Winning online
Q3 2020/21
Conference call February 25, 2020
Forward-looking statements

This interim report contains statements relating to the future, including statements regarding Matas Group’s future operating results, financial position, cash flows, business strategy and future targets. Such statements are based on management’s reasonable expectations and forecasts at the time of release of the announcement. Forward-looking statements are subject to risks and uncertainties and a number of other factors, many of which are beyond Matas Group’s control. This may have the effect that actual results may differ significantly from the expectations expressed in the announcement. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive conditions, supplier issues and financial and regulatory issues as well as any effects of measures to contain the spread of COVID-19 that are not specifically mentioned above.
Agenda for the conference call
Results Q3 2020/21

1. CEO comments on Matas’ current situation
2. Financial results for Q3 2020/21
3. Guidance for 2020/21 further upgraded
CEO comments:
Strong results and guidance upgrade

Q3 2020/21 results

Exceptionally strong results for Q3 2020/21
✓ Top line growth at 12% and underlying growth at 13%
✓ EBITDA +11% driven by a leap in online profitability
✓ Cash generation DKK 515m supported by optimised inventory management

Our business model continues to prove resilient and flexible
✓ Store sales declined 0.4% as customer traffic was impacted by tighter restrictions
✓ Online sales boomed with 78% growth lead by matas.dk
✓ Health & Wellbeing category increased sales by 23%

Initiatives launched and operations optimised
✓ Trial of Club Matas Plus concept – soft launch in Q4
✓ Team of digital Beauty & Health therapists and in store video consultations expanded
✓ Warehouses and logistics further optimised

Financial targets and ambitions
✓ New guidance for 2020/21: Growth and EBITDA margin raised

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CEO comments: All stores remain profitable

Q3 2020/21 results

**Resilient network**
- 263 physical stores operated (unchanged) – all profitable
- Positive LFL trend from Q2 continued in first part of quarter stimulated by holiday pay
- All stores open during lock down – impacted by restrictions end of quarter
- Matas stores located outside the main cities and shopping centres have benefited from the people working from home and spending more time in leisure homes

**Connected stores: Digital in-store services ramped up**
- Reduced customer traffic almost compensated by increased basket size
- Customers were able to follow 262 Matas stores on Facebook
- The stores now offer video consultations and organise a variety of online events, and store employees offer advice to customers online

**Omnichannel synergies remain intact despite channel shift**
- 50% of all customers shopping on matas.dk chose to pick up their purchases at a Matas store. More than one in four customers picking up their online purchases bought additional products at the store
CEO comments: All time high online share of turnover
Q3 2020/21 results

### LTM online turnover* (DKK m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>LTM Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 20/21</td>
<td>926</td>
</tr>
<tr>
<td>Q2 20/21</td>
<td>777</td>
</tr>
<tr>
<td>Q1 20/21</td>
<td>688</td>
</tr>
<tr>
<td>Q4 19/20</td>
<td>542</td>
</tr>
<tr>
<td>Q3 19/20</td>
<td>478</td>
</tr>
<tr>
<td>Q2 19/20</td>
<td>381</td>
</tr>
<tr>
<td>Q1 19/20</td>
<td>317</td>
</tr>
<tr>
<td>Q4 18/19</td>
<td>253</td>
</tr>
<tr>
<td>Q3 18/19</td>
<td>192</td>
</tr>
<tr>
<td>Q2 18/19</td>
<td>147</td>
</tr>
<tr>
<td>Q1 18/19</td>
<td>133</td>
</tr>
<tr>
<td>Q4 17/18</td>
<td>123</td>
</tr>
<tr>
<td>Q3 17/18</td>
<td>117</td>
</tr>
<tr>
<td>Q2 17/18</td>
<td>103</td>
</tr>
<tr>
<td>Q1 17/18</td>
<td>97</td>
</tr>
</tbody>
</table>

### Quarterly online share of turnover* (%)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Quarterly Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>25.8</td>
</tr>
<tr>
<td>14</td>
<td>20.1</td>
</tr>
<tr>
<td>13</td>
<td>25.5</td>
</tr>
<tr>
<td>12</td>
<td>19.3</td>
</tr>
<tr>
<td>11</td>
<td>16.2</td>
</tr>
<tr>
<td>10</td>
<td>12.0</td>
</tr>
<tr>
<td>9</td>
<td>11.2</td>
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<tr>
<td>8</td>
<td>8.5</td>
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<td>7</td>
<td>4.6</td>
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<td>6</td>
<td>3.7</td>
</tr>
<tr>
<td>5</td>
<td>4.1</td>
</tr>
<tr>
<td>4</td>
<td>4.5</td>
</tr>
<tr>
<td>3</td>
<td>2.8</td>
</tr>
<tr>
<td>2</td>
<td>2.5</td>
</tr>
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</tr>
</tbody>
</table>

*LTM = Last Twelve Months
CEO comments: Leap in online profitability
Q3 2020/21 results

Accelerated growth online
✓ 78% online growth driven by more customers – lead by matas.dk
✓ 84,000 new online customers at matas.dk
✓ Club Matas members making at least one purchase at matas.dk was up by 50%

Online profitability continues to improve due to economies of scale
✓ Gross margin improvement due to more full-price sales
✓ Increased efficiency at Humlebæk facility despite COVID-19 measures
✓ Increased leverage on fixed cost base

Competitive edge sharpened
✓ + 800,000 Club Matas App downloads – now a significant sales channel
✓ 45,000 customers seeking advice via the chat function have baskets sizes twice those of other customers – using slack capacity from instore advisors
✓ All-time high customer satisfaction due to fast delivery
Club Matas Plus subscription soft launch in Q4 to drive loyalty and share of wallet

**Club Matas Plus**

- Developed based on customer insights and data for high value segments
- Customer feedback: Core Matas advantages and more shopping convenience
- 3 advantages for 29 DKK per month
- Business goals: Increase shopping frequency (traffic), higher customer satisfaction (NPS) and capture online market shares
Key financials Q3 2020/21
Financial results: Q3 2020/21 vs. Q3 2019/20

Revenue (DKK m)
- Q3 19/20: 1,173
- Q3 20/21: 1,313
  - +11.9%
  - LFL +12.8%

Gross margin (%)
- Q3 19/20: 43.9%
- Q3 20/21: 43.8%
  - -0.1%-points

Cost (DKK m)
- Q3 19/20: 251
- Q3 20/21: 283
  - EBITDA before special items
  - +31.4 DKK

Adj. net profit (DKK m)
- Q3 19/20: 137
- Q3 20/21: 175
  - +27.6%

Free cash flow (DKK m)
- Q3 19/20: 161
- Q3 20/21: 413

Transactions (# m)
- Q3 19/20: 6.2
- Q3 20/21: 6.2
  - -0.8%

Transactions (# m)
- Q3 19/20: 6.2
- Q3 20/21: 6.2
  - -0.8%

EBITDA before special items (DKK m)
- Q3 19/20: 263.9
- Q3 20/21: 292.8
  - EBITDA
  - 28.9 DKK
  - Special items

Transactions (# m)
- Q3 19/20: 213
- Q3 20/21: 213
  - +13.3%

Transactions (# m)
- Q3 19/20: 213
- Q3 20/21: 213
  - +13.3%

Basket size (DKK)
- Q3 19/20: 188
- Q3 20/21: 213
  - +13.3%
Long term trends: Revenue, Gross Margin and EBITDA

Financial results: Q4 2017/18 to Q3 2020/21

**Revenue growth (%)**
- Like-for-like growth
- LTM LFL growth

**Gross Margin (%)**
- Gross margin
- LTM gross margin

**EBITDA margin (%)**
- EBITDA margin before special items

**Revenue & EBITDA (DKK m)**
- EBITDA b. spec. items
- Revenue
- LTM Revenue

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Cost development: Total Cost Ratio unchanged

Cost development: Q3 2020/21 vs. Q3 2019/20

Total operating costs (ex one-offs) were up DKK 31.4 m from Q3 2019/20

Total cost ratio, was 21.5% in line with 21.4% (ex one-offs) in Q3 2019/20

Cost drivers Q3

- DKK 26 m in added cost due to growth in online activities – pick, pack & delivery
- DKK 7 m in added cost related to COVID-19
- Permanent net reductions in remaining underlying cost base of approx. DKK 12 m compared to Q3 2019/20 from cost efficiency actions within store operations as well as HQ process optimisation
- Developments in Staff costs are explained by the strong increase in online activity and costs specifically related to the COVID-19 pandemic

![Other external costs](graph)

- Other external costs (DKK m)
- Staff costs (DKK m)
- Special items
- OPEX Fittal and Kosmolet
- OPEX Matas

- Q3 19/20
- Q3 20/21

- Q3 19/20
- Q3 20/21

- +14.9
- +16.5
### Cash flow and working capital developments

- Cash generated from operations was an inflow of DKK 514.6 million in Q3 2020/21 against an inflow of DKK 254.2 million in Q3 2019/20, a rise of DKK 260.4 million.
- Positive development in working capital in Q3 Y/Y primarily due to a better development in both inventories and trade payables.
- Capex fell by DKK 7.0 million due to less investments in the retail network compared to Q3 last year.

<table>
<thead>
<tr>
<th>DKK million</th>
<th>Q3 2020/21</th>
<th>Q3 2019/20</th>
<th>Change QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operations before changes to working capital</td>
<td>293.8</td>
<td>264.4</td>
<td>29.4</td>
</tr>
<tr>
<td>Changes to working capital</td>
<td>220.8</td>
<td>-10.2</td>
<td>231.0</td>
</tr>
<tr>
<td>Cash from operations*</td>
<td>514.6</td>
<td>254.2</td>
<td>260.4</td>
</tr>
<tr>
<td>Paid interest and taxes</td>
<td>-58.0</td>
<td>-31.8</td>
<td>-26.2</td>
</tr>
<tr>
<td>Cash flow from operating act.</td>
<td>456.6</td>
<td>222.4</td>
<td>234.2</td>
</tr>
<tr>
<td>CAPEX</td>
<td>-39.1</td>
<td>-46.1</td>
<td>7.0</td>
</tr>
<tr>
<td>Acquisition and other investments</td>
<td>-5.0</td>
<td>-15.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Cash flow from investing act.</td>
<td>-44.1</td>
<td>-61.1</td>
<td>17.0</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>412.5</td>
<td>161.3</td>
<td>251.2</td>
</tr>
</tbody>
</table>
Inventories: Improved inventory management despite sales jump

Financial results: Q3 2020/21 vs. Q3 2019/20

Inventories per quarter absolute and relative to revenue (DKK m)

- Q1: 94% (94), 103% (978)
- Q2: 112% (918), 101% (942)
- Q3: 85% (902), 70% (918)
- Q4: 95% (786), 118% (963)

Inventories, Q3 2020/21, change from Q3 2019/20 (DKK m)

- COVID-19: -34
- Growth areas: 18
- Existing Business: -134
- Total inventory change: -82

COVID-19: Total inventory decrease
- Humlebæk facility: 70%
- Total inventory decrease: 83%

Growth areas:
- Humlebæk facility: 101%
- Total inventory decrease: 83%

Existing Business:
- Humlebæk facility: 103%
- Total inventory decrease: 83%

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Renewing Matas: Clear strategic progress

Summing up

1. **Live our purpose**
   Beauty & Wellbeing for Life
   - Strong increase in Matas’ brand strength
   - Club Matas Plus concept ready to launch

2. **Win online**
   From top 3 to undisputed market leader
   - Online share of revenue 25.8%
   - Leap in online profitability

3. **Consolidate & refresh stores**
   Adapt the network & shopping experience
   - 263 stores – all profitable
   - The stores now offer video consultations and organise a variety of online events

4. **New growth**
   Build the next destination categories
   - Matas position as Health destination strengthened
   - Green products continue to drive growth

5. **Change how we work**
   Enabling and funding the transformation
   - Cost ratios intact despite rapid channel shift
   - Underlying offline cost down – reallocated to online
**Financial targets and ambitions**

*Guidance upgraded for 2020/21*

**Financial targets for 2020/21**

- Total revenue growth above 12% (up from above 10%)
- Underlying revenue growth above 12% (up from above 10%)
- EBITDA margin before special items above 18.5% (up from above 18%)
- CAPEX between DKK 120 and 140 m (unchanged)

**Financial ambitions towards 2022/23 achieved**

- Turnover around DKK 4 bn
- EBITDA margin before special items above 18%

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