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

Sales channels

At 30 September 2021, Matas Group consisted of 263 physical stores – 261 stores in Denmark, one in the Faroe Islands and one associated store in Greenland. 76% of Q2 2020/21 revenue was generated by the Group's physical stores.

In addition, Matas was present online through matas.dk and several webshops run by Firtal, of which the most important are helsebixen.dk, jala-helsekost.dk and made4men.dk. 22% of revenue was generated through the Group's online channels.

Wholesale sales, including wholesale sales from Web Sundhed and Kosmolet, accounted for 2.5% of overall sales.

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

Developments in costs and operating performance

Costs and operating performance

Gross profit for Q2 2021/22 was DKK 431 million, against DKK 402 million in Q2 2020/21.

The gross margin for Q2 2021/22 was 44.2%, up from 43.1% in Q2 2020/21. The higher gross margin was mainly attributable to increased sales of high-margin makeup products and house brands and lower sales of low-margin personal protective equipment compared with the year-earlier period.

Overall costs (other external costs and staff costs) amounted to 27.5% of revenue against 24.1% in the same quarter of last year and were up by DKK 44 million.

Other external costs amounted to DKK 69 million in Q2 2021/22, up from DKK 53 million in Q2 2020/21. No special items were incurred in Q2 2021/22, while Q2 2020/21 special items amounted to DKK 0.4 million. Adjusted for this, other external costs were up by DKK 16 million year on year.

The increase in other external costs is explained as follows:

- DKK 12 million attributable to higher marketing and logistics costs as a result of continuing digital growth and marketing-related start-up costs in connection with the launch of the expanded product range as part of the new growth strategy.
- DKK 2 million attributable to the acquisition of Web Sundhed, which was not included in the numbers for Q2 2020/21.
- DKK 1 million attributable to higher energy costs as a result of rising electricity prices.

Other external costs made up 7.1% of revenue in Q2 2021/22, up from 5.7% in the year-earlier period.

Q2 2021/22 staff costs amounted to DKK 199 million, up from DKK 171 million in the year-earlier period. Special items in the amount of DKK 2.6 million were incurred in Q2 2021/22, while Q2 2020/21 special items amounted to DKK 1.1 million. Adjusted for this, staff costs were up by DKK 26 million.

Costs, Q2 (DKKm)	2021/22 Q2	2020/21 Q2	Growth
Other external costs	69.2	53.4	29.6%
- of which special items	0.0	0.4	
As a percentage of revenue	7.1%	5.7%	
Staff costs	198.7	171.0	16.2%
- of which special items	2.6	1.1	
As a percentage of revenue	20.4%	18.3%	

Costs, H1 (DKKm)	2021/22 H1	2020/21 H1	Growth
Other external costs	137.7	116.7	18.0%
- of which special items	0.0	0.7	
As a percentage of revenue	6.9%	6.2%	
Staff costs	397.6	356.6	11.5%
- of which special items	2.6	2.4	
As a percentage of revenue	19.9%	19.0%	

Developments in costs and operating performance

The increase in staff costs is explained as follows:

- An amount of DKK 14 million received as special Covid-19 state subsidies for trainees was recognised as income in Q2 2020/21. No such subsidies were received in Q2 2021/22. As Matas also received special Covid-19-related trainee subsidies in the third and fourth quarters of financial year 2020/21 (the main part in the third quarter), an increase in payroll costs should also be expected in Q3 and Q4 of the current financial year relative to the respective year-earlier periods. Overall, the cessation of special Covid-19 subsidies will have an impact of some DKK 15 million in the second half, but the net effect on staff costs will be smaller as an extraordinary bonus of DKK 10 million was paid in the same period of 2020/21.
- Payroll costs related to the online businesses of Matas and Firtal were up by DKK 8 million, driven by continuing growth and the general digital build-up.
- DKK 2 million attributable to additional payroll costs in connection with the implementation of the WoW project (efficiency-enhancing measures) and the house brand expansion programme as described at the capital markets day held on 18 August.

- DKK 1 million attributable to the acquisition of Web Sundhed, which was not included in the numbers for Q2 2020/21.

Staff costs amounted to 20.4% of Q2 2021/22 revenue against 18.3% in the year-earlier period.

Q2 2021/22 staff costs included DKK 3.0 million related to the Company's long-term share compensation programme, compared with DKK 1.7 million in Q2 2020/21.

Q2 2021/22 EBITDA was DKK 163 million against DKK 178 million in Q2 2020/21. EBITDA before special items came to DKK 166 million for an EBITDA margin before special items of 17.0% against 19.3% in Q2 2020/21.

Amortisation, depreciation and impairment

Total amortisation, depreciation and impairment charges were up by DKK 5.5 million to DKK 106 million in Q2 2021/22, driven by increased depreciation of investments made as part of Matas' growth strategy.

Net financials

Net financial expenses were down by DKK 0.7 million year-on-year to DKK 10 million in Q2 2021/22.

Profit for the period

The effective tax rate was 21.5% in Q2 2021/22, equivalent to a tax expense of DKK 10 million. Profit for the period was DKK 36 million after tax, and adjusted profit after tax was DKK 62 million against DKK 72 million in Q2 2020/21.

Statement of financial position

Total assets amounted to DKK 6,205 million at 30 September 2021, down from DKK 6,276 million at 30 September 2020.

Current assets totalled DKK 1,074 million, a year-on-year increase of DKK 34 million that was mainly due to an increase in inventories.

Inventories were DKK 47 million larger at the end of Q2 2021/22 than at the end of Q2 2020/21. Covid-19-related stocks amounted to DKK 6 million at 30 September 2021 against DKK 42 million at 30 September 2020.

Inventories accounted for 23.1% of LTM revenue at 30 September 2021 compared with 24.3% at 30 September 2020 and 20.8% at the end of financial year 2020/21.

Trade receivables increased by DKK 3 million to DKK 19 million, while trade payables increased by DKK 179 million year on year.

Net working capital excluding deposits was minus DKK 76 million at 30 September 2021 against DKK 49 million at 30 September 2020, an improvement of DKK 126 million that was mainly due to an increase in trade payables that was only partially offset by an increase in inventories compared with the year-earlier period.

Cash and cash equivalents amounted to DKK 27 million, in line with the year-earlier level.

A new loan agreement with much the same credit facility and terms as the previous agreement was finalised and entered into force in the second quarter.

Equity was DKK 3,012 million at 30 September 2021, compared with DKK 2,864 million at 30 September 2020.

Net interest-bearing debt was DKK 1,766 million at 30 September 2021, a year-on-year decline of DKK 371 million – equalling 2.2 times LTM EBITDA before special items, which is below the long-term target of a level between 2.5 and 3. Of this decline,

Developments in costs and operating performance

DKK 114 million was attributable to lower lease liabilities.

Gross interest-bearing debt stood at DKK 1,793 million at 30 September 2021, including lease liabilities of DKK 590 million.

At 30 September 2021, 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 14,359 shares in the period under review in connection with the exercise of the 2018/19 incentive programme and acquiring 170,353 treasury shares in connection with the ongoing share buyback programme, Matas held 178,937 treasury shares at 30 September 2021. The treasury shares are held partly to meet certain obligations to deliver shares under Matas Group's long-term incentive programme, while it is expected that a proposal will be made at the next coming annual general meeting to cancel the remaining part of the shares.

Statement of cash flows

Cash generated from operations was an inflow of DKK 130 million in Q2 2021/22 against an inflow of DKK 119 million in Q2 2020/21.

For Q2 2021/22, cash flows from investing activities were an outflow of DKK 44 million against an outflow of DKK 29 million in Q2 2020/21. The increase in investments was attributable mainly to an increase in digital investments.

The Q2 2021/22 free cash flow was an inflow of DKK 86 million, compared with an inflow of DKK 90 million in Q2 2020/21.

Cash generated from operations was an inflow of DKK 218 million in H1 2021/22 against an inflow of DKK 420 million in H1 2020/21, which period was favourably affected by deferred payments of A tax and VAT pursuant to the government's Covid-19 relief package.

For H1 2021/22, cash flows from investing activities were an outflow of DKK 137 million against an outflow of DKK 94 million in H1 2020/21. The increase in investments was attributable to Web Sundhed's acquisition of Apo-Web ApS and Apo IT ApS, the payment of contingent consideration concerning the acquisition of Firtal Group and, to a lesser extent, increasing digital investments that were only partially offset by lower investments in the store network.

Cash flows (DKKm)	2021/22 Q2	2020/21 Q2	2021/22 H1	2020/21 H1
Cash generated from operations	129.6	119.2	217.8	420.2
Free cash flow	86.1	89.8	80.7	326.6
Free cash flow net of acquisitions	86.1	89.8	129.3	326.6
Cash flows from financing activities	(95.3)	(99.5)	(94.9)	(406.0)

Return on invested capital

The return on LTM invested capital before tax was 9.6% at 30 September 2021 against 8.2% at 30 September 2020.

Events after the date of the statement of financial position

Revenue developed favourably during the period 1 October – 1 November 2021.

Significant risks

Matas Group is exposed to operational risks affecting the retail industry in general and

the Health & Beauty industry in particular. If a new wave of Covid-19 were to lead to a full or partial lockdown of the retail industry and other parts of Danish society, Matas' business could be severely affected. In addition, Matas is to some extent exposed to financial risk such as interest rate, liquidity and credit risk.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and approved the interim report of Matas A/S for the period 1 April to 30 September 2021.

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

In our opinion, the interim report gives a true and fair view of the Group's assets and liabilities and financial position at 30 September 2021 and of the results of the Group's operations and cash flows for the period 1 April to 30 September 2021.

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, den 4. november 2021

Executive Management

Gregers Wedell-Wedellsborg
CEO

Anders Skole-Sørensen
CFO

Board of Directors

Lars Vinge Frederiksen
Chairman

Lars Frederiksen
Deputy Chairman

Henrik Taudorf Lorensen

Mette Maix

Kenneth Melchior

Birgitte Nielsen



Statement of comprehensive income

(DKKm)	2021/22 Q2	2020/21 Q2	2021/22 H1	2020/21 H1
Revenue	973.9	932.6	1,995.2	1,879.4
Cost of goods sold	(543.0)	(530.2)	(1,111.2)	(1,056.8)
Gross profit	430.9	402.4	884.0	822.6
Other external costs	(69.2)	(53.4)	(137.7)	(116.7)
Staff costs	(198.7)	(171.0)	(397.6)	(356.6)
Amortisation, depreciation and impairment	(106.3)	(100.8)	(214.0)	(200.0)
EBIT	56.7	77.2	134.7	149.3
Share of profit or loss after tax of associates	(0.1)	0.2	(0.2)	0.4
Financial income	0.0	0.0	0.0	0.1
Financial expenses	(10.2)	(11.2)	(20.7)	(23.7)
Profit before tax	46.4	66.2	113.9	126.1
Tax on profit for the period	(10.0)	(14.7)	(23.4)	(27.9)
Profit for the period	36.4	51.5	90.5	98.2
Other comprehensive income				
Value adjustment of hedging instrument	1.3	0.3	1.7	0.4
Tax on value adjustment	(0.3)	(0.1)	(0.4)	(0.1)
Total other comprehensive income	1.0	0.2	1.3	0.3
Total comprehensive income	37.4	51.7	91.8	98.5
Distributed as follows:				
Shareholders of Matas A/S	37.4	51.7	91.8	98.5
Minority shareholders	0.0	0.0	0.0	0.0
	37.4	51.7	91.8	98.5
Earnings per share				
Earnings per share, DKK	0.95	1.35	2.37	2.57
Diluted earnings per share, DKK	0.94	1.33	2.34	2.55



Statement of cash flows

(DKKm)	2021/22 Q2	2020/21 Q2	2021/22 H1	2020/21 H1
Profit before tax	46.4	66.2	113.9	126.1
Adjustment for non-cash operating items etc.:				
Amortisation, depreciation and impairment	106.3	100.8	214.0	200.0
Other non-cash operating items, net	2.9	0.7	(20.7)	1.9
Share of profit or loss after tax of associates	0.1	(0.2)	0.2	(0.4)
Financial income	0.0	0.0	0.0	(0.1)
Financial expenses	10.2	11.2	20.7	23.7
Cash generated from operations before changes in working capital	165.9	178.7	328.1	351.2
Changes in working capital	(36.3)	(59.5)	(110.3)	69.0
Cash generated from operations	129.6	119.2	217.8	420.2
Interest received	0.0	0.0	0.0	0.1
Cash flow from operating activities	129.6	119.2	217.8	420.3
Acquisition of intangible assets	(29.7)	(19.1)	(64.8)	(34.7)
Acquisition of property, plant and equipment	(13.8)	(10.3)	(24.1)	(34.5)
Acquisition of investments in associates	0.0	0.0	0.0	(5.5)
Disposal of investments in subsidiaries	0.0	0.0	0.4	0.0
Contingent consideration paid	0.0	0.0	0.0	(19.0)
Acquisition of subsidiaries and operations	0.0	0.0	(48.6)	0.0
Cash flow from investing activities	(43.5)	(29.4)	(137.1)	(93.7)
Free cash flow	86.1	89.8	80.7	326.6

(DKKm)	2021/22 Q2	2020/21 Q2	2021/22 H1	2020/21 H1
Debt raised with credit institutions	745.4	0.0	745.4	0.0
Debt settled with credit institutions	(692.0)	(111.9)	(640.8)	(362.4)
Amount received from former parent company	0.0	64.4	0.0	64.4
Interest paid	(8.2)	(9.3)	(16.6)	(22.7)
Repayment of lease liabilities	(42.2)	(42.7)	(84.6)	(85.3)
Dividend paid	(76.6)	0.0	(76.6)	0.0
Acquisition of treasury shares	(21.7)	0.0	(21.7)	0.0
Cash flow from financing activities	(95.3)	(99.5)	(94.9)	(406.0)
Net cash flow from operating, investing and financing activities	(9.2)	(9.7)	(14.2)	(79.4)
Cash and cash equivalents, beginning of period	35.7	36.8	40.7	106.6
Cash and cash equivalents, end of period	26.5	27.1	26.5	27.1

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

Assets

(DKKm)	30/09/2021	30/09/2020	31/03/2021
Non-current assets			
Goodwill	3,990.2	3,930.6	3,930.6
Trademarks and trade names	101.8	185.4	143.6
Other intangible assets	183.0	104.2	130.3
Total intangible assets	4,275.0	4,220.2	4,204.5
Property, plant and equipment			
Lease assets	570.1	690.6	651.8
Land and buildings	88.7	91.5	90.8
Other fixtures and fittings, tools and equipment	94.0	115.3	103.2
Leasehold improvements	42.6	60.1	51.5
Plant in progress	2.7	0.0	0.0
Total property, plant and equipment	798.1	957.5	897.3
Investments in associates	11.8	12.1	12.4
Deposits	45.6	45.3	44.1
Other securities and equity investments	0.6	0.6	0.6
Total other non-current assets	58.0	58.0	57.1
Total non-current assets	5,131.1	5,235.7	5,158.9
Current assets			
Inventories	988.8	941.9	866.7
Trade receivables	19.0	16.2	15.2
Income tax receivable	0.0	15.7	19.4
Other receivables	5.1	4.3	4.6
Prepayments	34.4	35.1	37.6
Cash and cash equivalents	26.5	27.1	40.7
Total current assets	1,073.8	1,040.3	984.2
Total assets	6,204.9	6,276.0	6,143.1

Equity and liabilities

(DKK mio.)	30/09/2021	30/09/2020	31/03/2021
Equity			
Share capital	95.7	95.7	95.7
Hedging reserve	0.0	(1.8)	(1.3)
Translation reserve	0.3	0.3	0.3
Treasury share reserve	(22.7)	(2.6)	(2.6)
Retained earnings	2,938.5	2,772.7	2,870.2
Dividend proposed for the financial year	0.0	0.0	76.6
Matas A/S' share of equity	3,011.8	2,864.3	3,038.9
Minority interests	0.4	0.0	0.0
Total equity	3,012.2	2,864.3	3,038.9
Liabilities			
Deferred tax	187.1	194.5	199.2
Lease liabilities	409.0	531.8	495.5
Provisions	27.9	27.5	27.7
Credit institutions	1,095.5	1,447.5	0.0
Other payables	38.3	59.4	59.2
Total non-current liabilities	1,757.8	2,260.7	781.6
Credit institutions	107.4	12.6	1,098.3
Lease liabilities	180.6	172.1	174.1
Prepayments from customers	148.3	151.0	158.6
Trade payables	741.8	562.8	692.4
Income tax	23.4	0.0	0.0
Other payables	233.4	252.5	199.2
Total current liabilities	1,434.9	1,151.0	2,322.6
Total liabilities	3,192.7	3,411.7	3,104.2
Total equity and liabilities	6,204.9	6,276.0	6,143.1

Statement of changes in equity

(DKKm)	Share capital	Hedging reserve	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total	Minority interests	Total equity
Equity at 1 April 2021	95.7	(1.3)	0.3	(2.6)	76.6	2,870.2	3,038.9	0.0	3,038.9
Value adjustment of hedging instrument	0.0	1.7	0.0	0.0	0.0	0.0	1.7	0.0	1.7
Tax on value adjustment	0.0	(0.4)	0.0	0.0	0.0	0.0	(0.4)	0.0	(0.4)
Other comprehensive income	0.0	1.3	0.0	0.0	0.0	0.0	1.3	0.0	1.3
Profit for the period	0.0	0.0	0.0	0.0	0.0	90.5	90.5	0.0	90.5
Total comprehensive income	0.0	1.3	0.0	0.0	0.0	90.5	91.8	0.0	91.8
Transactions with owners									
Dividend transferred to other payables	0.0	0.0	0.0	0.0	(76.6)	0.0	(76.6)	0.0	(76.6)
Dividend on treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share buyback programme	0.0	0.0	0.0	(21.7)	0.0	0.0	(21.7)	0.0	(21.7)
Addition of minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
Exercise of incentive programme	0.0	0.0	0.0	1.6	0.0	(26.7)	(25.1)	0.0	(25.1)
Share-based payment	0.0	0.0	0.0	0.0	0.0	4.5	4.5	0.0	4.5
Total transactions with owners	0.0	0.0	0.0	(20.1)	(76.6)	(22.2)	(118.9)	0.4	(118.5)
Equity at 30 September 2021	95.7	0.0	0.3	(22.7)	0.0	2,938.5	3,011.8	0.4	3,012.2

Statement of changes in equity (continued)

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



Notes

Note 1 – Accounting policies

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

Except as set out below, the accounting policies are consistent with the accounting policies applied in the consolidated financial statements for 2020/21, to which reference is made.

Changes of accounting policies

Matas has implemented the latest IFRS amendments, which took effect on 1 April 2021 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 2020/21.

Note 3 – Seasonality

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

Note 4 – Revenue

(DKKm)	2021/22 Q2	2020/21 Q2	2021/22 H1	2020/21 H1
Retail sales, own stores	737.3	740.6	1,479.6	1,440.5
Retail sales, webshops (matas.dk and Firtal)	211.9	187.9	469.5	428.9
Wholesale sales etc. (incl. Kosmolet and Web Sundhed)	24.7	4.1	46.1	10.0
Total revenue	973.9	932.6	1,995.2	1,879.4

In Q2 2021/22, 21.8% of Matas Group's revenue was generated by its webshops, compared with 20.1% in the year-earlier period.

Revenue breaks down by product groups as follows:

(DKKm)	2021/22 Q2	2020/21 Q2	2021/22 H1	2020/21 H1
High-End Beauty	320.3	309.7	678.6	631.2
Mass Beauty	334.7	319.0	686.0	658.5
Health & Wellbeing	260.5	264.7	520.5	517.0
Other	33.7	35.1	64.0	62.7
Wholesale sales etc. (incl. Kosmolet and Web Sundhed)	24.7	4.1	46.1	10.0
Total revenue	973.9	932.6	1,995.2	1,879.4

Notes

Note 4 – Revenue continued

The product groups are as follows:

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

(DKKm)	2021/22 Q2	2020/21 Q2	2021/22 H1	2020/21 H1
Sale of goods	973.9	932.6	1,995.2	1,879.4
Sale of services	0.0	0.0	0.0	0.0
Total revenue	973.9	932.6	1,995.2	1,879.4

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

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

For the Club Matas customer loyalty programme, a performance obligation is recognised at the date of recognition of the sale triggering the allocation of Club Matas points. The performance obligation is measured at the estimated fair value of the Club Matas points allocated and amounted to DKK 62.4 million at 30 September 2021 (30 September 2020: DKK 55.9 million). The estimated fair value is inherently subject to some uncertainty with respect to actual future redemption and considering the flexibility of the customer loyalty programme. Revenue is recognised when the customer uses points, usually over an average period of three months. Customers have the option of returning products, but the volume of returns at the end of H1 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 and to associated stores accounted for > 98%.

Notes

Note 5 – Acquisition of subsidiaries and contingent consideration

Contingent consideration of DKK 20.0 million concerning the acquisition of Firtal Group was paid in H1 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 78.8 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 payment of DKK 25 million of the purchase price has been deferred. In total these amounts have been recognized at a fair value of DKK 37.4 million at the acquisition date. Cash and cash equivalents amount to DKK 13.5 million, and the net cash consideration is DKK 28.6 million.

Transaction costs in the amount of DKK 5.1 million were paid in H1 2021/22 in connection with the acquisition. The transaction costs were recognised in financial year 2020/21 under other external costs.

For the period since the acquisition, revenue of DKK 35.3 million and EBITDA of DKK 0.0 million has been recognised in relation to the companies. If the companies had been recognised at 1 April 2021, revenue would have amounted to DKK 37.2 million and EBITDA to DKK 0.0 million.

The preliminary pre-acquisition balance sheet contains assets of a fair value of DKK 45.6 million, including customer contracts (other intangible assets) of DKK 21.6 million, IT development projects of DKK 7.3 million and cash and cash equivalents of DKK 13.5 million.

Liabilities amount to DKK 28.7 million, including trade payables of DKK 21.2 million and deferred tax liabilities of DKK 6.5 million.

The fair value of acquired net assets is DKK 16.9 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 an additional DKK 10.0 million), respectively. The deferred purchase price of DKK 25.0 million becomes payable in March 2024.

The total consideration amounts to DKK 78.8 million, and goodwill arising on the acquisition was thus DKK 62.3 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.

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.

(DKKm)	2021/22	2020/21
Goodwill at 1 April	3,930.6	3,930.6
Addition on Web Sundhed ApS' acquisition of Apo-Web ApS and Apo IT ApS	62.3	0.0
Disposal relating to retail network changes	(2.7)	0.0
Goodwill at 30 September	3,990.2	3,930.6

Notes

Note 6 – Leases

Matas' lease assets are as follows:

(DKKm)	30/09/2021	30/09/2020	31/03/2021
Store leases	514.0	630.0	594.7
Administration and warehouse buildings etc.	53.0	57.2	53.4
Cars and other leases	3.1	3.4	3.7
Total lease assets	570.1	690.6	651.8

Matas' lease liabilities are as follows:

(DKKm)	30/09/2021	30/09/2020	31/03/2021
Non-current liabilities	409.0	531.8	495.5
Current liabilities	180.6	172.1	174.1
Total lease liabilities	589.6	703.9	669.6

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

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

(DKKm)	H1 2021/22	H1 2020/21
Store leases etc.	79.6	81.0
Administration and warehouse buildings etc.	4.9	5.7
Cars and other leases	1.9	2.0
Total depreciation of lease assets	86.4	88.6

Lease payments in the amount of DKK 91.0 million were made in H1 2021/22 (H1 2020/21: DKK 91.7 million).

Interest in the amount of DKK 5.3 million was expensed in H1 2021/22 (H1 2020/21: DKK 6.4 million).

Matas Group 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 2.0 million.

A total amount of DKK 2.3 million was recognised in the statement of comprehensive income for H1 2021/22 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 1.9 million at 30 September 2021.

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

Notes

Note 7 – Other payables

(DKKm)	30/09/2021	30/09/2020	31/03/2021
Other non-current payables			
Contingent consideration and deferred purchase price	38.3	0.0	0.0
Frozen holiday pay	0.0	59.4	59.2
Total other non-current payables	38.3	59.4	59.2
Other current payables			
VAT payable	20.4	55.8	38.6
Holiday pay obligations etc.	117.7	49.9	56.7
Pay-related liabilities (A tax/social security contributions)	83.7	96.2	75.2
Contingent consideration	0.0	23.2	19.4
Other creditors	11.6	27.3	9.3
Total other current payables	233.4	252.5	199.2

Note 8 – Transactions with related parties

Pursuant to Matas A/S' Remuneration Policy, a total of 222,549 Performance Share Units (PSUs) related to the Company's long-term incentive programme (LTIP) for 2018 vested at 22 June 2021.

The PSUs vested in the form of 3,953 shares and a cash amount of DKK 9.9 million being granted to CEO Gregers Wedell-Wedellsborg, 2,080 shares and a cash amount of DKK 5.2 million being granted to CFO Anders T. Skole-Sørensen and 8,326 shares and a cash amount of DKK 10.0 million being granted to the rest of the executive team, including resigned managers.

PSUs vested at 150% of the original grant. Based on a closing price at 22 June 2021 of DKK 106.9, the total value of vested PSUs was DKK 23.8 million.

In H1 2021/22, Matas sold 20% of the share capital in Firtal Tech ApS to the subsidiary's CEO at a price of DKK 0.4 million.

PSUs have been granted under the long-term incentive programme for 2021. A total of 44,293 PSUs were granted to CEO Gregers Wedell-Wedellsborg and a total of 16,614 to CFO Anders T. Skole-Sørensen.

Interim financial highlights

(DKKm)	2021/22 Q2	2021/22 Q1	2020/21 Q4	2020/21 Q3	2020/21 Q2	(DKKmw)	2021/22 Q2	2021/22 Q1	2020/21 Q4	2020/21 Q3	2020/21 Q2
Statement of comprehensive income						Key performance indicators					
Revenue	973.9	1,021.3	971.2	1,313.0	932.6	Number of transactions (millions)*	5.2	5.1	4.7	6.2	5.3
Gross profit	430.9	453.1	443.2	575.4	402.4	Average basket size (DKK)*	181.9	196.4	203.9	212.9	176.8
EBITDA	163.0	185.7	146.6	292.1	178.0	Total retail floor space (thousands of square metres)	53.4	53.8	53.7	53.5	53.3
EBIT	56.7	78.0	40.6	190.5	77.2	Avg. revenue per square metre (DKK thousands) - LTM	78.7	78.5	77.7	74.8	72.1
Net financials	(10.3)	(10.5)	(11.1)	7.3	(11.0)	Like-for-like growth	1.8%	5.9%	19.8%	12.8%	13.6%
Profit before tax	46.4	67.5	29.5	197.8	66.2						
Profit for the period	36.4	54.1	16.3	154.5	51.5						
						Adjusted figures					
Statement of financial position						EBITDA	163.0	185.7	146.6	292.1	178.0
Total assets	6,204.9	6,243.5	6,143.1	6,263.4	6,276.0	Special items	2.6	0.0	5.4	0.7	1.6
Total equity	3,012.2	2,993.5	3,038.9	3,020.8	2,864.3	EBITDA before special items	165.6	185.7	152.0	292.8	179.6
Net working capital	(76.2)	(113.1)	(126.1)	(167.8)	49.4	Depreciation and amortisation of software	(75.5)	(78.2)	(79.7)	(75.5)	(75.5)
Net interest-bearing debt	1,766.0	1,739.5	1,727.2	1,702.6	2,136.9	EBITA	90.1	107.5	72.3	217.3	104.1
						Adjusted profit after tax	62.5	77.2	42.3	175.4	72.5
Statement of cash flows											
Cash flow from operating activities	129.6	88.2	75.1	456.6	119.2	Gross margin	44.2%	44.4%	45.6%	43.8%	43.1%
Cash flow from investing activities	(43.5)	(93.6)	(40.1)	(44.1)	(29.4)	EBITDA margin	16.7%	18.2%	15.1%	22.2%	19.1%
Free cash flow	86.1	(5.4)	35.0	412.5	89.8	EBITDA margin before special items	17.0%	18.2%	15.6%	22.3%	19.3%
Net cash flow from operating, investing and financing activities	(9.2)	(5.0)	(65.6)	79.2	(9.7)	EBITA margin	9.3%	10.5%	7.4%	16.5%	11.2%
						EBIT margin	5.8%	7.6%	4.2%	14.5%	8.3%

* Incl. Firtal transactions

matas

Matas A/S

Rørmosevej 1
DK-3450 Allerød

Tel.: 48 16 55 55
www.matas.dk
investor.matas.dk
CVR no. 27 52 84 06