



# KICKS

## Acquisition of KICKS Group

Creating the Nordic leader in beauty and wellbeing

29 June 2023

matas



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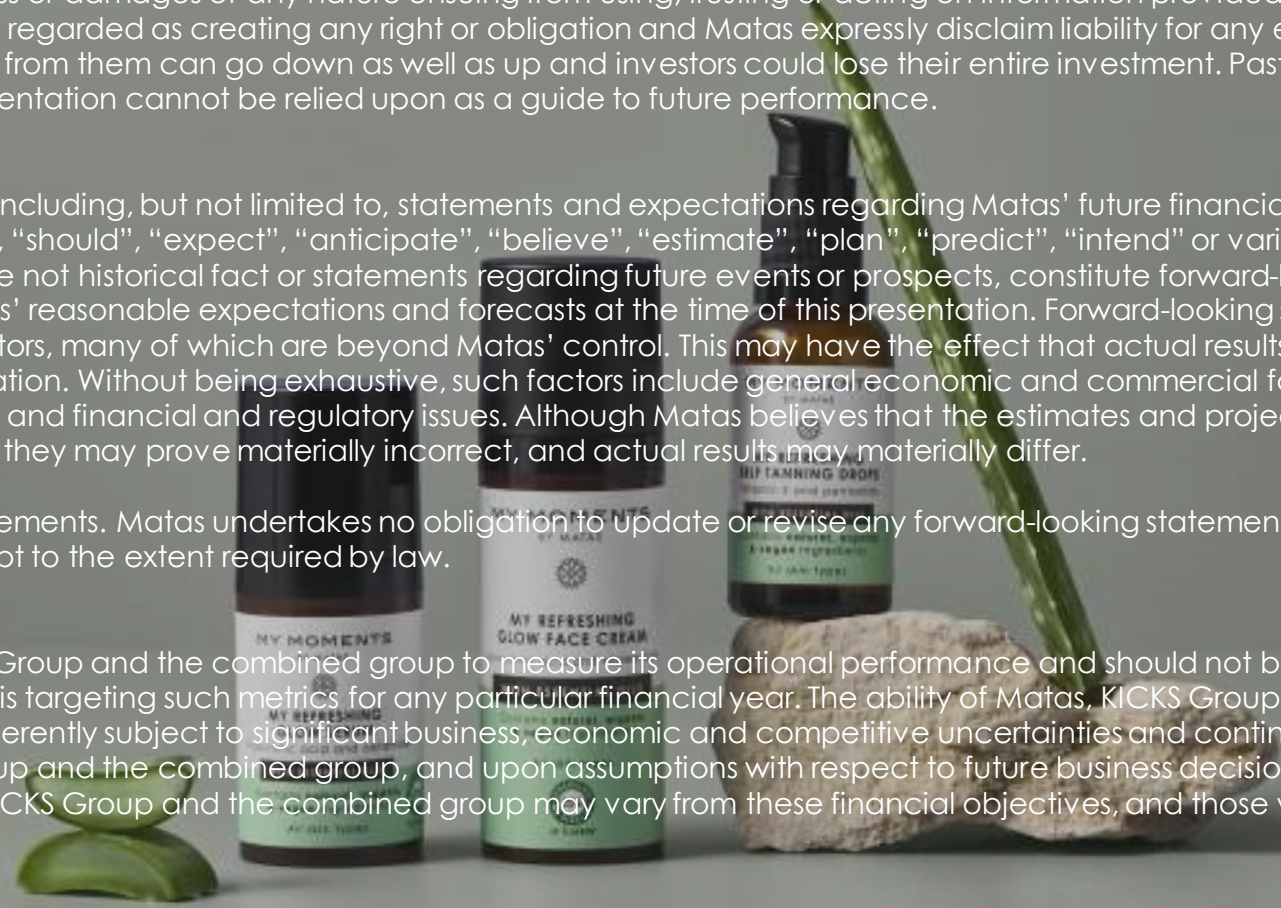
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# Today's presenters

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**Gregers Wedell-Wedellsborg**  
CEO



**Per Johannesen Madsen**  
CFO





# Matas to acquire KICKS Group and create the Nordic market leader



**DKK 698M**

Equity purchase price<sup>1</sup>



**DKK ~140M**

EBITDA effect from  
~40M in standalone  
improvement and min.  
100M in synergies<sup>1</sup>



**Creating the Nordic  
leader in beauty  
and wellbeing**



**4.7x**

2022/23 EV/EBITDA<sup>2</sup>



**Fully debt financed;  
closing expected  
during Q3 of the  
calendar year 2023**

# Two highly complementary companies coming together

**matas** + **KICKS Group**

**Creating the Nordic leader in beauty and wellbeing**



## Complementary footprint expanding our market

Connecting an attractive DKK +65B Nordic market<sup>1</sup> and +5M members in loyalty programs with brands through online and offline retail on a shared platform



## Strong omnichannel leadership positions

Creating the Nordic leader in beauty and wellbeing, to unlock and accelerate growth opportunities



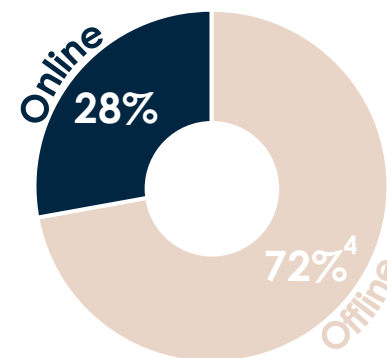
## Passionate organizations sharing the same values

Relationship and results-driven culture, with well-established responsibility agenda in place, focusing on sustainability, health and inclusion



## Value accretive with clear synergy potential

KICKS Group standalone improvement from Skincity integration and Supply Chain Transformation expected at DKK ~40M<sup>2</sup> EBITDA; Synergies identified with impact of minimum DKK 100M<sup>2</sup> by 2025/26



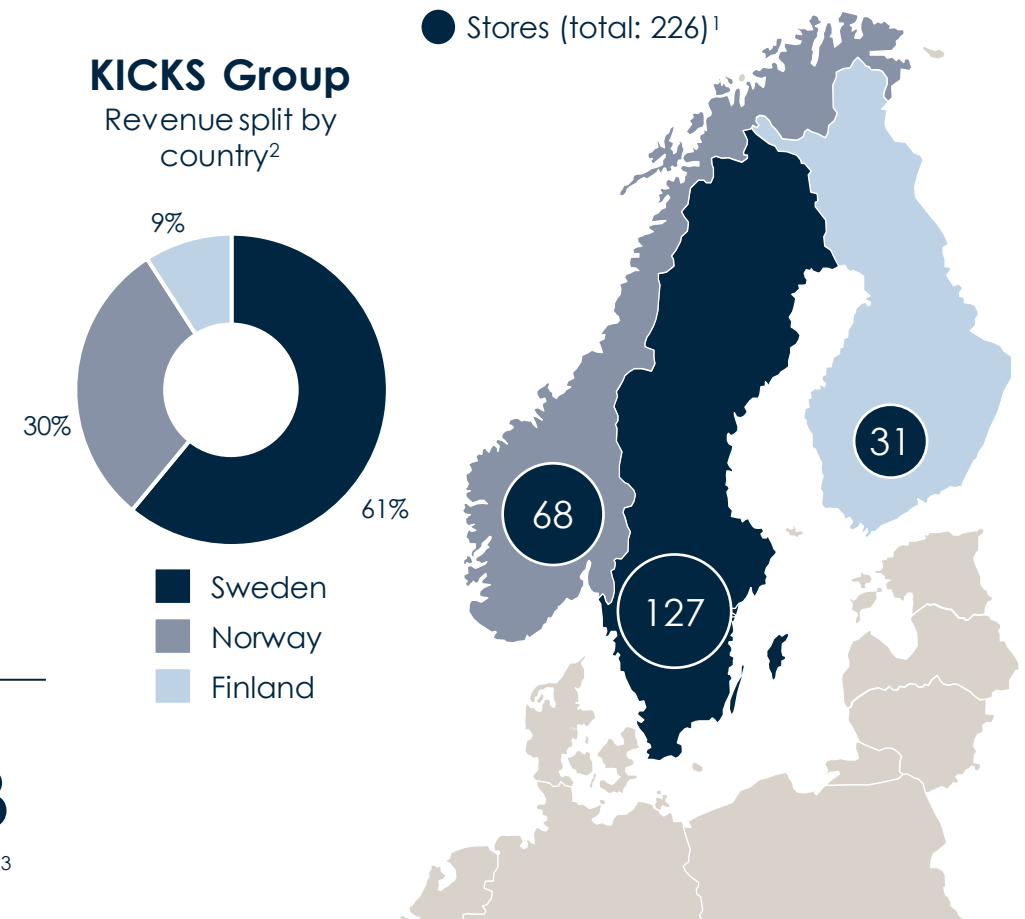
**DKK ~7.6B**  
Revenue

**DKK ~1.1B**  
EBITDA

*Proforma adjusted 2022/23<sup>5</sup>*

# KICKS Group is a leading omnichannel beauty actor in the Nordics

- KICKS Group is a leading beauty actor in the Nordics, offering a holistic concept in makeup, fragrances, professional skincare, and haircare
- KICKS Group runs a portfolio of 226 stores with adapted concepts
- Online shopping is offered through KICKS.se, KICKS.no, KICKS.fi and Skincity
- Well-trained beauty experts and unique offering including a combination of exclusive distribution rights, brands, and private label products
- KICKS Group operates two distinct retail concepts following the combination with Skincity in 2022:
  - **KICKS:** Contemporary omnichannel solution for beauty with both products and services within makeup, fragrances, skincare and hair care
  - **Skincity:** Online skincare clinic in Sweden, Norway and Finland offering a curated assortment of professional skincare and makeup in combination with an online customer support comprised of certified skincare therapists
- KICKS Group is opening an automated “one-warehouse-all-channels” outside Stockholm in Q3 of the calendar year 2023



**DKK ~3.1B**  
2022/23 Revenue<sup>3</sup>

# KICKS Group has a +25,000 SKU beauty offering and 3.3M loyalty members

## Broad suite offered through an omnichannel approach

KICKS Group enhances the feeling of inspiration and guidance through digital solutions in physical stores

## +25,000

Products across six categories on semi-selective / luxury brands






## The largest beauty customer club across Nordics

Almost every second female in Sweden aged 16-65 is a member of KICKS beauty club

## ~3.3M

members across the Nordics

Sweden 	Norway 	Finland 
<ul style="list-style-type: none"> <li>• ~2,000K members</li> <li>• 47% of Swedish women aged 16-64 are members</li> </ul>	<ul style="list-style-type: none"> <li>• ~900K members</li> <li>• 27% of Norwegian women aged 16-64 are members</li> </ul>	<ul style="list-style-type: none"> <li>• ~400K members</li> <li>• 22% of Finnish women aged 16-64 are members</li> </ul>
~80% member sales		

# KICKS Group has an extensive brand portfolio with major overlap to Matas



**KICKS**  
Top of mind beauty destination




**Skincity**  
Go-to-place for professional skincare

*Online only*





# 2023: Skincity integrated and new supply chain project to launch in Q3

KICKS Group standalone improvement from Skincity integration and Supply Chain Transformation at

**DKK ~40M EBITDA uplift with full effect from 2024/25<sup>1</sup>**

## Skincity integration



### Distinct Skincity concept

- Significant brand equity
- Continue operating separate Skincity customer-facing front



### Backbone integration

- Warehouse integration
- IT infrastructure integration
- Executed HQ cost reductions
- Sourcing and overheads

## Supply Chain Transformation ("SCT")



### New warehouse setup

- Located in Rosersberg
- Total investments of SEK ~240M of which vast majority already invested
- Q3 2023 expected launch



### Centralized warehouse

- Highly automated
- Significant cost reductions
- Supporting both KICKS and Skincity online through automated shuttle solution

# Creating the Nordic leader in beauty and wellbeing

## matas

## KICKS<sup>1</sup> Group

DKK revenue in 2022/23 of which ~27% is from online retail

**4,490M**

DKK EBITDA<sup>2</sup> in 2022/23

**809M**

EBITDA margin in 2022/23

**18%**

Loyalty club members

**1.9M**

Employees (FTE)

**~2,100**

**Combined  
entity**

**3,126M**

**305M**

**10%**

**3.3M**

**~1,700**

DKK revenue in 2022/23 of which ~29% is from online retail

DKK EBITDA in 2022/23

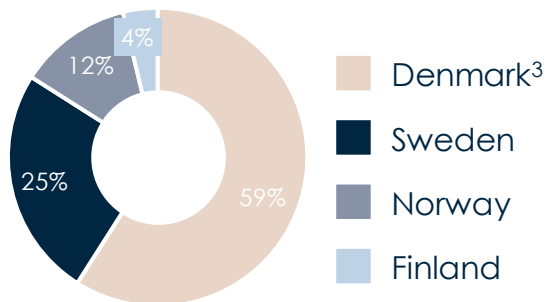
EBITDA margin in 2022/23

Loyalty club members

Employees (FTE)

**Combined revenue of DKK 7,616M**

### Country split<sup>1</sup>



Revenue split 2022/23

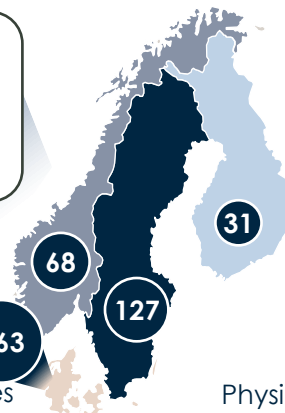
Market position in the Nordic beauty market<sup>4</sup>



**4+2**

Core online stores

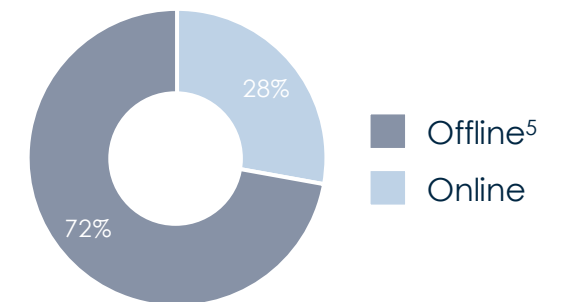
**263**



**489**

Physical stores

### Sales channel split<sup>1</sup>



Revenue split 2022/23

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Notes: 1) Pro forma adj. 2022/23 based on a SEK/DKK exchange rate of SEK/DKK 0.6888 (average rate April 2022 – March 2023); 2) Before special items; 3) Assuming 100% DK revenue from Matas; 4) Global management consultancy; 5) Includes stores and wholesale revenue



# Strategy focused on synergies by leveraging proven transformation record

A market leading player with superior profitability and proven transformation record

The leading player in the attractive Nordic beauty & wellbeing market

Long-term organic and inorganic growth potential

Superior profitability and cash generation from integrated business model

Strong management teams with proven transformation record

Creating the **instant market leader in the Nordics** with a #1 position in DK, SE & NO and a contender position in FI, resulting in **improved pricing, broader & deeper assortment, more exclusivities, stronger and broader platform for online expansion and leverage for growth investments**

## 5-Pillar strategy



Grow market share toward full potential



Expand assortment / category and own brand offering



Use scale to add more value to suppliers and secure best terms



Share core functions to harvest cost synergies



Leverage assets and platforms across countries & channels



# Several synergies identified to deliver DKK +100M EBITDA improvement

*Total EBITDA improvement potential from synergy levers expected at*

**Minimum DKK 100M EBITDA by 2025/26<sup>1</sup>**



Assortment broadening



Ecom, stores &  
omnichannel



Sourcing



Retail media



Commercial Excellence



Loyalty



Shared services



Distribution & IT



# Consolidated pro forma adj. 2022/23 financials excl. impact of standalone improvements and synergies

## Revenue

DKK  
**7,616<sub>M</sub>**

YoY growth<sup>1</sup>  
**5%**

## EBITDA

DKK  
**1,114<sub>M</sub>**

EBITDA margin  
**15%**

## EBIT

DKK  
**490<sub>M</sub>**

EBIT margin  
**6%**

# Transaction overview and path to closing

Overview	<ul style="list-style-type: none"> <li>On 29 June, Matas has signed an agreement with Axel Johnson AB to acquire 100% of the shares in KICKS Group AB</li> <li>The transaction is fully debt-financed</li> <li>The transaction includes operations in Sweden, Norway, and Finland</li> </ul>
Consideration	<ul style="list-style-type: none"> <li>Agreed fixed equity purchase price of SEK 1,100M (DKK 698M)<sup>1</sup> plus assumed net interest-bearing debt and lease liabilities of SEK 963M (DKK 639M)<sup>2</sup> as of 31 March 2023, implying an estimated enterprise value on a cash and debt free basis of SEK 2,063M (DKK 1,336M)</li> <li>4.7x pro forma adj. EV/EBITDA and 22.9x pro forma adj. EV/EBIT<sup>3</sup></li> <li>4.1x pro forma adj. EV/EBITDA and 15.1x pro forma adj. EV/EBIT incl. standalone improvements from Skincity integration and supply chain transformation<sup>3</sup></li> </ul>
Financial impact	<ul style="list-style-type: none"> <li>Estimated DKK ~40M<sup>1</sup> EBITDA uplift in KICKS Group on a standalone basis from Skincity integration and supply chain transformation</li> <li>Minimum DKK 100M<sup>1</sup> in EBITDA improvement from synergies fully phased-in by 2025/26</li> <li>Estimated integration costs of DKK 100M with the majority in the first financial year</li> <li>Expected positive EPS percentage accretion by 2024/25, and double-digit percentage accretion by 2025/26</li> </ul>
Timing and approvals	<ul style="list-style-type: none"> <li>Closing is expected in Q3 of the calendar year 2023</li> <li>The transaction is not subject to any regulatory approvals</li> </ul>

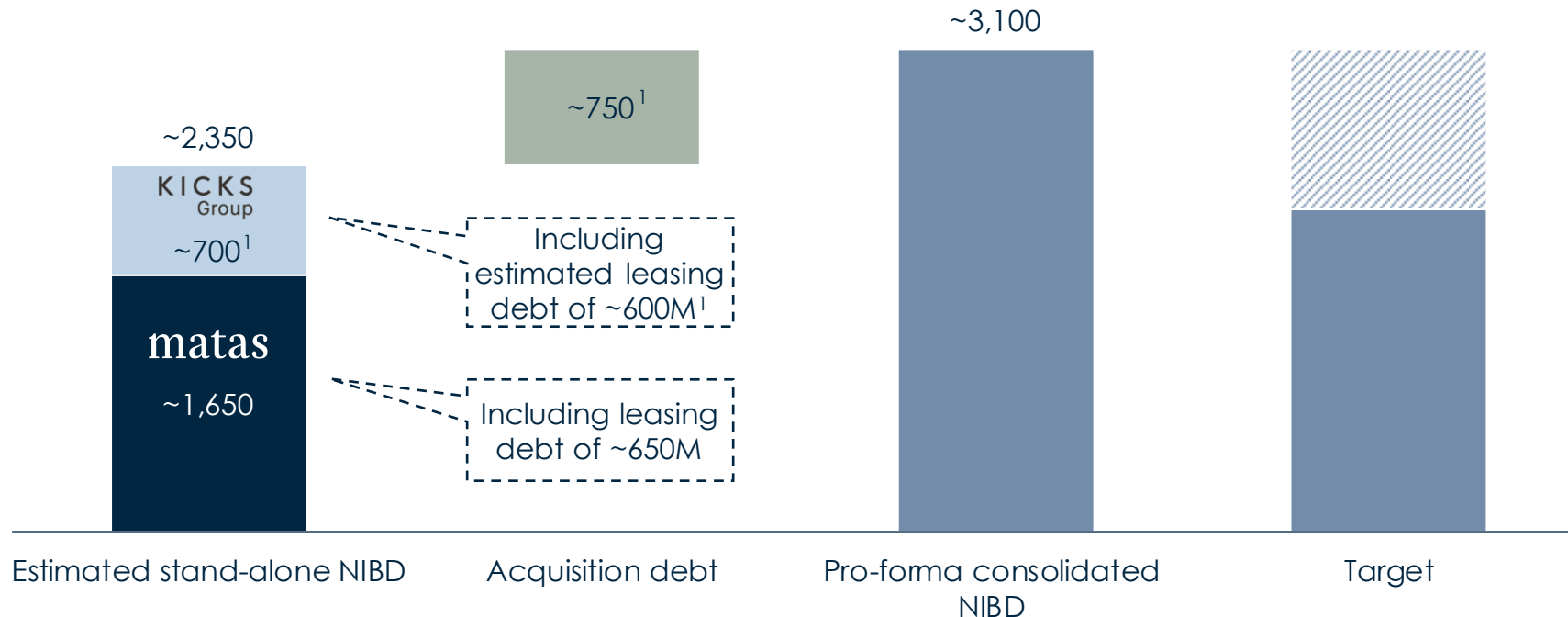


# Gearing is expected to remain within the existing 2-3x leverage target

## Estimated leverage at closing (MDKK)

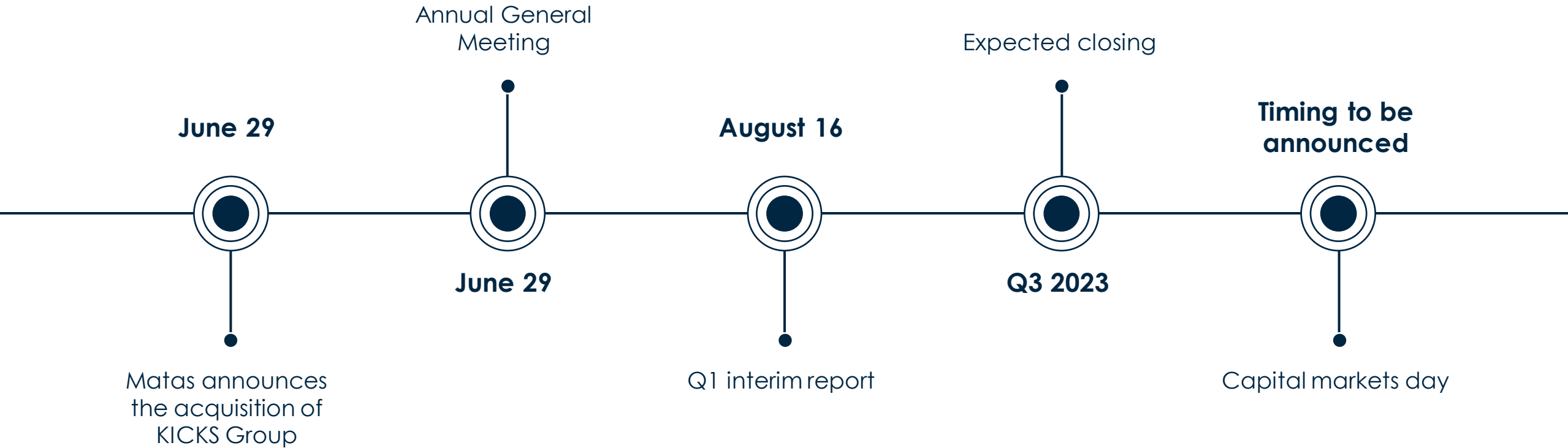
□ Net debt to EBITDA

~3x → 2-3x

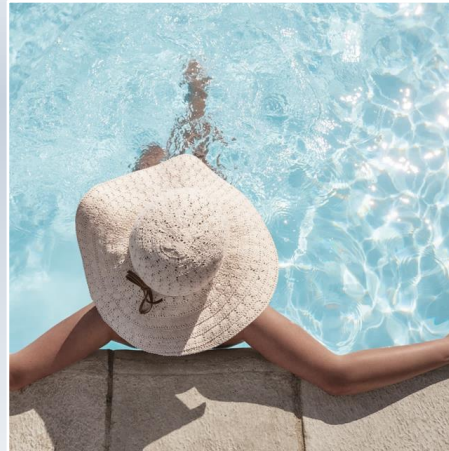


- Existing credit facilities of DKK ~2B is extended on unchanged terms for three years
- A bridge loan of DKK 500M on attractive terms has been entered and will be replaced with a new credit facility from existing lenders, fully agreed on main terms, including existing covenants
- Matas will maintain its existing capital allocation policy, with among others annual dividend and share buyback of at least 20% of adjusted profit after tax

# Next steps



With the combination of Matas and KICKS Group we are creating the **Nordic leader in beauty and wellbeing** in a **DKK +65B market<sup>1</sup>** connecting **+5M members** with brands **through online and offline retail** on a shared platform



By joining forces, we unlock new opportunities to **grow profitably in a wider range of geographies, categories and lines of business** - and we gain significant **cost advantages** and strengthen our **long-term competitiveness**

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# Closing Remarks and Q&A

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# Appendix

# Highly attractive market at DKK +65B with continued growth

## The Nordic beauty & wellbeing market (DKK)

## Market drivers

The market had a size of +65B in 2022

Fundamental market drivers



Nordic B&W market in 2022



Nordic B&W e-commerce market in 2022



Digitalisation



Changing demographics



Premiumization



Natural and organic ingredients

Short-term considerations



Inflation impact



Recessionary outlook

■ Sweden ■ Norway ■ Finland ■ Denmark

# Pro forma adj. 2022/23 revenue splits



# Pro forma adj. 2022/23 financials

Financials	KICKS Group Pro forma adj. 2022/23	KICKS Group Pro forma adj. 2022/23 <sup>1</sup>	Matas 2022/23 <sup>2</sup>	Combined entity Pro forma adj. 2022/23 (excluding PPA amortisation)	Standalone improvements <sup>3,4</sup>	Synergies <sup>3</sup>
Currency	MSEK	MDKK	MDKK	MDKK	MDKK	MDKK
Revenue	4,539	3,126	4,490	7,616		
EBITDA	443	305	809	1,114	~40	+100
EBITDA margin %	10%	10%	18%	15%		
EBIT	90	62	428	490	~30	+100
EBIT margin %	2%	2%	10%	6%		