

## **Interim report – Q1 2017/18**

**(1 April – 30 June 2017)**

### **Fewer trading days drive revenue lower – guidance maintained**

- Q1 2017/18 revenue was down by 3.2% year on year to DKK 820.9 million. Underlying (like-for-like) revenue was down by 2.9%.
- The number of trading days was down by three to 72 relative to Q1 2016/17, which is estimated to have eroded revenue by around 2%. Revenue was also affected by poor spring weather driving seasonal sales down relative to Q1 2016/17. Customer traffic and the number of transactions fell in the first quarter of the year, while the average basket size developed positively with a growth rate of 6.6%.
- High-End Beauty sales showed a very satisfactory performance, more than offsetting the negative impact of a larger number of competing outlets relative to the same period of last year, which affected Mass Beauty sales in particular. Overall Beauty sales were slightly ahead.
- Q1 2017/18 gross profit was DKK 379.1 million, taking the gross margin to 46.2%, a 1.1 percentage point decline compared with 47.3% in Q1 2016/17.
- Total costs declined compared with the year-earlier period, reflecting, among other things, the cost reduction programme completed towards the end of financial year 2016/17.
- Results of operations for Q1 fell short of our ambitions. Expecting an improved performance in the rest of the financial year, we confirm our full-year sales and profit forecasts.
- EBITA was DKK 119.0 million in Q1 2017/18, equivalent to an EBITA margin of 14.5%, against 16.1% in the year-earlier period. The fall in EBITA margin was driven down by a lower gross margin.
- Q1 profit after tax was DKK 74.0 million, and Adjusted profit after tax net of amortisation not related to software was DKK 88.9 million, compared with DKK 84.6 million and DKK 99.4 million, respectively, in Q1 2016/17.
- Cash generated from operations fell to DKK 76.7 million in Q1 2017/18, from DKK 86.5 million in Q1 2016/17. The free cash flow was an inflow of DKK 33.3 million against an inflow of DKK 25.7 million in Q1 2016/17.
- Gross debt stood at DKK 1,702.1 million at 30 June 2017. The gross debt target remains DKK 1,600-1,800 million. Net interest-bearing debt was DKK 1,481.8 million at 30 June 2017, equivalent to just under 2.5 times LTM EBITDA before exceptional items, as compared with 2.2 times at the end of Q1 2016/17.
- At the annual general meeting held on 29 June 2017, the shareholders passed a resolution to pay dividend of DKK 6.30 per share of DKK 2.50, equivalent to a total dividend of DKK 247.5 million, which was paid out in July 2017.
- Club Matas continued to grow its net membership in Q1 2017/18, retaining the position as the largest customer club in Denmark. We continually adjust the offerings to remain appealing.

- Two refurbished stores, in Kolding and Hillerød, opened in the first quarter of the financial year. In collaboration with Apollo, a Club Matas partner, we offered our customers the option of doing their tax-free shopping at Matas before their trip. Many customers have taken advantage of this opportunity.

## Outlook for 2017/18

Our financial guidance for the Group for 2017/18 is unchanged as follows:

- Underlying (like-for-like) revenue growth of 1-3% after taking a negative calendar effect into account.
- Improved EBITA relative to financial year 2016/17.
- Investments of around DKK 90-100 million (excluding store acquisitions).

## Conference call

Matas will host a conference call for investors and analysts on Tuesday, 22 August 2017 at 10:00 a.m. The conference call and presentation can be accessed on our investor website: [www.investor.en.matas.dk](http://www.investor.en.matas.dk).

Conference call access numbers for investors and analysts:

DK	+45 32 71 16 60
UK:	+44 (0)20 3427 1909
US:	+1 646 254 3367
Event code:	"MATAS" or 7068776

Please call 5-10 minutes before the conference call begins.

Link to webcast: <https://edge.media-server.com/m6/p/ffqdi3iy>

## Contacts

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## Forward-looking statements

*This interim report contains statements relating to the future, including statements regarding the 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 interim report. Forward-looking statements are subject to risks and uncertainties and a number of other factors, many of which are beyond the Matas Group's control. This may have the effect that actual results may differ significantly from the expectations expressed in the interim report. Without being exhaustive, such factors include general economic and commercial factors, including market and competitive conditions, supplier issues and financial and regulatory issues.*

# Key financials

(DKKm)	2017/18 Q1	2016/17 Q1
<b>Statement of comprehensive income</b>		
Revenue	820.9	848.1
Gross profit	379.1	401.1
EBITDA	136.5	152.6
EBIT	99.9	117.9
Profit before tax	94.9	108.4
Profit for the period	74.0	84.6
EBITA	119.0	136.9
Adjusted profit after tax	88.9	99.4
<b>Statement of financial position</b>		
Total assets	5,490.1	5,443.7
Total equity	2,410.1	2,468.2
Net working capital	(98.0)	(105.5)
Net interest-bearing debt	1,481.8	1,428.1
<b>Statement of cash flows</b>		
Cash flow from operating activities	69.3	77.4
Cash flow from investing activities	(36.0)	(51.7)
Free cash flow	33.3	25.7
<b>Ratios</b>		
Revenue growth	(3.2)%	2.6%
<i>Underlying (like-for-like) growth</i>	(2.9)%	2.9%
Gross margin	46.2%	47.3%
EBITDA margin	16.6%	18.0%
<i>EBITA margin</i>	14.5%	16.1%
EBIT margin	12.2%	13.9%
Cash conversion	31.8%	44.5%
Earnings per share, DKK	1.97	2.17
Diluted earnings per share, DKK	1.96	2.15
Share price, end of period, DKK	103.0	113.5
Return on invested capital before tax	12.9%	14.2%
Return on invested capital before tax, excluding goodwill	130.7%	133.4%
Net working capital as a percentage of revenue	(2.9)%	(3.0)%
Investments as a percentage of revenue	4.4%	6.1%
Net interest-bearing debt/adjusted EBITDA	2.5	2.2
Average number of employees	2,119	2,138

For definitions of key financials, see page 80 of the 2016/17 Annual Report.

# Management's review

## Revenue for Q1 2017/18

Matas generated total revenue of DKK 820.9 million in Q1 2017/18, a year-on-year decline of 3.2%.

Underlying sales from stores operated by the Group in both Q1 2017/18 and Q1 2016/17 fell by 2.9% (like-for-like growth). Revenue was adversely affected by the lower number of business days and, to a lesser extent, weaker seasonal sales compared with the year-earlier period. Overall customer traffic was muted, and the number of transactions declined by 7.7%. Adjusted for stores acquired, the decline was 9.4%. The average basket size grew by a satisfactory 6.6%. Online sales were slightly up on the year-earlier period.

The decline in revenue was driven by a fall in own store sales of DKK 9.6 million relative to Q1 2016/17 and a fall in wholesale sales to associated Matas stores etc. of DKK 17.6 million. The decline in wholesale sales was partly attributable to store acquisitions and partly to lower sales to the remaining associated stores, which will be leaving the chain at the end of January 2018.

### REVENUE BY SHOPS-IN-SHOP AND SALES CHANNELS

(DKKm)	2017/18 Q1	2016/17 Q1	Growth
Beauty	584.6	580.7	0.6%
Vital	91.2	94.9	(3.9)%
Material	86.0	96.8	(11.1)%
MediCare	46.4	47.2	(1.7)%
Other	6.9	5.1	37.1%
<b>Total own store revenue</b>	<b>815.1</b>	<b>824.7</b>	<b>(1.2)%</b>
Sales to associated stores etc.	5.8	23.4	(74.9)%
<b>Total revenue</b>	<b>820.9</b>	<b>848.1</b>	<b>(3.2)%</b>

Note: Product sales from StyleBox are included in Beauty, while sales of services are included in Other.

Overall, the Beauty segment grew revenue by 0.6% over Q1 2016/17. Sales of High-End Beauty products were up by 6.0% while Mass Beauty sales fell by 1.8%, reflecting customers' growing preference for High-End over Mass Beauty products and a larger number of competing mass beauty outlets compared with the year-earlier period. In addition, Beauty sales suffered from a decline in seasonal sales.

The Beauty segment's share of total own store revenue grew from 70.4% in Q1 2016/17 to 71.7% in Q1 2017/18.

The Vital segment reported a revenue decline of 3.9%, primarily due to fewer trading days and a more competitive market as a result of, among other things, a growing number of competing outlets.

Affected by sharper competition on a number of core products and a decline in seasonal sales, the Material segment saw revenue drop by 11.1%.

The MediCare segment, which offers OTC medicine and nursing products, recorded a slight decline of 1.7% in revenue for Q1 2017/18.

#### SHOPS-IN-SHOP

Matas is characterised by its wide product range within beauty, personal care, healthcare and problem-solving household products. This broad product range creates a unique one-stop retail value proposition for our customers in the shape of four shops-in-shop.

#### BEAUTY

Everyday and luxury beauty products and personal care, including cosmetics, fragrances, skincare and hair-care products.

#### VITAL

Vitamins, minerals, supplements, specialty foods and herbal medicinal products.

#### MATERIAL

Household and personal care products, including household cleaning and maintenance products, baby care, foot care and sports-related products.

#### MEDICARE

OTC medicine, nursing products, etc.

## Strategy update

Matas began implementing its 2020 strategy, "The Ultimate Difference", in Q1 2016/17. The strategy sets out to enable Matas to offer the market's premier customer experience and to further strengthen our leading online position.

The strategy is designed to further strengthen Matas's position as customers' preferred shopping destination when it comes to beauty and health products, through a stronger customer focus, an enhanced shopping experience, a more efficient price and discount structure and omnichannel leadership. The strategy will also leverage the potential of Club Matas even further.

Membership of the Club Matas loyalty programme continued to grow in Q1 2017/18. We continually adjust our loyalty programme offers to keep up our appeal, for instance through the Club Matas partner programme, which currently has 23 external partners.

One of our new initiatives is to offer Club Matas members travelling with Apollo the option of doing their tax-free shopping at Matas ahead of their trip. Many customers have taken advantage of this opportunity.

To further enhance the shopping experience, we opened two refurbished stores, in Kolding and Hillerød, in the first quarter of the year. These upgraded stores carry a larger selection of products along with new brands, and their layout makes it easier for customers to navigate the stores.

## Costs and operating performance

Gross profit for Q1 2017/18 was DKK 379.1 million, against DKK 401.1 million in Q1 2016/17.

The gross margin for Q1 2017/18 was 46.2%, down from 47.3% in the year-earlier period. The lower gross profit in Q1 2017/18 was attributable to the decline in revenue and the lower gross margin. The gross margin performance reflects sharper competition, in response to which Matas has adjusted campaign prices and sharpened pricing communications.

Other external costs were down by DKK 7.7 million relative to Q1 2016/17. Other external costs amounted to 8.5% of revenue in Q1 2017/18, down from 9.1% in the year-earlier period. The decline was primarily driven by lower marketing expenses compared with the exceptionally high level in Q1 2016/17. The cost reduction programme implemented at the end of financial year 2016/17 contributed to the improvement as well.

Staff costs were up by DKK 1.8 million over Q1 2016/17, to DKK 172.7 million, driven by general salary increases as of 1 April 2017 and acquisitions of stores and associated staff costs. Thanks to tight cost control and the cost trimming programme, which has reduced the number of employees, the overall increase in staff costs was only 1.1%.

As a percentage of revenue, staff costs rose to 21.0% in Q1 2017/18 from 20.2% in the year-earlier period, primarily owing to lower revenue. Staff costs for Q1 2017/18 included DKK 1.2 million related to the company's long-term share-based incentive programme.

### SALES CHANNELS

At 30 June 2017, the Matas chain consisted of 286 stores, including a webshop, of which 277 stores and the webshop were owned and operated by Matas at the end of Q1 2017/18.

The remaining eight stores were independently owned stores associated with the chain under a partnership agreement.

During the first quarter of the 2017/18 financial year, Matas closed one store and acquired two associated stores and is currently negotiating the final details with the owners of another two on taking over these stores as well.

The number of StyleBox stores was unchanged at five plus a shop-in-shop and a webshop.

## COSTS

(DKKm)	2017/18 Q1	2016/17 Q1	Growth
Other external costs	69.9	77.6	(9.9)%
As a percentage of revenue	8.5%	9.1%	
Staff costs	172.7	170.9	1.1%
As a percentage of revenue	21.0%	20.2%	

EBITDA was DKK 136.5 million in Q1 2017/18, a year-on-year decline of 10.6%. The EBITDA margin was 16.6%, 1.4 percentage points lower than in Q1 2016/17.

EBIT was DKK 99.9 million in Q1 2017/18. EBITA was down by 13.1% to DKK 119.0 million, taking the EBITA margin to 14.5% from 16.1% in Q1 2016/17. The lower margin was primarily attributable to the weaker contribution ratio.

## EBITDA, EBIT AND EBITA

(DKKm)	2017/18 Q1	2016/17 Q1	Growth
<b>EBITDA</b>	<b>136.5</b>	<b>152.6</b>	<b>(10.6)%</b>
Amortisation, depreciation and impairment	36.6	34.7	
<b>EBIT</b>	<b>99.9</b>	<b>117.9</b>	<b>(15.3)%</b>
Amortisation of intangible assets	19.1	19.0	
<b>EBITA</b>	<b>119.0</b>	<b>136.9</b>	<b>(13.1)%</b>
EBITA margin	14.5%	16.1%	
EBITDA margin	16.6%	18.0%	

## Financial items

Net financial expenses were down by DKK 4.5 million in Q1 2017/18 to DKK 5.0 million, including a fair value adjustment of an interest rate swap representing income of DKK 2.6 million against DKK 0.3 million in Q1 2016/17. Net interest expenses excluding fair value adjustments were DKK 7.6 million, a year-on-year decline of DKK 2.2 million.

## NET INTEREST EXPENSES

(DKKm)	2017/18 Q1	2016/17 Q1
Net financial expenses	5.0	9.5
Fair value adjustment of interest rate swap	2.6	0.3
Net interest expenses, adjusted for swap	7.6	9.8

## Profit for the period

The effective tax rate was 22.0% in Q1 2017/18, equivalent to a tax expense of DKK 20.9 million. The profit for the period was DKK 74.0 million after tax, and the Adjusted profit after tax was DKK 88.9 million, a decline of 10.5% from DKK 99.4 million in Q1 2016/17.

## Statement of financial position

Total assets amounted to DKK 5,490.1 million at 30 June 2017, up from DKK 5,443.7 million at 30 June 2016.

Current assets totalled DKK 1,105.8 million, a year-on-year increase of DKK 77.9 million. Q1 inventories were 1.4% lower than at the end of Q1 2016/17, including net additions from acquired operations, store openings and store

closings. Inventories accounted for 22.0% of LTM revenue at 30 June 2017 as compared with 22.2% at 30 June 2016 and 20.0% at the end of Q4 2016/17.

Reflecting the acquisition of stores and lower sales to the remaining associated stores, trade receivables declined by DKK 10.3 million to DKK 17.6 million. Trade payables fell by DKK 32.8 million as compared with 30 June 2016, reflecting, among other things, lower inventories.

Net working capital excluding deposits stood at minus DKK 98.0 million at 30 June 2017, compared with minus DKK 105.5 at 30 June 2016. Net working capital accounted for minus 2.9% of LTM revenue, as compared with minus 3.0% the year before.

Cash and cash equivalents stood at DKK 220.3 million, up from DKK 106.1 million the year before.

Equity was DKK 2,410.1 million at 30 June 2017, slightly down from DKK 2,468.2 million at 30 June 2016.

Gross interest-bearing debt stood at DKK 1,702.1 million at 30 June 2017.

Net interest-bearing debt was DKK 1,481.8 million at 30 June 2017, a year-on-year increase of DKK 53.7 million, equalling 2.45 times LTM EBITDA.

The Group held a total of 1,657,186 treasury shares at 30 June 2017. After the date of the statement of financial position, 1,000,000 treasury shares, equivalent to 2.5% of the share capital, were cancelled following a resolution adopted at the annual general meeting held on 29 June 2017. The company's share capital currently consists of 38,291,492 shares of DKK 2.50 each, corresponding to a share capital of DKK 95,728,730. Matas currently holds 657,186 treasury shares, of which a portion is held for the purpose of meeting the Group's obligations to deliver shares under its long-term incentive programme.

## Statement of cash flows

Cash generated from operations was an inflow of DKK 76.7 million in Q1 2017/18 against an inflow of DKK 86.5 million in Q1 2016/17. The cash flow from operating activities was an inflow of DKK 69.3 million, down from an inflow of DKK 77.4 million in Q1 2016/17.

The cash flow from investing activities was an outflow of DKK 36.0 million in Q1 2017/18, compared with an outflow of DKK 51.7 million in Q1 2016/17. The decline is explained by the fact that only two minor associated stores were acquired in Q1, as compared with four larger associated stores in the same period of last year. The decline was partially offset by higher investments in the retail network upgrade and IT.

The free cash flow was DKK 33.3 million in Q1 2017/18, up from DKK 25.7 million in Q1 2016/17.

## Return on invested capital

The return on last 12 months invested capital before tax was 12.9%, as compared with 14.2% a year earlier.

## Events after the date of the statement of financial position

No significant events have occurred after the date of the statement of financial position.

## Significant risks

As stated in the 2016/17 Annual Report, no significant operational risks are deemed to exist other than what is normal for the industry. Matas is to some extent exposed to different types of financial risk such as interest rate, liquidity and credit risk. See note 29 to the consolidated financial statements for 2016/17 for additional information on such risk.

# Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and adopted the interim report of Matas A/S for the period 1 April to 30 June 2017.

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 2017 and of the results of the Group's operations and cash flows for the period 1 April to 30 June 2017.

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, 22 August 2017

## Executive Management

Terje List  
CEO

Anders T. Skole-Sørensen  
CFO

## Board of Directors

Lars Vinge Frederiksen  
Chairman

Lars Frederiksen  
Deputy Chairman

Signe Trock Hilstrøm

Mette Maix

Christian Mariager

Birgitte Nielsen



## Additional information

### Financial calendar

The financial year covers the period 1 April – 31 March, and the following dates have been set for releases etc. in the remaining part of the financial year 2017/18:

8 November 2017	Interim report for the period 1 April 2017 to 30 September 2017 (6M)
9 January 2018	Trading Update for the period 1 October 2017 to 31 December 2017
6 February 2018	Interim report for the period 1 April 2017 to 31 December 2017 (9M)
30 May 2018	Annual report 2017/18
28 June 2018	Annual general meeting

### Company information

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Company reg. (CVR) no. 27 52 84 06

# Statement of comprehensive income

(DKKm)	2017/18 Q1	2016/17 Q1
Revenue	820.9	848.1
Cost of goods sold	(441.8)	(447.0)
<b>Gross profit</b>	<b>379.1</b>	<b>401.1</b>
Other external costs	(69.9)	(77.6)
Staff costs	(172.7)	(170.9)
Amortisation, depreciation and impairment	(36.6)	(34.7)
<b>EBIT</b>	<b>99.9</b>	<b>117.9</b>
Financial income	2.6	0.3
Financial expenses	(7.6)	(9.8)
<b>Profit before tax</b>	<b>94.9</b>	<b>108.4</b>
Tax on profit for the period	(20.9)	(23.8)
<b>Profit for the period</b>	<b>74.0</b>	<b>84.6</b>
<b>Other comprehensive income</b>		
Other comprehensive income after tax	0.0	0.0
<b>Total comprehensive income</b>	<b>74.0</b>	<b>84.6</b>
<b>Earnings per share</b>		
Earnings per share, DKK	1.97	2.17
Diluted earnings per share, DKK	1.96	2.15

# Statement of cash flows

(DKKm)	2017/18 Q1	2016/17 Q1
Profit before tax	94.9	108.4
Adjustment for non-cash operating items etc.:		
Amortisation, depreciation and impairment	36.6	34.7
Other non-cash operating items, net	0.6	0.7
Financial income	(2.6)	(0.3)
Financial expenses	7.6	9.8
<b>Cash generated from operations before changes in working capital</b>	<b>137.1</b>	<b>153.3</b>
Changes in working capital	(60.4)	(66.8)
<b>Cash generated from operations</b>	<b>76.7</b>	<b>86.5</b>
Interest received	0.0	0.0
Interest paid	(7.4)	(9.1)
Corporation tax paid	0.0	0.0
<b>Cash flow from operating activities</b>	<b>69.3</b>	<b>77.4</b>
Acquisition of intangible assets	(17.3)	(9.2)
Acquisition of property, plant and equipment	(15.4)	(8.7)
Acquisition of subsidiaries and operations	(3.3)	(33.8)
<b>Cash flow from investing activities</b>	<b>(36.0)</b>	<b>(51.7)</b>
<b>Free cash flow</b>	<b>33.3</b>	<b>25.7</b>
Debt raised and settled with credit institutions	153.7	40.0
Purchase and sale of treasury shares	0.0	(29.5)
<b>Cash flow from financing activities</b>	<b>153.7</b>	<b>10.5</b>
<b>Net cash flow from operating, investing and financing activities</b>	<b>187.0</b>	<b>36.2</b>
Cash and cash equivalents, beginning of period	33.3	69.9
<b>Cash and cash equivalents, end of period</b>	<b>220.3</b>	<b>106.1</b>

# Assets

(DKKm)	30.06 2017	30.06 2016	31.03 2017
<b>NON-CURRENT ASSETS</b>			
Goodwill	3,737.8	3,724.8	3,734.5
Trademarks and trade names	343.4	417.3	361.8
Shares in co-operative property	3.9	3.9	3.9
Other intangible assets	58.9	40.7	49.2
<b>Total intangible assets</b>	<b>4,144.0</b>	<b>4,186.7</b>	<b>4,149.4</b>
<b>Property, plant and equipment</b>			
Land and buildings	92.0	95.9	92.7
Other fixtures and fittings, tools and equipment	74.6	65.9	69.9
Leasehold improvements	12.8	10.3	12.1
<b>Total property, plant and equipment</b>	<b>179.4</b>	<b>172.1</b>	<b>174.7</b>
Deferred tax assets	20.3	18.8	17.7
Deposits	39.9	37.3	39.7
Other securities and investments	0.7	0.9	0.7
<b>Total other non-current assets</b>	<b>60.9</b>	<b>57.0</b>	<b>58.1</b>
<b>Total non-current assets</b>	<b>4,384.3</b>	<b>4,415.8</b>	<b>4,382.2</b>
<b>CURRENT ASSETS</b>			
Inventories	755.5	766.0	693.2
Trade receivables	17.6	27.9	20.7
Corporation tax receivable	83.8	99.6	112.9
Other receivables	10.9	7.0	11.4
Prepayments	17.7	21.3	16.9
Cash and cash equivalents	220.3	106.1	33.3
<b>Total current assets</b>	<b>1,105.8</b>	<b>1,027.9</b>	<b>888.4</b>
<b>TOTAL ASSETS</b>	<b>5,490.1</b>	<b>5,443.7</b>	<b>5,270.6</b>

## Equity and liabilities

(DKKm)	30.06 2017	30.06 2016	31.03 2017
<b>EQUITY</b>			
Share capital	98.2	100.7	98.2
Share premium	0.0	1,787.3	0.0
Translation reserve	0.3	0.3	0.3
Treasury share reserve	(185.3)	(165.3)	(185.3)
Retained earnings	2,496.9	745.2	2,411.8
Proposed dividend for the financial year	0.0	0.0	247.5
<b>Total equity</b>	<b>2,410.1</b>	<b>2,468.2</b>	<b>2,572.5</b>
<b>LIABILITIES</b>			
Deferred tax	230.6	245.3	236.5
Credit institutions	1,702.1	1,534.2	1,492.0
Other payables, non-current	10.5	22.5	13.1
<b>Total non-current liabilities</b>	<b>1,943.2</b>	<b>1,802.0</b>	<b>1,741.6</b>
Credit institutions	0.0	0.0	56.3
Prepayments from customers	154.2	146.7	156.5
Trade payables	592.0	624.8	587.9
Dividend	237.1	245.8	0.0
Other payables	153.5	156.2	155.8
<b>Total current liabilities</b>	<b>1,136.8</b>	<b>1,173.5</b>	<b>956.5</b>
<b>Total liabilities</b>	<b>3,080.0</b>	<b>2,975.5</b>	<b>2,698.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,490.1</b>	<b>5,443.7</b>	<b>5,270.6</b>

# Statement of changes in equity

(DKKm)	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
<b>Equity at 1 April 2017</b>	<b>98.2</b>	<b>0.0</b>	<b>0.3</b>	<b>(185.3)</b>	<b>247.5</b>	<b>2,411.8</b>	<b>2,572.5</b>
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	0.0	74.0	74.0
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>74.0</b>	<b>74.0</b>
<b>Transactions with owners</b>							
Dividend transferred to liabilities	0.0	0.0	0.0	0.0	(237.1)	0.0	(237.1)
Dividend on treasury shares	0.0	0.0	0.0	0.0	(10.4)	10.4	0.0
Share-based payment	0.0	0.0	0.0	0.0	0.0	0.6	0.6
<b>Total transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(247.5)</b>	<b>11.0</b>	<b>(236.5)</b>
<b>Equity at 30 June 2017</b>	<b>98.2</b>	<b>0.0</b>	<b>0.3</b>	<b>(185.3)</b>	<b>0.0</b>	<b>2,496.9</b>	<b>2,410.1</b>

(DKKm)	Share capital	Share premium	Translation reserve	Treasury share reserve	Proposed dividend	Retained earnings	Total
<b>Equity at 1 April 2016</b>	<b>100.7</b>	<b>1,787.3</b>	<b>0.3</b>	<b>(137.4)</b>	<b>253.8</b>	<b>653.6</b>	<b>2,658.3</b>
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the period	0.0	0.0	0.0	0.0	0.0	84.6	84.6
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>84.6</b>	<b>84.6</b>
<b>Transactions with owners</b>							
Dividend transferred to liabilities	0.0	0.0	0.0	0.0	(245.8)	0.0	(245.8)
Dividend on treasury shares	0.0	0.0	0.0	0.0	(8.0)	8.0	0.0
Acquisition of treasury shares	0.0	0.0	0.0	(29.7)	0.0	0.0	(29.7)
Exercise of share options	0.0	0.0	0.0	1.8	0.0	(1.7)	0.1
Share-based payment	0.0	0.0	0.0	0.0	0.0	0.7	0.7
<b>Total transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(27.9)</b>	<b>(253.8)</b>	<b>7.0</b>	<b>(274.7)</b>
<b>Equity at 30 June 2016</b>	<b>100.7</b>	<b>1,787.3</b>	<b>0.3</b>	<b>(165.3)</b>	<b>0.0</b>	<b>745.2</b>	<b>2,468.2</b>

# Notes to the financial statements

## 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 stated below, the accounting policies are unchanged from the accounting policies applied in the consolidated financial statements for 2016/17, to which reference is made.

Matas A/S has implemented the standards and interpretations taking effect for 2017/18. None of the new standards and interpretations have significantly affected recognition and measurement.

## 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 2016/17.

## Note 3 – Seasonality

Apart from fluctuations in the number of business days, the Group's activities in the interim period were only to a limited extent affected by seasonal or cyclical fluctuations.

## Note 4 – Acquisition of operations

Matas acquired two associated stores in Q1 2017/18, one on 1 May 2017 and one on 1 June 2017. The total consideration was DKK 4.9 million, including goodwill of DKK 3.3 million and inventories of DKK 2.2 million.

The acquired associated stores are recognised in revenue for the period at DKK 1.7 million and in EBITDA for the period at DKK 0.0 million. Consolidated revenue and profit for the period, determined on a pro forma basis as if the acquired stores had been acquired at 1 April 2017, amounted to DKK 822.6 million and DKK 74.1 million, respectively.

Due to the ongoing settlement of contracts with the sellers, the amounts recognised in relation to the acquisitions are subject to change. No transaction costs were incurred.

# Interim financial highlights

(DKKm)	2017/18	2016/17	2016/17	2016/17	2016/17
	Q1	Q4	Q3	Q2	Q1
<b>Statement of comprehensive income</b>					
Revenue	820.9	779.4	1,064.3	771.6	848.1
Gross profit	379.1	361.3	487.5	361.9	401.1
EBITDA	136.5	122.3	231.8	113.4	152.6
EBIT	99.9	83.1	195.6	78.5	117.9
Net financial expenses	(5.0)	(12.9)	(7.8)	(8.4)	(9.5)
Profit before tax	94.9	70.2	187.8	70.1	108.4
Profit for the period	74.0	52.6	147.0	54.6	84.6
<b>Statement of financial position</b>					
Total assets	5,490.1	5,270.6	5,454.4	5,316.1	5,443.7
Total equity	2,410.1	2,572.5	2,552.6	2,493.8	2,468.2
Net working capital	(98.0)	(158.0)	(160.5)	3.7	(105.5)
Net interest-bearing debt	1,481.8	1,515.0	1,522.3	1,732.1	1,428.1
<b>Statement of cash flows</b>					
Cash flow from operating activities	69.3	73.0	330.7	1.6	77.4
Cash flow from investing activities	(36.0)	(28.1)	(31.3)	(23.4)	(51.7)
Free cash flow	33.3	44.9	299.4	(21.8)	25.7
Net cash flow from operating, investing and financing activities	187.0	(133.0)	131.7	(71.4)	36.2
<b>Key performance indicators</b>					
Number of transactions (in millions)	5.2	5.0	6.3	5.3	5.6
Average basket size (in DKK)	155.1	149.3	163.6	140.6	145.4
Total retail floor space (in thousands of square metres)	52.6	52.3	51.9	51.5	51.5
Avg. revenue per square metre (in DKK thousands) - LTM	64.7	65.0	65.0	64.8	65.1
Like-for-like growth	(2.9)%	2.5%	1.3%	(1.5)%	2.9%
<b>Adjusted figures</b>					
EBITDA	136.5	122.3	231.8	113.4	152.6
Depreciation and amortisation of software	(17.5)	(20.2)	(17.2)	(15.9)	(15.7)
EBITA	119.0	102.1	214.6	97.5	136.9
Adjusted profit after tax	88.9	67.4	161.8	69.4	99.4
Gross margin	46.2%	46.4%	45.8%	46.9%	47.3%
EBITDA margin	16.6%	15.7%	21.8%	14.7%	18.0%
EBIT margin	12.2%	10.7%	18.4%	10.2%	13.9%
EBITA margin	14.5%	13.1%	20.2%	12.6%	16.1%