October 2019-June 2020 Interim Report Q3/2020

Interim Report 1 October 2019 – 30 June 2020

Strong profitable growth

April–June 2020

- Group net sales totalled EUR 68.8 million (59.0 million), an increase of 16.6%.
- Like-for-like sales growth was 11.5%.
- Adjusted EBITA was EUR 6.4 (4.2) million, up by 54.3%.
- Adjusted EBITA margin was 9.3% (7.1%).
- Operating profit increased by 113.3% to EUR 4.2 (2.0) million, representing 6.1% (3.3%) of net revenue.
- Profit for the period totalled EUR 4.9 (-0.4) million.
- Earnings per share was EUR 0.14 (-0.01).
- Seven new directly operated stores were opened during Q3.

October 2019 – June 2020

- Group net sales totalled EUR 207.5 million (182.1 million), an increase of 13.9%.
- Like-for-like sales growth was 11.2%.
- Adjusted EBITA was EUR 19.7 (14.9) million, up by 32.2%.
- Adjusted EBITA margin was 9.5% (8.2%).
- Operating profit increased by 52.1% to EUR 11.7 (7.7) million, representing 5.7% (4.2%) of net revenue.
- Profit for the period totalled EUR 5.9 (0.8) million.
- Earnings per share was EUR 0.19 (0.02).
- Number of stores grew to 290 (274 at 30 June 2019).
- Number of loyal customers grew to 1,107 thousand (949 thousand).

The figures in parentheses refer to the comparison period, i.e. the same period in the previous year, unless stated otherwise.
Musti's financial year is from 1 October to 30 September.

Key figures

EUR million or as indicated	4-6/2020	4-6/2019	Change %	10/2019–6/2020	10/2018–6/2019	Change %	FY2019
Net sales	68.8	59.0	16.6	207.5	182.1	13.9	246.6
Net sales growth, %	16.6%	9.6%		13.9%	13.5%		14.1%
LFL sales growth, %	11.5%	11.3%		11.2%	10.8%		11.2%
LFL store sales growth, %	4.3%	9.0%		7.1%	7.4%		7.8%
Online share, %	25.0%	21.3%		22.7%	20.9%		20.7%
Gross margin, %	42.6%	43.8%		43.8%	44.1%		44.3%
EBITA	5.7	3.4	69.7	16.2	11.8	36.6	18.1
Adjusted EBITA	6.4	4.2	54.3	19.7	14.9	32.2	21.9
Adjusted EBITA margin, %	9.3%	7.1%		9.5%	8.2%		8.9%
Operating profit	4.2	2.0	113.3	11.7	7.7	52.1	12.5
Operating profit margin, %	6.1%	3.3%		5.7%	4.2%		5.1%
Profit/loss for the period	4.9	-0.4	n.m.	5.9	0.8	676.5	3.0
Earnings per share, basic and diluted, EUR	0.14	-0.01		0.19	0.02		0.10
Net cash flow from operating activities	2.2	11.1	-79.8	21.7	29.5	-26.4	39.5
Investments	3.4	2.1	67.0	8.3	5.1	61.3	6.4
Gearing, %	73.3%	146.2%		73.3%	146.2%		135.4%
Net debt / LTM adjusted EBITDA	2.4	4.4	-44.5	2.4	4.4	-44.5	3.5
Number of loyal customers, thousands	1,107	979	13.0	1,107	979	13.0	1,018
Number of stores at the end of the period	290	274	5.8	290	274	5.8	277
of which directly operated	227	203	11.8	227	203	11.8	206

CEO's comments

The impacts of COVID-19 have become increasingly evident during the third quarter of Musti's financial year and the pandemic continues to severely affect people, businesses and societies. During the pandemic, our top priorities have been to keep our staff and customers safe and to maintain our ability to deliver high-quality support to our customers under exceptional circumstances.

These challenging societal and economic conditions have to date, however, proven the resilience of Musti's business model and are very pleased with Musti's third quarter of the financial year 2020:

- Our net sales grew by 16.6% to EUR 68.8 million compared to the corresponding quarter last year. The increase was largely due to like-for-like growth of 11.5%, mainly driven by the increasing number of new customers joining our existing loyal customers.
- Online sales increased by 36.7% and accounted for 25.0% of total net sales during the quarter. Online sales growth was boosted by a channel shift towards online due to the change in customer behaviour caused by the COVID-19 pandemic in all countries which started to normalize in June.
- Store sales increased by 12.0% to EUR 48.4 million, driven by increased number of stores and strong like-for-like store sales growth in Sweden and Norway, offset by the impact of COVID-19 on selected stores. The impact of COVID-19 was strongest in Finland due to restrictions relating to shopping centers.
- Musti's underlying growth has continued strong after the third quarter

The number of registered puppies grew by approximately 14% in Sweden in April – June 2020 compared to approximately 5% in January – March 2020. Finland and Norway have seen similar increases in the number of registered puppies. This growth in the number of registered puppies led to an increased demand for pet products and thus higher growth expectations for the market. In the third quarter we continued to focus on market share growth in all markets led by Sweden and Norway. To support this Musti will open altogether 20-25 new owned stores during the reporting year 2020.

Musti's omnichannel business model combines the convenience of both store and online purchases. Stores provide an essential and convenient touch point and allow Pet Parents to explore products, receive trusted advice from Musti Experts and access pet services. The physical in-store offering is complemented by Musti's online channel. Our strong omnichannel strategy and scalable platform have served us well, as we have seen a strong shift from stores to online channels due to the COVID-19 pandemic.

Musti is focusing on profitable growth, supported by its scalable, cost efficient platform. This work was evident in the profitability development in the third quarter as Musti Group's adjusted EBITA increased by 54.3% to EUR 6.4 million from the corresponding quarter last year. The improvement was mainly due to an increase in sales combined with operating leverage. Sweden and Norway are approaching the profitability level of Finland faster than expected, adjusted EBITA margin increasing to 10.5% in Sweden and to 15.7% in Norway in the third quarter. In Finland, adjusted EBITA margin increased to 22.9%. Operating profit increased 113% to EUR 4.2 million in the third quarter.

The pet care market has proven to be resilient to economic downturns in the past. During the COVID-19 pandemic, the resilience of our business, comparable to grocery stores, has, to date, been apparent. We will continue to take the appropriate operational actions required during these times as we continue to serve our customers according to their channel preference, win new customers and keep our staff and customers safe.

We believe the trends driving the pet care market, coming from the pet parenting megatrend of the humanization of pets, coupled with increased pet population growth, will continue to underpin strong market growth. This increased demand gives us more opportunity to grow market share utilizing our channel agnostic omnichannel business model and allows us to reach even more customers enabling us to continue developing our value proposition to better serve our customers in the Nordic markets.

I want to thank everyone at Musti for their dedication and efforts during this difficult time. I am extremely grateful for the agility and commitment our employees demonstrated towards our customers through the challenging times. Our mission is to make the life of pets and their parents easier, safer and more fun, and the effort of our team have enabled us to do that even under these exceptional circumstances.

David Rönnberg,
CEO

Financial targets and outlook

Musti Group does not publish its short-term outlook. However, Musti Group's Board of Directors has set the following long-term financial targets:

Growth	**Sales to reach at least EUR 350 million** by the financial year 2023 **by continuation of strong customer acquisition momentum.**
Profitability	Mid- to long-term **adjusted EBITA margin of 10-12 per cent** with **steadily improving profile.** Margin increase is expected to be realised through steady gross margin and improving operating leverage.
Capital structure	**Maintain net debt in relation to adjusted EBITDA below 2.5x** in the long term.
Dividend policy	**To pay a dividend corresponding to 60-80 per cent of net profit.** Any potential dividend shall take into account acquisitions, the company's financial position, cash flow and future growth opportunities.

Market outlook

Musti Group (Musti) operates in the Nordic pet care market, broadly defined as the sale of pet food, treats, products, services and veterinary care across Finland, Sweden and Norway. According to Euromonitor, the market is estimated to be worth approximately EUR 2.8 billion, with Sweden as the largest market, accounting for approximately EUR 1.2 billion, and Finland and Norway estimated to be similar in size, at approximately EUR 820 million and approximately EUR 790 million, respectively.

The rise of "Pet Parenting" refers to the increasing tendency of people to treat their pets like family members. As a result of this trend, people are spending more on higher quality and more premium food, as well as a more diverse range of products and services. Musti believes it is able to continue its strong performance, as it is focused on the high-quality products and services the Pet Parents seek.

The pet care market is resilient, underpinned by non-discretionary purchasing behaviour. Non-discretionary categories such as food, cat litter and veterinary services make up approximately 76 per cent of total market spend and are characterised by repeat purchasing behaviour that is consistent through the cycle. Consumers display a willingness to sustain spending on pet care through economic downturns, preferring to cut expenditure on alternative spend categories.

Musti believes that the trends driving the pet care market, such as the pet parenting megatrend and pet population growth, will remain robust also after the COVID-19 pandemic. It has been proven that historically the amount of puppy registrations has increased during economic downturns. This has been evident for example in Finland in the 1990s recession and during the financial crisis in 2008–2009.

Group performance

Net sales

EUR million	4-6/2020	4-6/2019	Change %	10/2019–6/2020	10/2018–6/2019	Change %	FY2019
Net sales							
Group	68.8	59.0	16.6	207.5	182.1	13.9	246.6
Finland	32.0	29.1	10.0	99.8	90.5	10.3	122.8
Sweden	30.1	25.8	16.8	89.8	79.9	12.4	107.5
Norway	6.6	4.1	62.9	17.9	11.7	52.5	16.4

April–June 2020

The Group's net sales increased by 16.6% to EUR 68.8 million (EUR 59.0 million). The increase was largely due to like-for-like growth in all countries, mainly driven by the increasing number of new customers. Like-for-like growth amounted to 11.5% (11.3%).

Store sales increased by 12.0% to EUR 48.4 million (EUR 43.2 million), driven by increased number of stores and strong like-for-like store sales growth in Sweden and Norway, offset by the impact of COVID-19 on selected stores. The impact of COVID-19 was strongest in Finland due to restrictions relating to shopping centers. Like-for-like store sales growth amounted to 4.3% (9.0%). Online sales increased by 36.7% to EUR 17.2 million (EUR 12.6 million). Online sales accounted for 25.0% (21.3%) of total net sales. Online sales growth was driven by a channel shift towards online sales due to the COVID-19 pandemic and focus on growth in all countries. The channel shift was strongest in April and started to normalize in June.

Net sales in Finland increased by 10.0% driven by like-for-like growth of 6.2% and growth from the new stores opened and acquired during the latest twelve months. One new directly operated store was opened in Finland during Q3. Net sales in Sweden increased by 16.8% driven by strong like-for-like growth of 13.0%. The weakened SEK rate compared to Q3 FY19 and closure of three stores during FY19 as part of the full integration of the stores acquired in FY15 had a negative impact on growth. During Q3, three new stores were opened in Sweden and two franchise stores were acquired. In addition, four franchise stores were closed. Net sales in Norway increased by 62.9% driven by strong like-for-like growth of 44.8% and ramp-up of the stores opened during the latest twelve months. The weakened NOK rate and closure of one store during FY20 had a negative impact on growth. Three new stores were opened in Norway during Q3.

Number of loyal customers increased to 1,107 thousand during the reporting period (979 thousand on 30 June 2019). Rolling 12 months average spend per loyal customer increased to EUR 178.0 on 30 June 2020 (EUR 174.6 on 30 June 2019), driven by increased average order value.

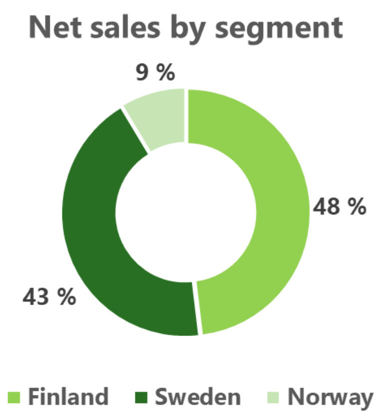
October 2019 – June 2020

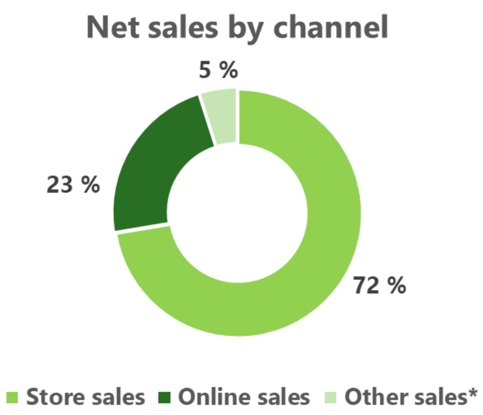
The Group's net sales increased by 13.9% to EUR 207.5 million (EUR 182.1 million). The increase was largely due to like-for-like growth in all countries, mainly driven by the increasing number of new customers. Like-for-like growth amounted to 11.2% (10.8%).

Store sales increased by 11.8% to EUR 150.2 million (EUR 134.4 million), driven by like-for-like store sales growth in all countries. Like-for-like store sales growth amounted to 7.1% (7.4%). Online sales increased by 23.7% to EUR 47.1 million (EUR 38.1 million). Online sales growth recovered during Q2 after the platform change in Peten Koiratarvike in Q1. In addition, the COVID-19 pandemic had a positive impact on the share of online sales. Online sales accounted for 22.7% (20.9%) of total net sales.

Net sales in Finland increased by 10.3% driven by like-for-like growth of 6.6% and growth from new stores opened during the latest twelve months. During the reporting period, two new directly operated stores and one new franchise store were opened in Finland, and one franchise store was acquired. Net sales in Sweden increased by 12.4% driven by strong like-for-like growth of 14.1%. During the reporting period, eight new stores were opened in Sweden, six franchise stores were closed, and two franchise stores were acquired. The weakened SEK rate and closure of three stores during FY19 had a negative impact on growth. Net sales in Norway increased by 52.5% driven by strong like-for-like growth of 32.5% and ramp-up of stores opened during the latest twelve months. The weakened NOK rate and closure of one store during FY20 had a negative impact on growth. Nine new stores were opened and one store was closed in Norway during the reporting period.

Number of loyal customers increased to 1,107 thousand during the reporting period (979 thousand on 30 June 2019). Rolling 12 months average spend per loyal customer increased to EUR 178.0 on 30 June 2020 (EUR 174.6 on 30 June 2019), driven by increased average order value.





*Other sales include franchise fees and wholesale.

Result

April–June 2020

The Group's adjusted EBITA increased by 54.3% to EUR 6.4 million (EUR 4.2 million). Adjusted EBITA margin was 9.3% (7.1%). The improvement was mainly due to an increase in sales, partly offset by slightly lower gross margin. Gross margin decreased to 42.6% (43.8%) due to the higher distribution costs driven by increased share of online sales. Gross margin excluding distribution costs was on the same level as in Q3 FY19. The share of employee benefits and other operating expenses as percentage of sales decreased to 28.3% (31.6%), mainly driven by operating leverage and lower working hours in our stores and lower operating costs adapting to the lower store volumes due to the COVID-19. Marketing expenses in relation to sales were on the same level as in the corresponding quarter last year. Depreciation amounted to EUR 4.7 million (EUR 4.1 million) and amortisation amounted to EUR 1.5 million (EUR 1.4 million).

Adjustments to EBITA were EUR 0.7 million (EUR 0.8 million). The adjustments mainly related to the IPO process. Musti does not expect to have any more adjustments related to the IPO process.

Operating profit increased by 113.3% to EUR 4.2 million (EUR 2.0 million).

Profit before taxes increased to EUR 6.0 million (EUR -0.5 million). Financial income and expenses (net) increased from EUR -2.5 million to EUR 1.8 million mainly due to unrealised foreign exchange gains related to stronger SEK rate compared to Q2 FY20 and lower interest expenses due to the refinancing in connection with the IPO.

Profit for the period was EUR 4.9 million (EUR -0.4 million) and earnings per share was 0.14 (-0.01).

October 2019 – June 2020

The Group's adjusted EBITA increased by 32.2% to EUR 19.7 million (EUR 14.9 million). Adjusted EBITA margin was 9.5% (8.2%). The improvement was mainly due to an increase in sales combined with operating leverage. Gross margin decreased to 43.8% (44.1%) due to higher share of online sales, offset by more efficient campaigning and supply chain management. The share of employee benefit and other operating expenses as percentage of sales decreased to 30.0% (31.4%) driven by operating leverage and lower working hours in our stores and lower operating costs adapting to the lower store volumes due to the COVID-19.

Depreciation amounted to EUR 13.3 million (EUR 12.1 million) and amortisation amounted to EUR 4.4 million (EUR 4.1 million).

Adjustments to EBITA were EUR 3.6 million (EUR 3.1 million). The adjustments mainly related to the IPO process. Musti does not expect to have any more adjustments related to the IPO process.

Operating profit increased by 52.1% to EUR 11.7 million (EUR 7.7 million).

Profit before taxes increased to EUR 7.3 million (EUR 1.0 million). The impact of financial income and expenses (net) on profit before taxes increased from EUR -6.7 million to EUR -4.5 million, mainly due to unrealised foreign exchange gains related to stronger SEK rate, realised exchange losses due to repayments of SEK loans to credit institutions in February and lower interest expenses due to the refinancing in connection with the IPO.

Profit for the period was EUR 5.9 million (EUR 0.8 million) and earnings per share was 0.19 (0.02).

Financial position and cash flow

In April–June, net cash flow from operating activities totalled EUR 2.2 million (EUR 11.1 million). During the quarter, net working capital increased by EUR 7.4 million due to higher inventory from increased number of stores and higher safety stock to secure availability during the COVID-19 pandemic, payment of transaction costs and timing of payments of accounts payable. In October–June, net cash flow from operating activities totalled EUR 21.7 million (EUR 29.5 million). Cash and cash equivalents at the end of the period amounted to EUR 7.8 million (30 September 2019: EUR 8.6 million). Total consolidated assets amounted to EUR 303.9 million (30 September 2019: EUR 279.5 million). The increase was driven by right-of-use assets from higher number of rental contracts as well as higher inventory level.

Equity attributable to owners of the parent company totalled EUR 147.1 million (30 September 2019: EUR 98.3 million). The increase was mainly due to the share issue in connection with the IPO. The net impact of the share issue was EUR 42.9 million.

Gearing at the end of the reporting period was 73.3% (30 September 2019: 135.4%) and net debt amounted to EUR 107.9 million (30 September 2019: EUR 133.3 million). The decrease was mainly due to the refinancing in connection with the IPO, partly offset by increased lease liability due to adjusted rental periods and increased number of rental contracts. At the end of the period, the lease liability included in net debt amounted to EUR 65.9 million (30 September 2019: EUR 52.0 million).

In connection with the IPO, Musti refinanced its existing loans with the share issue of EUR 45 million and a new loan agreement of EUR 60 million, consisting of a EUR 50 million term loan and a EUR 10 million revolving credit facility. The bullet repayment date of the facilities is in January 2023. The loan agreement contains two financial covenants: leverage and gearing. The EUR 50 million term loan was drawn to refinance the existing loans. The revolving credit facility has not yet been drawn.

Investments

In April-June investments amounted to EUR 3.4 million (EUR 2.1 million). In October–June investments amounted to EUR 8.3 million (EUR 6.4 million). The investments were mainly related to new and relocated stores including services, especially in Sweden and Norway, as well as IT and digital platform development projects. In addition, EUR 1.3 million relates to acquisitions of franchise stores.

Business segment performance

Musti Group's reporting segments are based on geographical regions, and they are Finland, Sweden and Norway. The segment structure is based on geographical division where Finland, Sweden and Norway are separated to individual operating segments based on how the chief operating decision-maker monitors the business operations. In other items, Musti Group reports the Group functions, including the operations of the headquarters and the central warehouse.

Finland

Finland is Musti's most mature country. Musti held a 32 per cent of the total pet food and products market share in 2018. Regardless of the strong market presence in Finland, the company's management continues to see opportunities to expand the store network in selected locations, such as new hypermarkets and malls. Musti's brands in Finland include Musti ja Mirri (store and omnichannel) and Peten Koiratarvike (online).

In Finland, Musti will continue to focus on serving existing customers better in order to increase share of wallet and winning new customers, both of which will support positive like-for-like development.

EUR million or as indicated	4-6/2020	4-6/2019	Change %	10/2019–6/2020	10/2018–6/2019	Change %	FY2019
Net sales	32.0	29.1	10.0	99.8	90.5	10.3	122.8
Net sales growth, %	10.0%	3.7%		10.3%	7.6%		10.8%
LFL segment sales growth, %	6.2%	8.0%		6.6%	8.6%		8.8%
EBITA	7.3	6.3	14.6	23.5	21.1	11.5	29.8
EBITA margin, %	22.6%	21.7%		23.6%	23.3%		24.2%
Adjusted EBITA	7.3	6.4	15.2	23.6	21.1	11.8	29.7
Adjusted EBITA margin, %	22.9%	21.9%		23.6%	23.3%		24.2%
Number of stores	129	126	2.4	129	126	2.4	126
of which directly operated	111	108	2.8	111	108	2.8	108

April–June 2020

Net sales in Finland increased by 10.0% to EUR 32.0 million (EUR 29.1 million) driven by like-for-like growth of 6.2% and growth from the stores opened or acquired during the latest twelve months. Online sales growth was positively impacted by COVID-19 and focus on growth.

EBITA increased by 14.6% to EUR 7.3 million (EUR 6.3 million). Adjusted EBITA increased by 15.2% to EUR 7.3 million (EUR 6.4 million). This was due to operating leverage and lower working hours in our stores and lower operating costs adapting to the lower store volumes due to the COVID-19. Adjusted EBITA margin increased to 22.9% (21.9%).

One new directly operated store was opened in Finland during Q3.

October 2019 – June 2020

Net sales in Finland increased by 10.3% to EUR 99.8 million (EUR 90.5 million) driven by like-for-like growth of 6.6% and growth from the stores opened or acquired during the latest twelve months.

EBITA increased by 11.5% to EUR 23.5 million (EUR 21.1 million). Adjusted EBITA increased by 11.8% to EUR 23.6 million (EUR 21.1 million). This was due to operating leverage, more efficient campaigning and supply chain management, offset by the increased share of online sales. In addition, store efficiency in Q3 was positively impacted by lower working hours in our stores adapting to the lower store volumes due to the COVID-19. Adjusted EBITA margin was 23.6% (23.3%).

During the reporting period, two new directly operated stores and one new franchise store were opened, and one franchise store was acquired.

Sweden

In Sweden, Musti's focus is on further expansion and convergence in efficiency towards Finnish levels. Musti, through its multiple brands, is the overall market leader with a combined 28 per cent market share (2018). Through VetZoo and Animail, Musti has a strong online presence in Sweden with a 56 per cent market share in online sales. Musti's store and omnichannel brands in Sweden are Arken Zoo and Djurmagazinet.

Musti's goal in Sweden is to continue strong like-for-like growth across all channels, store network expansion and strong margin improvement momentum. Regarding the store network expansion, focus will be turned towards store roll-out especially in big cities, where Musti is currently under-represented. Key growth and margin drivers in Sweden include increasing O&E share of sales towards Finnish levels through staff promotion and educational marketing, converging store cost-efficiency towards Finnish levels by store personnel efficiency measures and being selective in network expansion while acquiring selected franchised stores.

EUR million or as indicated	4-6/2020	4-6/2019	Change %	10/2019–6/2020	10/2018–6/2019	Change %	FY2019
Net sales	30.1	25.8	16.8	89.8	79.9	12.4	107.5
Net sales growth, %	16.8%	10.0%		12.4%	12.9%		10.9%
LFL segment sales growth, %	13.0%	13.3%		14.1%	11.9%		12.4%
EBITA	3.1	1.7	79.4	9.9	6.3	57.7	9.0
EBITA margin, %	10.3%	6.7%		11.0%	7.8%		8.4%
Adjusted EBITA	3.2	1.9	68.1	9.9	7.0	43.0	9.9
Adjusted EBITA margin, %	10.5%	7.3%		11.1%	8.7%		9.2%
Number of stores	123	120	2.5	123	120	2.5	121
of which directly operated	78	67	16.4	78	67	16.4	68

April–June 2020

Net sales in Sweden increased by 16.8% to EUR 30.1 million (EUR 25.8 million) driven by like-for-like growth of 13.0%. Both stores and online generated strong like-for-like growth driven by the increased number of customers. The weakened SEK rate and closure of three stores during FY19 had a negative impact on growth.

EBITA increased by 79.4% to EUR 3.1 million (EUR 1.7 million). Adjusted EBITA increased by 68.1% to EUR 3.2 million (EUR 1.9 million). This was due to operating leverage and more efficiency campaigning, partly offset by the increased share of online sales. In addition, store efficiency was positively impacted by lower working hours in our stores adapting to the lower store volumes due to the COVID-19. Adjusted EBITA margin was 10.5% (7.3%).

During Q3, three new stores were opened in Sweden and two franchise stores were acquired. In addition, four franchise stores were closed.

October 2019 – June 2020

Net sales in Sweden increased by 12.4% to EUR 89.8 million (EUR 79.9 million) driven by like-for-like growth of 14.1%, partly offset by the weakened SEK rate and closure of three stores during FY19. The sales growth was strong in both stores and online, driven by the increased number of customers.

EBITA increased by 57.7% to EUR 9.9 million (EUR 6.3 million). Adjusted EBITA increased by 43.0% to EUR 9.9 million (EUR 7.0 million). This was due to operating leverage and more efficiency campaigning, partly offset by the increased share of online sales. In addition, store efficiency in Q3 was positively impacted by lower working hours in our stores adapting to the lower store volumes due to the COVID-19. Adjusted EBITA margin was 11.1% (8.7%).

During the reporting period, eight new stores were opened in Sweden, six franchise stores were closed, and two franchise stores were acquired.

Norway

In Norway, Musti's focus is on store rollout and on increasing country profitability. Unlike in Finland and Sweden, there are no clear dominant players within the pet specialty segment, with Musti, Buddy, Zoo-1 and Pets all accounting for roughly 5–10 per cent of specialty share (including online) in 2018. Musti's brands in Norway are Musti (store and omnichannel) and VetZoo and Animail (online).

In Norway, the focus is on continuing the expansion of store network and store ramp-up in line with their historical development, as well as on the strong margin improvement momentum as most of the stores are still in ramp-up phase. Ramp-up of the Norwegian stores has progressed according to Musti's plans and the profitability development of new stores has followed similar patterns as observed e.g. in Finland.

EUR million or as indicated	4-6/2020	4-6/2019	Change %	10/2019–6/2020	10/2018–6/2019	Change %	FY2019
Net sales	6.6	4.1	62.9 %	17.9	11.7	52.5 %	16.4
Net sales growth, %	62.9 %	78.6 %		52.5 %	111.8 %		97.0%
LFL segment sales growth, %	44.8 %	35.0 %		32.5 %	36.5 %		30.7%
EBITA	1.0	0.2	363.6 %	1.8	0.1	1,417.2 %	0.4
EBITA margin, %	15.4 %	5.4 %		9.8 %	1.0 %		2.6%
Adjusted EBITA	1.0	0.2	361.8 %	1.8	0.3	488.3 %	0.6
Adjusted EBITA margin, %	15.7 %	5.5 %		9.9 %	2.6 %		3.8%
Number of stores	38	28	35.7 %	38	28	35.7 %	30
of which directly operated	38	28	35.7 %	38	28	35.7 %	30

April–June 2020

Net sales in Norway increased by 62.9% to EUR 6.6 million (EUR 4.1 million), driven by strong like-for-like growth of 44.8% and ramp-up of new stores. The weakened NOK rate and closure of one store during FY20 had a negative impact on growth. Three new stores were opened in Norway during Q3.

EBITA amounted to EUR 1.0 million (EUR 0.2 million). Adjusted EBITA amounted to EUR 1.0 million (EUR 0.2 million). This was driven by operating leverage of the increasing net sales and increased store efficiency, as stores are starting to reach the mature phase or the end of the ramp-up curve. In addition, store efficiency was positively impacted by lower working hours in our stores adapting to the lower store volumes due to the COVID-19. Adjusted EBITA margin was 15.7% (5.5%).

October 2019 – June 2020

Net sales in Norway increased by 52.5% to EUR 17.9 million (EUR 11.7 million), driven by strong like-for-like growth of 32.5% and ramp-up of the stores opened during the latest twelve months. The weakened NOK rate and closure of one store during FY20 had a negative impact on growth. Nine new stores were opened and one store was closed in Norway during the reporting period.

EBITA amounted to EUR 1.8 million (EUR 0.1 million). Adjusted EBITA amounted to EUR 1.8 million (EUR 0.3 million). This was driven by operating leverage of the increasing net sales and increased store efficiency, as stores are starting to reach the mature phase or the end of the ramp-up curve. In addition, store efficiency in Q3 was positively impacted by lower working hours in our stores adapting to the lower store volumes due to the COVID-19. Adjusted EBITA margin was 9.9% (2.6%).

Group functions

April–June 2020

Group functions consist of costs relating to head office and central warehouse operations. EBITA was EUR -5.7 million (EUR -4.9 million). Adjusted EBITA was EUR -5.1 million (EUR -4.3 million). The decrease was due to higher personnel and other costs in the head office and, driven by higher volumes, in the central warehouse. Adjusted EBITA margin was 7.5% (7.3%).

October 2019 – June 2020

EBITA impact of Group functions was EUR -19.0 million (EUR -15.6 million). Adjusted EBITA was EUR -15.6 million (EUR -13.4 million). The decrease was due to higher personnel and other costs in the head office and, driven by higher volumes, in the central warehouse. Adjusted EBITA margin was 7.5% (7.4%).

Personnel

In October 2019 – June 2020, the average number of personnel was 1,140 (1,072). At the end of the reporting period, the number of personnel was 1,171 (1,119), of whom 598 (588) were employed in Finland and 573 (531) outside Finland.

Governance

Musti held an Extraordinary General Meeting (EGM) on 30 October 2019 in Helsinki. The EGM resolved to transfer the company's shares to the book-entry system maintained by Euroclear Finland Ltd. The EGM also resolved to amend Musti's Articles of Association and to notify the amendments for registration immediately after the EGM. In connection with the amendment of the Articles of Association, the EGM resolved to amend some of the company's share classes.

In December 2019, Jarkko Murtoaro and Alex Lindbom resigned as members of the Board of Directors. On 13 December 2019, by a unanimous resolution of all shareholders, Jeffrey David, Lisa Farrar, Ingrid Jonasson Blank and Vesa Koskinen were elected as new members of the Board.

In its meeting on 13 December 2019, Musti's Board of Directors appointed an Audit Committee from among its members, with Ingrid Jonasson Blank as its Chairman and Lisa Farrar and Juho Frilander as the other members of the Audit Committee, as well as a Remuneration Committee with Jeffrey David as its Chairman and Vesa Koskinen and Juho Frilander as the other members of the Remuneration Committee. The Board of Directors also approved certain corporate governance documentation, conditional upon the IPO, including the Charters of the Board of Directors, the Remuneration Committee and Internal Audit Policy, as well as the company's insider guidelines and disclosure policy. The Board of Directors also resolved to establish a long-term incentive plan, and to define and confirm the detailed content and terms at a later stage.

On 16 January 2020, the Board of Directors approved certain corporate governance documents, including the company's risk management policy, principles of internal audit, whistleblowing policy and conduct for reporting on related party transactions.

Musti Group's Annual General Meeting (AGM) was held on 23 January 2020. The AGM resolved to adopt the company's annual accounts for the financial period 1 October 2018 – 30 September 2019, not to distribute a dividend, and to discharge the members of the Board of Directors from liability. The AGM also resolved that the remuneration of the Chairman of the Board is EUR 60,000 per year and the remuneration of other members of the Board is EUR 30,000 per year. However, Board members Juho Frilander and Vesa Koskinen shall not be paid any fees for their Board activities. If the listing was not carried out, the remuneration would have remained as it was. The AGM resolved that the number of Board members shall be five (5) and resolved to re-elect Jeffrey David, Juho Frilander, Lisa Farrar, Ingrid Johansson Blank and Vesa Koskinen as members of the Board of Directors. Ernst & Young Oy was elected as the company's auditor, with Johanna Winqvist-Ilkka as the auditor with principal responsibility. The AGM resolved to authorise the Board of Directors to amend the company's Articles of Association, decide on a share issue without consideration to combine all share classes into a share class, decide on the issuance of shares in the IPO as well as other measures in connection with the listing of the company.

Shares and shareholders

Initial Public Offering

On 20 January, 2020 Musti Group Holding Oy (which was renamed Musti Group Oyj), announced that it is planning an initial public offering (IPO) and a listing of its shares on the official list of Nasdaq Helsinki.

The IPO of Musti Group was oversubscribed and the listing was completed as planned. The listing consisted of a share issue and a share sale. Musti Group raised approximately EUR 45 million in gross proceeds by issuing a total of 5,159,672 new shares in the share issue. In addition, Millan Holding S.à.r.l (EQT Mid Market Fund) and certain other shareholders of the company sold a total of 12,949,476 company shares (excluding the over-allotment option of 2,716,372 shares granted by Millan Holding S.à.r.l (EQT Mid Market Fund)). The final subscription price per share was EUR 8.75 per share in the institutional offering and the public offering, and 10 per cent lower in the personnel offering at EUR 7.88 per share, which in total corresponds to a market capitalisation of the company of approximately EUR 293 million immediately following the offering. Demand in the offering was strong from both Finnish and international investors and the offering was oversubscribed multiple times. Trading of the company's share commenced on the Prelist of Nasdaq Helsinki Ltd on 13 February 2020 and on the Official List on 17 February 2020. The trading code of the shares in Musti Group is MUSTI. Musti Group has been classified as a mid-cap company in the retail sector.

19,656,401 shares were allocated to institutional investors in Finland and internationally in the institutional offering, with the over-allotment option exercised in full, and 1,000,000 shares were allocated to private individuals and entities in Finland in the public offering. In addition, 169,119 shares were allocated in the personnel offering to employees who were in full- or part-time permanent employment with Musti or its subsidiaries as well as employees with a fixed-term employment relationship with Musti or its subsidiaries at the start of the subscription period on 3 February 2020 in Finland, Sweden and Norway, as well as to the management team and CEO of the company. The total number of shareholders rose to more than 4,000 shareholders.

Issued shares and share capital

In connection with Musti Group's IPO and listing of its shares on the official list of Nasdaq Helsinki Ltd, the company's share classes were combined and the total number of outstanding shares in the company increased to 33,535,453.

At the end of the reporting period on 30 June 2020, Musti Group's share capital was EUR 11,001,853.68 and total number of shares outstanding was 33,535,453. The company has one share class. Each share carries one vote and entitles to the same dividend.

Trading on shares

Trading of Musti Group's share commenced on the Prelist of Nasdaq Helsinki Ltd on 13 February 2020 and on the Official List on 17 February 2020.

The opening price of the share was EUR 8.37 on the first trading day of the third quarter on 1 April 2020. The closing price of the share on the last trading day of the reporting period on 30 June 2020 was EUR 16.04. The highest price of the share during the third quarter 2020 was EUR 16.85, the lowest EUR 8.30 and the average price was EUR 12.55. Share turnover on Nasdaq Helsinki during the third quarter 2020 was approximately 4.35 million shares. The value of the share turnover was approximately EUR 54.57 million.

Musti Group's market capitalization was EUR 538 million on 30 June 2020.

Treasury shares and authorisations of the Board of Directors

The company does not hold any treasury shares.

Conditional upon the execution of Musti's listing, Musti Group's Annual General Meeting (AGM) held on 23 January 2020 resolved to authorise the Board of Directors to amend the company's Articles of Association, decide on a share issue without consideration to combine all share classes into a share class, decide on the issuance of shares in the IPO as well as other measures in connection with the listing of the company.

As part of the execution of Musti Group's initial public offering (IPO) and listing of its shares on the official list of Nasdaq Helsinki Ltd, the Board of Directors of Musti Group resolved on 6 February 2020 on a directed share issue without consideration of 10,511,039 new shares based on the authorisation granted by Musti's AGM held on 23 January 2020. In connection with the completion of the IPO, the Board of Directors of the company decided on 12 February 2020 on the execution of the combination of the company's share classes. In addition, the Board of Directors resolved on a share issue without consideration of 16,564,005 new A3 share class shares to the shareholders owning P share class shares prior to the combination of the shares in deviation from the shareholders' pre-emptive right to new shares.

The AGM also resolved to authorise the Board of Directors to decide on a share issue as well as the issuance of special rights entitling to shares. The Board of Directors may, based on the authorisation, decide on the issuance of shares and the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act. The authorisation concerns both the issuance of new shares as well as the transfer of treasury shares. The total number of shares to be issued shall not exceed 1,500,000 shares. The authorisation will be effective until the end of the next Annual General Meeting, however no longer than until 23 July 2021.

The AGM resolved to authorise the Board of Directors to decide on the acquisition of the company's own shares. Based on the authorisation, the total number of shares to be acquired may not exceed 1,500,000 shares. The authorisation will be effective until the end of the next Annual General Meeting, however no longer than until 23 July 2021.

Shareholders and flagging notifications

At the end of the reporting period, the number of registered shareholders was 5,329. The proportion of nominee-registered and foreign shareholders was 49.9 per cent of the company's shares. The ten largest shareholders registered in the book-entry register maintained by Euroclear Finland Oy held a total of 36.28 per cent of Musti Group's shares and votes at the end of the review period.

In January 2020, Millan Holding S.à.r.l notified the company about converting 387,977 of its shares in accordance with the Articles of Association. The conversion was registered on 20 January 2020.

During the reporting period, Musti Group received the following announcements under Chapter 9, Section 5 of the Securities Markets Act: EQT's indirect holding of the shares and votes of Musti Group decreased to 24.10 per cent and EQT's holding through financial instruments increased above the threshold of 5 per cent on 17 February 2020. SMALLCAP World Fund, Inc's holding of the shares and votes of Musti Group increased above the threshold of 5 per cent on 13 February 2020. The Capital Group Companies, Inc's indirect holding of the shares and votes of the Musti Group increased above the threshold of 5 per cent on 13 February 2020. EQT's indirect holding of the shares and votes of Musti Group totals 24.10 per cent and EQT's holding through financial instruments decreased below the threshold of 5 per cent (21 February 2020).

A list of the largest shareholders is available on the company's website at www.mustigroup.com.

Managers' transactions

Musti Group's managers' transactions as of the listing have been published as stock exchange releases, and they are available on the company's website at www.mustigroup.com

Remuneration schemes

The Board of Directors decides on Musti Group's remuneration schemes and plans, such as short- and long-term incentive schemes as well as pension arrangements, upon the recommendation of the Remuneration Committee and in accordance with the company's effective remuneration policy. Musti will present a remuneration policy for approval to the shareholders for the first time at the Annual General Meeting 2021.

Bonus scheme

The company operates a bonus scheme, which is determined by the Board of Directors of the company upon the recommendation of the Remuneration Committee and in accordance with the company's effective remuneration policy. The CEO and the members of the management team are eligible to participate in the bonus scheme in accordance with the company's bonus policy. The payment of annual bonuses is conditional upon attainment of key performance targets of the company.

The bonuses of the CEO and the management team are based on personal targets and certain profitability targets set for the financial year. The maximum performance bonus is equivalent to an eight months' full salary for the CEO and a four months' full salary for the management team.

Long-term incentives

The Board of Directors of Musti Group Plc decided on 7 May 2020 to establish two new share-based incentive plans for the Group key employees; Performance Share Plan 2020–2024 and Restricted Share Plan 2020–2022. The aim is to align the objectives of the shareholders and key employees for increasing the value of the Company in the long-term, to commit the key employees to the Company and to offer them competitive incentive schemes that are based on earning and accumulating shares.

The Performance Share Plan 2020–2024 consists of three consecutive performance periods, covering the financial years of 2020–2022, 2021–2023 and 2022–2024. The Board of Directors decides on the plan's performance criteria and targets to be set for each criterion at the beginning of a performance period.

The potential reward based on the plan will be paid party in the company's shares and partly in cash after the end of each performance period. The cash proportion is intended to cover taxes and tax-related expenses arising from the reward to a participant. No reward is paid, if the participant's employment or service terminates for reasons related to the participant before the reward payment.

The company's Management Team Member is obliged to hold at least 50 per cent of the net number of shares paid to the member on the basis of the plan, until the value of his or her total shareholding in the company equals to 50 per cent (100 per cent for the CEO) of his or her annual base salary. Such number of shares must be held as long as the membership in the Management Team continues.

During the performance period FY2020–FY2022, the reward is based on the Group's Adjusted EBITA and total shareholder return (TSR). The rewards to be paid based on the performance period FY2020–FY2022 correspond to the value of an approximate maximum total of 250,000 Musti Group Plc shares, including also the proportion to be paid in cash. During the performance period FY2020–FY2022, approximately 10 persons, including the company's Management Team members, are included in the target group of the plan.

The reward from the Restricted Share Plan 2020–2022 is based on a valid employment or service and the continuity of the employment or service during a vesting period. The reward is paid partly in the company's shares and partly in cash after the end of a 12–36-month vesting period. The Restricted Share Plan is intended for selected key employees only, including the Management Team members. The rewards to be allocated based on the Restricted Share Plan during the years 2020–2022 correspond the value of a maximum total of 30,000 Musti Group Plc shares, including also the proportion to be paid in cash.

Responsibility

Musti is committed to developing its responsibility policies and best practices on a long-term basis, and it is committed to being a responsible forerunner in its industry. Musti is the only pet specialty company to have committed to the United

Nations Global Compact. The company is in the process of building a robust responsibility foundation and setting targets and key performance indicators to measure the results.

Conducting operations in a sustainable, responsible and environmentally friendly way requires focused and purposeful actions at all levels of the organization. The basis of all Musti's social responsibility is a responsible supply chain, diminishing environmental impact and good governance and high ethics. In addition, the company has identified three particular focus areas in order to communicate with its stakeholders: pets and their parents, employees and communities. The most important themes under pets and their parents are high-quality and safe products and services as well as satisfied and loyal customers. Under employees, the most important themes are thriving experts and well-being at work, and under communities, working for the common good and openness for new inventions.

Musti sets high standards for quality, safety and expertise, putting the welfare of pets, people and the environment first. The company has already taken concrete actions to this end, having been a member of amfori Business Social Compliance Initiative (amfori BSCI) since 2017. The company also expects its suppliers to commit to Mnusti's requirements on responsible business practices. Following the Musti Supplier Code of Conduct and all national laws and regulations is imperative. The company's dedicated employee team visits the supplier sites in Europe, and also the BSCI visits the company's supplier sites. Furthermore, the company has a third-party partner in China who visits and audits the sites in Asia. The company has initiated more systematic processes for supply chain sustainability especially in high-risk countries and set the target of having all tier one suppliers in high-risk countries audited.

Risks and uncertainties

Musti's risk profile follows the general risk level of the retail and grocery trade. The industry is not particularly cyclical and not subject to rapid changes. The company regularly monitors changes in the risks and their impact on the business. The company implements risk management continuously and systematically according to a scheduled process. The risk management process ensures that risks related to the Group are identified, estimated and controlled in a proactive way and the management of risks is monitored. The company's risk management includes, among others: identification and review of risks, risk assessment, determining and implementing control measures for the identified risks, and monitoring and reporting of risks.

The most material risks to Musti's business, results of operations, financial position and future prospects are risks related to macroeconomic developments, Musti's operations and business activities, the pet products and services industry, IT systems and intellectual property, management and employees, compliance, taxes as well as certain financial risks. Financial risks include the risk of currency fluctuations that could have a material adverse effect on Musti's results.

The COVID -19 has exposed Musti's risk management to a new challenge. The company is actively working on minimising disruptions on a longer term and implementing precautionary measures to be able to manage diverse future scenarios. To date, the pandemic has not had any significant negative impacts on Musti, as the company has successfully managed the risks related to e.g. disruptions in the logistics chain, suppliers and employees. However, the pandemic can result in long-term effects with risks related to higher unemployment and recession in the society. As Musti's net sales and operating profits are generated in Finland, Sweden and Norway, the company is vulnerable to negative economic developments in these core markets. Although the pet care market has proven to be resilient to economic downturns in the past, this may not be the case in the future. To mitigate potential liquidity risks Musti Group has an unutilized EUR 4.0 million credit limit and an undrawn EUR 10.0 million revolving credit facility.

Musti's risk management and risks related to the company's operations are described in more detail in the company listing prospectus and on the company website at https://www.mustigroup.com/investors/corporate-governance/risk-management/.

Seasonality

Musti's business is characterised by a generally limited seasonality effect, with the high share of recurring food and stable products of net sales translating into low seasonality within years. However, there are certain intra-year fluctuations that affect cash flows, sales and profitability, which are made evident by Musti's financial year being from 1 October to 30 September. Usually, the period between July to December has higher sales compared to January to June, driven by higher sales of accessories and other seasonal products. There are no significant quarterly differences in profitability margins.

The volumes and timing of Musti's sales may somewhat vary due to weather conditions, with sales of pet clothing being primarily impacted. Cold winters and rainy weather generally result in higher sales of coats and shoes for pets.

Significant events after the reporting period

There were no significant events after the reporting period.

Financial calendar

Musti Group's Financial Statements Release will be published on 12 November 2020.

Webcast for analysts and media

A live webcast for analysts and media will be arranged on 4 August 2020 at 14:00 EEST. The event will be held in English. The report will be presented by CEO David Rönnberg and CFO Robert Berglund.

The webcast can be followed at https://mustigroup.videosync.fi/2020-q3-results. A recording of the webcast will be available later at the company's website at www.mustigroup.com/investors/reports-and-presentations/.

You can participate in the telephone conference by calling:

Finland: +358 9 81710310
Sweden +46 8 56642651
UK: +44 3333000804
US: +1 6319131422

The participants will be asked to provide the following PIN code: 32193534#.

Helsinki, 4 August 2020

Board of Directors

The information in this interim report is unaudited.

Further information:

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Distribution:

Nasdaq Helsinki
Main media
www.mustigroup.com

Condensed financial information

Condensed consolidated statement of income

EUR thousand	4-6/2020	4-6/2019	10/2019–6/2020	10/2018–6/2019	FY2019
Net sales	**68 767**	**58 982**	**207 494**	**182 125**	**246 648**
Other operating income	543	240	936	872	1 126
Share of profit of a joint venture	48	0	48	0	118
Materials and services	-39 464	-33 169	-116 634	-101 896	-137 266
Employee benefit expenses	-11 633	-11 127	-36 359	-33 926	-45 573
Other operating expenses	-7 820	-7 486	-25 986	-23 232	-30 726
Depreciation, amortisation and impairment	-6 234	-5 468	-17 760	-16 226	-21 830
Operating profit	**4 206**	**1 972**	**11 739**	**7 716**	**12 496**
Financial income and expenses, net	1 826	-2 494	-4 460	-6 719	-8 492
Profit before taxes	**6 032**	**-522**	**7 279**	**997**	**4 004**
Income tax expense	-1 163	125	-1 426	-243	-988
Profit/loss for the period	**4 868**	**-397**	**5 853**	**754**	**3 016**
Attributable to:					
Owners of the parent	4 852	-406	5 822	702	2 971
Non-controlling interest	16	10	30	52	45
Earnings per share (EUR) for profit attributable to owners of the parent					
Basic and diluted EPS (EUR)	0.14	-0.01	0.19	0.02	0.10

Consolidated statement of comprehensive income

EUR thousand	4-6/2020	4-6/2019	10/2019–6/2020	10/2018–6/2019	FY2019
Profit/loss for the period	4 868	-397	5 853	754	3 016
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation differences	533	57	58	82	76
Other comprehensive income, net of tax					
Total comprehensive income	**5 401**	**-339**	**5 911**	**835**	**3 092**
Attributable to:					
Owners of the parent	5 385	-349	5 881	784	3 048
Non-controlling interest	16	10	30	52	45

Consolidated statement of financial position

EUR thousand	30 June 2020	30 June 2019	30 Sept 2019
ASSETS			
Non-current assets			
Goodwill	145 618	144 443	143 995
Other intangible assets	21 220	23 707	22 668
Right-of-use assets	61 472	48 982	47 296
Property, plant and equipment	11 258	9 254	9 608
Investments in joint ventures	891	202	320
Deferred tax assets	7 067	7 814	7 271
Other non-current receivables	378	430	218
Total non-current assets	**247 902**	**234 832**	**231 377**
Current assets			
Inventories	37 631	32 894	32 533
Trade and other receivables	6 449	8 416	5 733
Loan receivables	11	7	4
Derivative financial instruments	12	0	179
Income tax receivables	4 160	3 271	1 057
Cash and cash equivalents	7 758	4 473	8 629
Total current assets	**56 020**	**49 062**	**48 134**
TOTAL ASSETS	**303 922**	**283 893**	**279 511**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	11 002	11 002	11 002
Other reserves	167 412	122 412	122 412
Translation differences	- 25	-78	-83
Retained earnings	-31 329	-37 295	-35 012
Total equity attributable to owners of the parent	**147 059**	**96 040**	**98 319**
Equity attributable to non-controlling interest	146	109	101
Total equity	**147 205**	**96 149**	**98 420**
Non-current liabilities			
Loans from credit institutions	49 758	70 030	74 800
Lease liability	50 316	39 807	37 969
Deferred tax liabilities	2 116	2 121	2 179
Other non-current interest-bearing liabilities	0	10 453	10 574
Total non-current liabilities	**102 910**	**122 411**	**125 522**
Current liabilities			
Loans from credit institutions	0	10 877	4 697
Lease liability	15 611	13 918	14 013
Trade and other payables	34 670	37 153	36 364
Derivative financial instruments	149	223	61
Income tax liabilities	4 076	3 162	305
Provisions	21	0	129
Total current liabilities	**54 527**	**65 333**	**55 569**
Total liabilities	**156 717**	**187 744**	**181 091**
TOTAL EQUITY AND LIABILITIES	**303 922**	**283 893**	**279 511**

Consolidated statement of changes in equity

EUR thousand	Attributable to owners of the parent					Non-controlling interest	Total equity
	Share capital	Other reserves	Translation differences	Retained earnings	Total		
Equity at 1 Oct 2019	**11 002**	**122 412**	**-83**	**-35 012**	**98 319**	**101**	**98 420**
Other changes				-12	-12	12	**0**
Profit/loss for the period				5 822	5 822	30	**5 853**
Translation differences			58		58	2	**60**
Total comprehensive income	**0**	**0**	**58**	**5 822**	**5 881**	**30**	**5 911**
Share issue		45 000			45 000		**45 000**
Expenses related to the share issue				-2 275	-2 275		**-2 275**
Discount related to the personnel				147	147		**147**
Equity at 30 Jun 2020	**11 002**	**167 412**	**-25**	**-31 329**	**147 059**	**146**	**147 205**

EUR thousand	Attributable to owners of the parent					Non-controlling interest	Total equity
	Share capital	Other reserves	Translation differences	Retained earnings	Total		
Equity at 1 Oct 2018	**11 002**	**122 412**	**-159**	**-38 163**	**95 091**	**74**	**95 165**
Other changes				165	165	-17	**148**
Profit/loss for the period				702	702	52	**754**
Translation differences			82		82		**82**
Total comprehensive income	**0**	**0**	**82**	**702**	**784**	**52**	**835**
Share issue							
Equity at 30 Jun 2019	**11 002**	**122 412**	**-78**	**-37 295**	**96 040**	**109**	**96 149**

Consolidated statement of cash flows

EUR thousand	4-6/2020	4-6/2019	10/2019–6/2020	10/2018–6/2019	FY2019
Cash flows from operating activities					
Profit before taxes	6 032	-522	7 279	997	4 004
Adjustments					
Depreciation, amortisation and impairment	6 234	5 468	17 760	16 226	21 830
Financial income and expenses, net	-1 826	2 494	4 460	6 719	8 492
Other adjustments	-305	2 142	-74	1 771	1 574
Cash flows before changes in working capital	10 135	9 581	29 245	25 713	35 900
Change in working capital					
Increase (-) / decrease (+) in trade and other receivables	-113	1 253	-640	1 855	3 362
Increase (-) / decrease (+) in inventories	-3 282	-975	-5 218	4 524	4 885
Increase (+) / decrease (-) in trade and other payables	-4 042	2 390	-1 654	-1 497	-3 815
Cash flows from operating activities before financial items and taxes	2 698	12 250	21 913	30 595	40 332
Interest and other financial income received	92	55	207	141	441
Received dividend	0	0	0	67	67
Income taxes paid	-542	-1 166	-422	-1 332	-1 345
Net cash flow from operating activities	**2 248**	**11 139**	**21 698**	**29 470**	**39 495**
Cash flows from investing activities					
Investments in tangible and intangible assets	-2 171	-2 057	-7 039	-5 149	-6 369
Acquisition of subsidiaries and business acquisitions, net of cash acquired	-1 096	-183	-1 274	-183	-183
Increase in non-current receivables	-706	0	-706	0	0
Net cash flow from investing activities	**-3 973**	**-2 240**	**-9 020**	**-5 332**	**-6 552**
Cash flows from financing activities					
Proceeds from share issues	0	0	45 000	0	0
Costs from share issue recognised in equity	0	0	-2 696	0	0
Proceeds from non-current loans	0	0	50 000	0	0
Repayments of non-current loans	0	0	-84 630	0	0
Repayments of current loans	-400	-1 350	-5 280	-5 270	-5 270
Repayments of lease liabilities	-3 675	-3 405	-10 962	-10 045	-13 468
Interest and other financial expenses paid	-906	-2 271	-4 981	-6 312	-7 540
Net cash flow from financing activities	**-4 981**	**-7 026**	**-13 549**	**-21 627**	**-26 278**
Net change in cash and cash equivalents	**-6 706**	**1 873**	**-871**	**2 511**	**6 666**
Cash and cash equivalents at start of period	14 463	2 601	8 629	1 963	1 963
Cash and cash equivalents at end of period	**7 758**	**4 474**	**7 758**	**4 474**	**8 629**

Basis of preparation and accounting policies

The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as implemented within the EU.

The interim report of 1 October 2019 – 30 June 2020 has been prepared in accordance with the IAS 34 Interim Financial Reporting standard and the accounting principles applied in the interim report are the same as in the financial statement of 2019.

The figures of the interim report report have not been audited.

The Group's consolidated financial statements are prepared in euros, which is the company's operating currency and the company's and the Group's reporting currency. The interim financial report is presented in thousand euros unless otherwise stated.

Critical accounting estimates and judgments

An IFRS-compliant interim report requires the Group's management to exercise judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and other information such as the amounts of income and expense. Although these estimates are based on the management's best knowledge at the time, it is possible that actual results differ from the estimates used in the interim reports.

There have not been any major changes regarding the uncertainty requiring the Group's management to exercise judgment and make estimates and assumptions compared to the financial statement of 2019.

Key accounting considerations related to COVID-19

During the third quarter of 2020 Musti Group received some Covid-19 related financial assistance under governmental scheme in Sweden and Norway. However, the amount of the assistance was not material from a Group perspective. The group also negotiated some rent reductions during the second and third quarter of 2020 for which the group has not applied the IFRS 16 Covid-19 amendment. The Group's management has assessed COVID-19 impacts by reviewing the carrying values of the balance sheet items, the review did not indicate need for asset impairments.

Events after the reporting period

No significant events after the reporting period.

Segments

EUR thousand	Finland	Sweden	Norway	Group functions	Group
4/2020–6/2020					
Net sales *	32 032	30 128	6 607	0	68 767
% split of net sales between segments	47%	44%	10%	0%	100%
EBITDA	**9 230**	**4 956**	**1 637**	**-5 382**	**10 440**
Adjustments	83	77	17	535	712
Adjusted EBITDA	**9 313**	**5 033**	**1 654**	**-4 847**	**11 152**
Depreciation and impairment of right-of-use assets and tangible assets	-1 976	-1 860	-616	-277	-4 728
EBITA	**7 254**	**3 096**	**1 020**	**-5 659**	**5 712**
Adjustments	83	77	17	535	712
Adjusted EBITA	**7 337**	**3 173**	**1 038**	**-5 124**	**6 424**
Amortisation and impairment of intangible assets					-1 506
Operating profit					**4 206**
Financial income and expenses, net					1 826
Profit before taxes					**6 032**
Income tax expense					-1 163
Profit/loss for the period					**4 868**

* Net sales include sales of products and services to external customers. There are no internal net sales between the segments.

EUR thousand	Finland	Sweden	Norway	Group functions	Group
4/2019–6/2019					
Net sales *	29 131	25 796	4 055	0	58 982
% split of net sales between segments	49%	44%	7%	0%	100%
EBITDA	**8 064**	**3 235**	**695**	**-4 554**	**7 440**
Adjustments	39	162	5	594	800
Adjusted EBITDA	**8 102**	**3 397**	**700**	**-3 959**	**8 240**
Depreciation and impairment of right-of-use assets and tangible assets	-1 731	-1 509	-475	-359	-4 075
EBITA	**6 332**	**1 725**	**220**	**-4 913**	**3 365**
Adjustments	39	162	5	594	800
Adjusted EBITA	**6 371**	**1 887**	**225**	**-4 319**	**4 165**
Amortisation and impairment of intangible assets					-1 393
Operating profit					**1 972**
Financial income and expenses, net					-2 494
Profit before taxes					**-522**
Income tax expense					125
Profit/loss for the period					**-397**

* Net sales include sales of products and services to external customers. There are no internal net sales between the segments.

EUR thousand	Finland	Sweden	Norway	Group functions	Group
10/2019–6/2020					
Net sales *	99 814	89 799	17 882	0	**207 494**
% split of net sales between segments	48%	43%	9%	0%	100%
EBITDA	**29 192**	**14 758**	**3 502**	**-17 953**	**29 499**
Adjustments	85	76	15	3 396	3 572
Adjusted EBITDA	**29 277**	**14 834**	**3 518**	**-14 557**	**33 071**
Depreciation and impairment of right-of-use assets and tangible assets	-5 671	-4 893	-1 741	-1 026	-13 331
EBITA	**23 521**	**9 865**	**1 761**	**-18 979**	**16 168**
Adjustments	85	76	15	3 396	3 572
Adjusted EBITA	**23 606**	**9 941**	**1 777**	**-15 584**	**19 740**
Amortisation and impairment of intangible assets					-4 429
Operating profit					**11 739**
Financial income and expenses, net					-4 460
Profit before taxes					**7 279**
Income tax expense					-1 426
Profit/loss for the period					**5 853**

* Net sales include sales of products and services to external customers. There are no internal net sales between the segments.

EUR thousand	Finland	Sweden	Norway	Group functions	Group
10/2018–6/2019					
Net sales *	90 505	79 892	11 727	0	**182 125**
% split of net sales between segments	50%	44%	6%	0%	100%
EBITDA	**26 154**	**10 905**	**1 430**	**-14 548**	**23 942**
Adjustments	27	657	186	2 184	3 055
Adjusted EBITDA	**26 182**	**11 562**	**1 616**	**-12 363**	**26 997**
Depreciation and impairment of right-of-use assets and tangible assets	-5 062	-4 651	-1 314	-1 080	-12 106
EBITA	**21 093**	**6 254**	**116**	**-15 627**	**11 836**
Adjustments	27	697	186	2 184	3 095
Adjusted EBITA	**21 120**	**6 951**	**302**	**-13 443**	**14 930**
Amortisation and impairment of intangible assets					-4 120
Operating profit					**7 716**
Financial income and expenses, net					-6 719
Profit before taxes					**997**
Income tax expense					-243
Profit/loss for the period					**754**

* Net sales comprise sales of goods and services to external customers. There are no internal net sales between segments.

EUR thousand	Finland	Sweden	Norway	Group functions	Group
10/2018–9/2019					
Net sales *	122 780	107 463	16 406	0	**246 648**
% split of net sales between segment	50%	44%	7%	0%	100%
EBITDA	**36 631**	**15 124**	**2 241**	**-19 670**	**34 326**
Adjustments	-30	833	188	2 790	3 779
Adjusted EBITDA	**36 600**	**15 956**	**2 429**	**-16 880**	**38 106**
Depreciation and impairment of right-of-use assets and tangible assets	-6 859	-6 143	-1 812	-1 434	-16 249
EBITA	**29 771**	**8 980**	**429**	**-21 104**	**18 077**
Adjustments	-30	873	188	2 790	3 819
Adjusted EBITA	**29 741**	**9 853**	**617**	**-18 314**	**21 897**
Amortisation and impairment of intangible assets					-5 581
Operating profit					**12 496**
Financial income and expenses, net					-8 492
Profit before taxes					**4 004**
Income tax expense					-988
Profit/loss for the period					**3 016**

* Net sales include sales of products and services to external customers. There are no internal net sales between the segments

Business combinations and changes in Group composition

During the reporting period, Musti Group acquired four pet stores, one in Finland and three in Sweden. The total purchase price of the stores was approximately EUR 1.3 million and the resulting goodwill EUR 1.2 million. Musti Group also sold one subsidiary, Djurfriskvård Västerås AB in Sweden. The change was not material to the Group.

Personnel on average and at the end of the reporting period

Personnel	30 Jun 2020	31 Jun 2019	30 Sep 2019
Personnel on average	1 140	1 072	1 084
Personnel at the end of period	1 171	1 119	1 120

Goodwill, intangible assets and property, plant and equipment

EUR thousand	30 Jun 2020	30 Jun 2019	30 Sep 2019
Acquisition cost at beginning of reporting period	176 272	179 486	179 486
Amortisation and depreciation	-6 822	-5 964	-8 087
Additions	8 306	5 149	6 976
Disposals and closing of stores	-172	-40	-230
Exchange differences	512	-1 227	-1 873
Acquisition cost at end of reporting period	178 095	177 404	176 272

Leases

Right-of-use assets

EUR thousand	Buildings and structures	Machinery and equipment	Total
30 Jun 2020			
Net book value at 1 Oct 2019	**46 816**	**481**	**47 296**
Net increases	24 970	143	25 113
Depreciation	-10 809	-129	-10 938
Net book value at 30 Jun 2020	**60 976**	**495**	**61 472**
30 Jun 2019			
Net book value at 1 Oct 2018	**44 525**	**783**	**45 309**
Net increases	13 942	-6	13 936
Depreciation	-10 030	-232	-10 262
Net book value at 30 Jun 2019	**48 438**	**544**	**48 982**
30 Sep 2019			
Net book value at 1 Oct 2018	**44 525**	**783**	**45 309**
Net increases	15 751	-20	15 731
Depreciations	-13 461	-282	-13 743
Net book value at 30 Sep 2019	**46 816**	**481**	**47 296**

Lease liability

EUR thousand	30 Jun 2020	30 Jun 2019	30 Sep 2019
Lease liability at the beginning of the reporting period	**51 982**	**50 188**	**50 188**
Net increases	24 888	13 806	15 510
Rent expenses	-12 763	-12 187	-16 262
Interest expense	1 820	1 917	2 546
Lease liability at the end of the reporting period	**65 927**	**53 725**	**51 982**
Non-current lease liability	50 316	39 807	37 969
Current lease liability	15 611	13 918	14 013
Total	**65 927**	**53 725**	**51 982**

Lease contracts in the income statement

EUR thousand	10/2019-6/2020	10/2018-6/2019	FY2019
Expenses from short-term and rental agreements with minor value	-1 766	-2 008	-2 600
Depreciation of right-of-use assets	-10 938	-10 262	-13 743
Interest expenses from lease liability	-1 820	-1 917	-2 546
Total	**-14 524**	**-14 188**	**-18 889**

Financial assets and liabilities and fair value hierarchy

Financial assets

EUR thousand	Financial assets at fair value through profit and loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Book value	Fair value	Fair value hierarchy
30 Jun 2020						
Non-current assets						
Other non-current assets			378	378	378	Level 2
Total			**378**	**378**	**378**	
Current assets						
Trade and other receivables			4 445	4 445	4 445	Level 2
Loan receivables			11	11	11	Level 2
Derivative financial instruments	12			12	12	Level 2
Cash and cash equivalents			7 758	7 758	7 758	Level 2
Total	**12**		**12 213**	**12 225**	**12 225**	
Financial assets, total	**12**		**12 591**	**12 603**	**12 603**	
30 Jun 2019						
Non-current assets						
Other non-current assets			430	430	430	Level 2
Total			**430**	**430**	**430**	
Current assets						
Trade and other receivables			5 312	5 312	5 312	Level 2
Loan receivables			7	7	7	Level 2
Derivative financial instruments	0		0	0	0	Level 2
Cash and cash equivalents			4 473	4473	4473	Level 2
Total	**0**		**9 793**	**9 793**	**9 793**	
Financial assets, total	**0**		**10 223**	**10 223**	**10 223**	
30 Sep 2019						
Non-current assets						
Other non-current assets			218	218	218	Level 2
Total			**218**	**218**	**218**	
Current assets						
Trade and other receivables			3 890	3 890	3 890	Level 2
Loan receivables			4	4	4	Level 2
Derivative financial instruments	179			179	179	Level 2
Cash and cash equivalents			8 629	8 629	8 629	Level 2
Total	**179**		**12 523**	**12 701**	**12 701**	
Financial assets, total	**179**		**12 741**	**12 920**	**12 920**	

Financial liabilities

EUR thousand	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income	Financial liabilities at amortised cost	Book value	Fair value	Fair value hierarchy
30 Jun 2020						
Non-current liabilities						
Loans from credit institutions			49 758	49 758	49 758	Level 2
Lease liability			50 316	50 316	50 316	Level 2
Other non-current liabilities			0	0	0	Level 2
Total			**100 074**	**100 074**	**100 074**	
Current liabilities						
Loans from credit institutions			0	0	0	Level 2
Lease liability			15 611	15 611	15 611	Level 2
Trade and other payables			21 923	21 923	21 923	Level 2
Derivative financial instruments	149			149	149	Level 2
Total	**149**		**37 534**	**37 683**	**37 683**	
Financial liabilities total	**149**		**137 608**	**137 757**	**137 757**	
30 Jun 2019						
Non-current liabilities						
Loans from credit institutions			70 030	70 030	70 030	Level 2
Lease liability			39 807	39 807	39 807	Level 2
Other non-current liabilities			10 453	10 453	10 453	Level 2
Total			**120 290**	**120 290**	**120 290**	
Current liabilities						
Loans from credit institutions			10 877	10 877	10 877	Level 2
Lease liability			13 918	13 918	13 918	Level 2
Trade and other payables			26 196	26 196	26 196	Level 2
Derivative financial instruments	223			223	223	Level 2
Total	**223**		**50 992**	**51 214**	**51 214**	
Financial liabilities total	**223**		**171 281**	**171 504**	**171 504**	
30 Sep 2019						
Non-current liabilities						
Loans from credit institutions			74 800	74 800	74 800	Level 2
Lease liability			37 969	37 969	37 969	Level 2
Other non-current liabilities			10 574	10 574	10 574	Level 2
Total			**123 343**	**123 343**	**123 343**	
Current liabilities						
Loans from credit institutions			4 697	4 697	4 697	Level 2
Lease liability			14 013	14 013	14 013	Level 2
Trade and other payables			25 245	25 245	25 245	Level 2
Derivative financial instruments	61			61	61	Level 2
Total	**61**		**43 955**	**44 016**	**44 016**	
Financial liabilities, total	**61**		**167 298**	**167 359**	**167 359**	

Level 1: Quoted unadjusted prices at the balance sheet date in active markets. The market prices are readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. The quoted market price used for financial assets is the current bid price. Level 1 financial instruments include investments in funds classified as financial instruments at fair value through profit and loss. Musti Group does not have Level 1 financial instruments.

Level 2: The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize observable market data readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. Musti Group has classified derivatives at fair value according to the Level 2.

Level 3: A financial instrument is categorized into Level 3, if the calculation of the fair value cannot be based on observable market data. Musti Group has no such financial instruments.

During the reporting period there has not been any transfers between the levels of the fair value hierarchy.

Group’s commitments

In connection with the IPO in February 2020, Musti refinanced its existing loans with the share issue and a new loan agreement of EUR 60 million, which consists of an EUR 50 million term loan and an EUR 10 million revolving credit facility. The repayment date of the facilities is in 2023. The loan agreement contains two financial covenants: leverage and gearing. In connection with the repayments of the loans enterprise mortgages and pledges were released. The EUR 50 million term loan was drawn to refinance the existing loans. The revolving credit facility has not yet been drawn.

EUR thousand	30 Jun 2020	30 Jun 2019	30 Sep 2019
Pledges given on own behalf			
Collateral relating to rental payments	143	142	140
Guarantees relating to rental payments	4 094	3 857	4 456
Other commitments	411	532	315
Total	**4 648**	**4 532**	**4 911**

Related party transactions

Musti Group's related parties include its subsidiaries, joint venture, Board of Directors and the members of the management team, including the CEO, as well as their family members. Until the IPO in February the related parties also included its owners EQT Mid Market Fund, Vaaka Partners, Braganza AB and Ludv. G Braathens Rederi AS as well as Musti Group Finland Oy's (previously named Musti Group Oy’s) (operating) Board of Directors. EQT Mid Market Fund has still significant influence over Musti Group.

Loans from the owners

EUR thousand	30 Jun 2020	30 Jun 2019	30 Sep 2019
Other non-current interest-bearing liabilities	0	10 027	10 225

Other related party transactions

EUR thousand	30 Jun 2020	30 Jun 2019	30 Sep 2019
Purchases of goods and services	2 143	2 146	3 133
Receivables	688	0	0
Payables	150	229	174

Related party transactions are executed with the arms-length principle, and their terms and conditions correspond to transactions carried out with independent parties. No loans have been granted to the management, and no other transactions have been conducted with the management.

Financial ratios and alternative performance measures

EUR million or as indicated	4-6/2020	4-6/2019	Change %	10/2019–6/2020	10/2018–6/2019	Change %	FY2019
Net sales	68.8	59.0	16.6	207.5	182.1	13.9	246.6
Net sales growth, %	16.6%	9.6%		13.9%	13.5%		14.1%
LFL sales growth, %	11.5%	11.3%		11.2%	10.8%		11.2%
LFL store sales growth, %	4.3%	9.0%		7.1%	7.4%		7.8%
Online share of net sales, %	25.0%	21.3%		22.7%	20.9%		20.7%
Gross margin, %	42.6%	43.8%		43.8%	44.1%		44.3%
EBITDA	10.4	7.4	40.3	29.5	23.9	23,2	34.3
EBITDA margin	15.2%	12.6%		14.2%	13.1%		13.9%
Adjusted EBITDA	11.2	8.2	35.4	33.1	27.0	22.5	38.1
Adjusted EBITDA margin, %	16.2%	14.0%		15.9%	14.8%		15.4%
EBITA	5.7	3.4	69.7	16.2	11.8	36.6	18.1
EBITA margin	8.3%	5.7%		7.8%	6.5%		7.3%
Adjusted EBITA	6.4	4.2	54.3	19.7	14.9	32.2	21.9
Adjusted EBITA margin, %	9.3%	7.1%		9.5%	8.2%		8.9%
Operating profit	4.2	2.0	113.3	11.7	7.7	52.1	12.5
Operating profit margin, %	6.1%	3.3%		5.7%	4.2%		5.1%
Profit/loss for the period	4.9	-0.4	n.m.	5.9	0.8	676.5	3.0
Earnings per share, EUR	0.14	0.0		0.19	0.02		0.10
Cash flows from operating activities	2.2	11.1	-79.8	21.7	29.5	-26.4	39.5
Investments	3.4	2.1	67.0	8.3	5.1	61.3	6.4
Net debt	107.9	140.6	-23.3	107.9	140.6	-23.3	133.3
Gearing, %	73.3%	146.2%		73.3%	146.2%		135.4%
Net debt / LTM Adjusted EBITDA	2.4	4.4	-44.5	2.4	4.4	-44.5	3.5
Equity ratio, %	48.5%	33.9%		48.5%	33.9%		35.2%
Number of loyal customers, thousands	1 107	979	13	1 107	979	13	1,018
Number of stores at end of period	290	274	5.8	290	274	5.8	277
of which directly operated	227	203	11.8	227	203	11.8	206
Own & Exclusive share, %	48.5%	51.0%		50.3%	51.8%		51.7%

EUR million or as indicated	4-6/2020	4-6/2019	Change %	10/2019–6/2020	10/2018–6/2019	Change %	FY2019
Finland							
Net sales	32.0	29.1	10.0	99.8	90.5	10.3	122.8
Net sales growth, %	10.0%	3.7%		10.3%	7.6%		10.8%
LFL sales growth, %	6.2%	8.0%		6.6%	8.6%		8.8%
EBITDA	9.2	8.1	14.5	29.2	26.2	11.6	36.6
EBITDA margin, %	28.8%	27.7%		29.2%	28.9%		29.8%
Adjusted EBITDA	9.3	8.1	14.9	29.3	26.2	11.8	36.6
Adjusted EBITDA margin, %	29.1%	27.8%		29.3%	28.9%		29.8%
EBITA	7.3	6.3	14.6	23.5	21.1	11.5	29.8
EBITA margin, %	22.6%	21.7%		23.6%	23.3%		24.2%
Adjusted EBITA	7.3	6.4	15.2	23.6	21.1	11.8	29.7
Adjusted EBITA margin, %	22.9%	21.9%		23.6%	23.3%		24.2%
Number of stores at end of period	129	126	2.4	129	126	2.4	126
of which directly operated	111	108	2.8	111	108	2.8	108
Sweden							
Net sales	30.1	25.8	16.8	89.8	79.9	12.4	107.5
Net sales growth, %	16.8%	10.0%		12.4%	12.9%		10.9%
LFL sales growth, %	13.0%	13.3%		14.1%	11.9%		12.4%
EBITDA	5.0	3.2	53.2	14.8	10.9	35.3	15.1
EBITDA margin, %	16.4%	12.5%		16.4%	13.6%		14.1%
Adjusted EBITDA	5.0	3.4	48.2	14.8	11.6	28.3	16.0
Adjusted EBITDA margin, %	16.7%	13.2%		16.5%	14.5%		14.8%
EBITA	3.1	1.7	79.4	9.9	6.3	57.7	9.0
EBITA margin, %	10.3%	6.7%		11.0%	7.8%		8.4%
Adjusted EBITA	3.2	1.9	68.1	9.9	7.0	43	9.9
Adjusted EBITA margin, %	10.5%	7.3%		11.1%	8.7%		9.2%
Number of stores at end of period	123	120	2.5	123	120	2.5	121
of which directly operated	78	67	16.4	78	67	16.4	68
Norway							
Net sales	6.6	4.1	62.9	17.9	11.7	52.5	16.4
Net sales growth, %	62.9%	78.6%		52.5%	111.8%		97.0%
LFL sales growth, %	44.8%	35.0%		32.5%	36.5%		30.7%
EBITDA	1.6	0.7	135.4	3.5	1.4	144.9	2.2
EBITDA margin, %	24.8%	17.1%		19.6%	12.2%		13.7%
Adjusted EBITDA	1.7	0.7	136.3	3.5	1.6	117.6	2.4
Adjusted EBITDA margin, %	25.0%	17.3%		19.7%	13.8%		14.8%
EBITA	1.0	0.2	363.6	1.8	0.1	1,417.2	0.4
EBITA margin, %	15.4%	5.4%		9.8%	1.0%		2.6%
Adjusted EBITA	1.0	0.2	361.8	1.8	0.3	488.3	0.6
Adjusted EBITA margin, %	15.7%	5.5%		9.9%	2.6%		3.8%
Number of stores at end of period	38	28	35.7	38	28	35.7	30

of which directly operated	38	28	35.7	38	28	35.7	30

Calculation of financial ratios and alternative performance measures

Measure	Calculation
Gross profit	Net sales - Materials and services
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	Operating profit + Depreciation, amortisation and impairment
Adjusted earnings before interest, taxes, depreciation and amortisation (Adjusted EBITDA)	Operating profit + Depreciation, amortisation and impairment +adjustments
Earnings before interest, taxes and amortisation (EBITA)	Operating profit + Amortisation and impairment of intangible assets
Adjusted earnings before interest, taxes and amortisation (Adjusted EBITA)	Operating profit + Amortisation and impairment of intangible assets + Adjustments
Earnings per share, basic	$\frac{\text{Profit/loss for the period – Non-controlling interests}}{\text{Average number of shares}}$
Earnings per share, diluted	$\frac{\text{Profit/loss for the period – Non-controlling interests}}{\text{Average diluted number of shares}}$
Net Debt	Interest bearing liabilities - Loan receivables - Derivative financial instruments - Cash and cash equivalents
Gearing, %	$\frac{\text{Net debt}}{\text{Equity}}$
Net debt/LTM (last twelve months) Adjusted EBITDA	$\frac{\text{Net Debt}}{\text{LTM adjusted EBITDA}}$
Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets - Advances received}}$
LFL (Like-for-like) sales growth, %	$\frac{\text{Sales of online channels and stores that have been open more than 13 months}}{\text{Sales from corresponding online channels and stores in the same time period}}$
Own & Exclusive share, %	$\frac{\text{Sales of own and exclusive product sales}}{\text{Product sales in own channels}}$
Online share, %	$\frac{\text{Online sales}}{\text{Net sales}}$

Reconciliation of key performance indicators

EUR million or as indicated	4-6/2020	4-6/2019	10/2019–6/2020	10/2018–6/2019	FY2019
Gross profit					
Net sales	68.8	59.0	207.5	182.1	246.6
Material and services	-39.5	-33.2	-116.6	-101.9	-137.3
Gross profit	**29.3**	**25.8**	**90.9**	**80.2**	**109.4**
Gross margin, %	**42.6%**	**43.8%**	**43.8%**	**44.1%**	**44.3 %**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)					
Operating profit	4.2	2.0	11.7	7.7	12.5
Depreciation, Amortisation and Impairment	6.2	5.5	17.8	16.2	21.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**10.4**	**7.4**	**29.5**	**23.9**	**34.3**
EBITDA margin, %	**15.2%**	**12.6%**	**14.2%**	**13.1%**	**13.9 %**
Adjusted earnings before interest, taxes, depreciation and amortisation (Adjusted EBITDA)					
Operating profit	4.2	2.0	11.7	7.7	12.5
Depreciation, Amortisation and Impairment	6.2	5.5	17.8	16.2	21.8
Adjustments	0.7	0.8	3.6	3.1	3.8
Adjusted earnings before interest, taxes, depreciation and amortisation (Adjusted EBITDA)	**11.2**	**8.2**	**33.1**	**27.0**	**38.1**
Adjusted EBITDA margin, %	**16.2%**	**14.0%**	**15.9%**	**14.8%**	**15.4 %**
Adjustments (EBITDA)					
Restructuring related expenses	0.0	0.1	0.0	0.2	0.3
Acquisition/IPO related expenses	0.5	0.4	3.4	1.8	2.2
Other items affecting comparability	0.2	0.3	0.2	1.1	1.3
Adjustments (EBITDA)	**0.7**	**0.8**	**3.6**	**3.1**	**3.8**
Earnings before interest, taxes and amortisation (EBITA)					
Operating profit	4.2	2.0	11.7	7.7	12.5
Amortisation and impairment of intangible assets	1.5	1.4	4.4	4.1	5.6
Earnings before interest, taxes and amortisation (EBITA)	**5.7**	**3.4**	**16.2**	**11.8**	**18.1**
EBITA margin, %	**8.3%**	**5.7%**	**7.8%**	**6.5%**	**7.3 %**
Adjusted earnings before interest, taxes and depreciation (Adjusted EBITA)					
Operating profit/loss	4.2	2.0	11.7	7.7	12.5
Amortisation and impairment of intangible assets	1.5	1.4	4.4	4.1	5.6
Adjustments total	0.7	0.8	3.6	3.1	3.8
Adjusted earnings before interest, taxes and depreciation (Adjusted EBITA)	**6.4**	**4.2**	**19.7**	**14.9**	**21.9**
Adjusted EBITA margin, %	**9.3%**	**7.1%**	**9.5%**	**8.2%**	**8.9 %**
Adjustments (Operating profit)					
Restructuring related expenses	0.0	0.1	0.0	0.2	0.4
Acquisition/IPO related expenses	0.5	0.4	3.4	1.9	2.2

Other items affecting comparability	0.2	0.3	0.2	1.1	1.3
Adjustments (Operating profit)	**0.7**	**0.8**	**3.6**	**3.1**	**3.8**
Earnings per share, basic (and diluted)					
Profit/loss for the period	4.9	-0.4	5.9	0.2	3.0
Non-controlling interest	0.0	0.0	0.0	1.9	0.0
Average number of shares *)	33.5	28.4	30.4	28.4	28.4
Earnings per share, basic (and diluted)	**0.14**	**-0.01**	**0.19**	**0.01**	**0.10**
*) Number of shares before share issue of February 2020 was 28,375,781 and after share issue 33,535,453					
Net debt					
Interest bearing liabilities	115.7	145.1	115.7	145.1	142.1
Loan receivables	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	0.0	0.0	0.0	0.0	0.2
Cash and cash equivalents	7.8	4.5	7.8	4.5	8.6
Net debt	**107.9**	**140.6**	**107.9**	**140.6**	**133.3**
Gearing, %					
Net Debt	107.9	140.6	107.9	140.6	133.3
Equity	147.2	96.1	147.2	96.1	98.4
Gearing, %	**73.3%**	**146.2%**	**73.3%**	**146.2%**	**135.4 %**
Net debt/LTM Adjusted EBITDA					
Net debt	107.9	140.6	107.9	140.6	133.3
LTM adjusted EBITDA	44.2	32.3	44.2	32.3	38.1
Net debt/LTM Adjusted EBITDA	**2.4**	**4.3**	**2.4**	**4.3**	**3.5**
Equity ratio, %					
Total equity	147.2	96.1	147.2	96.1	98.4
Total assets	303.9	283.9	303.9	283.9	279.5
Advances received	0.2	0.1	0.2	0.1	0.1
Equity ratio, %	**48.5%**	**33.9%**	**48.5%**	**33.9%**	**35.2 %**
LFL sales growth, %					
Net sales	68.8	59.0	207.5	182.1	246.6
Net sales growth, %	16.6%	9.6%	13.9%	13.5%	14.1 %
Other growth, %	5.1%	-1.7%	2.7%	2.8%	3.0 %
LFL sales growth, %	**11.5%**	**11.3%**	**11.2%**	**10.8%**	**11.2 %**
LFL store sales growth, %					
Store sales	48.4	43.2	150.2	134.4	182.4
Store sales total growth, %	12.0%	9.9%	11.8%	8.8%	10.0 %
Other growth, %	7.7%	0.9%	4.6%	1.4%	2.2 %
LFL store sales growth, %	**4.3%**	**9.0%**	**7.1%**	**7.4%**	**7.8 %**
Net sales					
Store sales	48.4	43.2	150.2	134.4	182.4
Online sales	17.2	12.6	47.1	38.1	51.1
Other sales	3.2	3.2	10.2	9.6	13.1
Net sales	**68.8**	**59.0**	**207.5**	**182.1**	**246.6**
Online share, %					
Net sales	68.8	59.0	207.5	182.1	246.6
Online sales	17.2	12.6	47.1	38.1	51.1
Online share, %	**25.0%**	**21.3%**	**22.7%**	**20.9%**	**20.7 %**