



Interim Report 1 October 2019–30 June 2020

4 August 2020
CEO David Rönnerberg
CFO Robert Berglund



Agenda

- Group development
- Segments
- Financials and market outlook





Strong profitable growth

Highlights in Q3/2020

- Group net sales totaled EUR 68.8 million (59.0 million), an increase of 16.6%.
- Like-for-like sales growth was 11.5%.
- Adjusted EBITA increased to 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.
- Net cash flow from operating activities totaled EUR 2.2 (11.1) million.
- Number of loyal customers increased to 1,107 thousand (979 thousand on 30 June 2019).



The figures in parentheses refer to the comparison period, i.e. the same period in the previous year, unless stated otherwise.

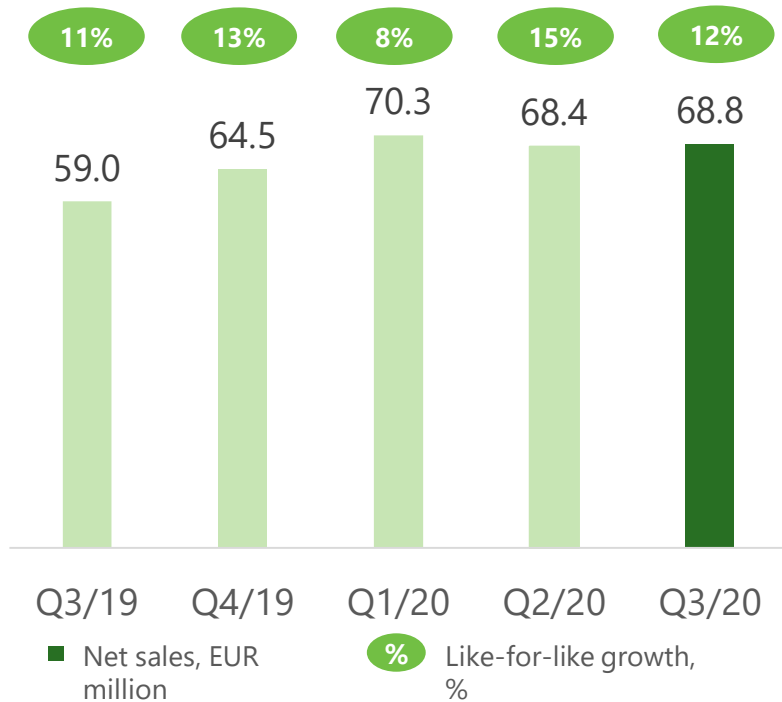
Effects of COVID-19 on Musti's operations in Q3/2020

- Keeping staff and customers safe and maintaining the ability to deliver high-quality service have continued to be the top priorities during the third quarter.
- Challenging societal and economic conditions proved the resilience of Musti's business model. Musti continued to focus on growth and gaining market share in Q3. Musti's underlying growth has continued strong after Q3.
- 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 COVID-19 pandemic in all countries, which started to normalize in June. The impact of COVID-19 to sales was strongest in Finland due to restrictions relating to shopping centres.
- Musti has paid rigorous attention to store hygiene and employee health, adjusted store opening hours and strengthened online capacity and warehouse functions.
- Musti's business and the whole pet care market has proven to be resilient to economic downturns in the past. During the pandemic, the resilience of our business, comparable to grocery stores, has been apparent.



Q3: Net sales increased by 16.6% mainly driven by the increasing number of new customers

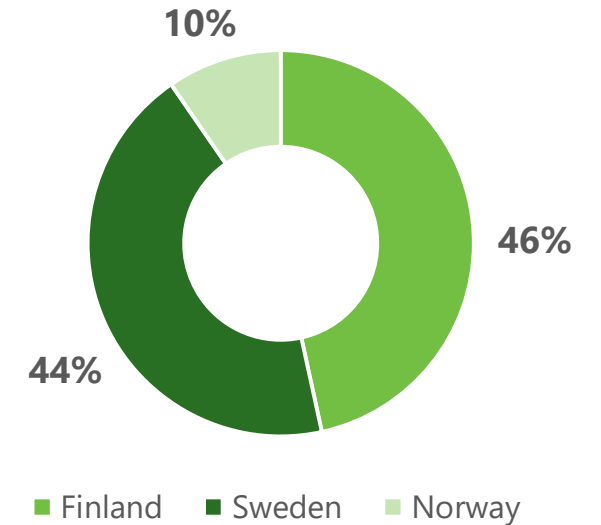
Net sales and like-for-like growth



Net sales: rolling 12 months



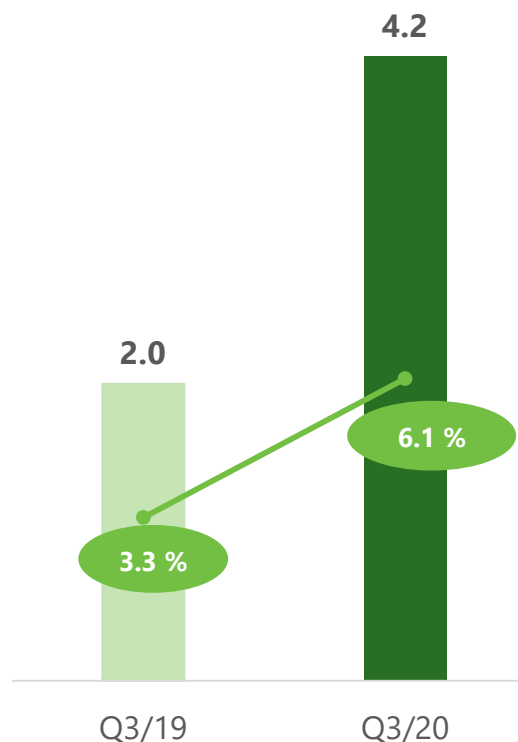
Net sales by segment in Q3/2020



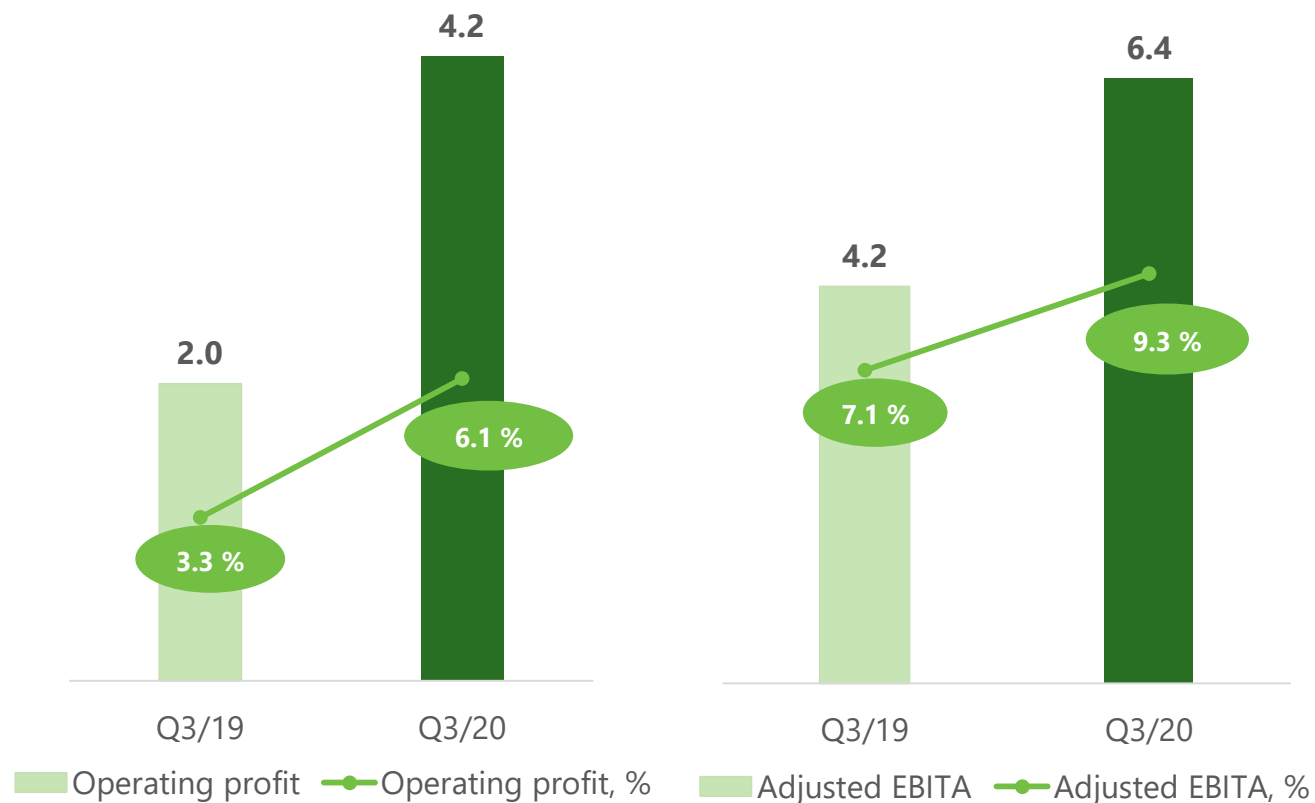
Q3: Adjusted EBITA increased by 54.3%

- Adjusted EBITA increased by 54.3% to EUR 6.4 million and adjusted EBITA margin was 9.3%.
- The improvement was mainly due to an increase in sales combined with operating leverage.
- Adjustments to EBITA were EUR 0.7 (0.8) million and they were mainly related to the IPO process.
- Operating profit increased by 113.3% to EUR 4.2 million.

Operating profit¹, EUR million



Adjusted EBITA, EUR million



¹ Operating profit = Profit before financial income and expenses, net, and income tax expense.

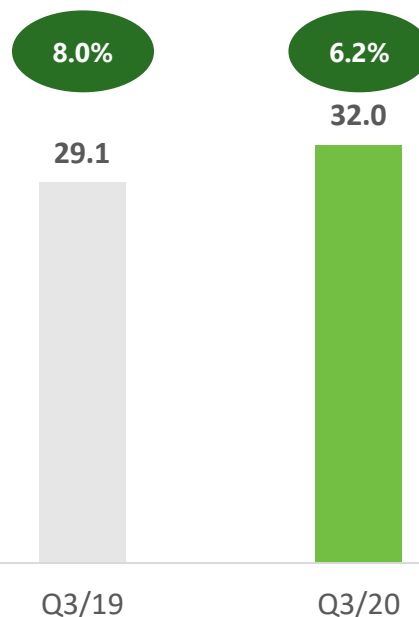


Segments

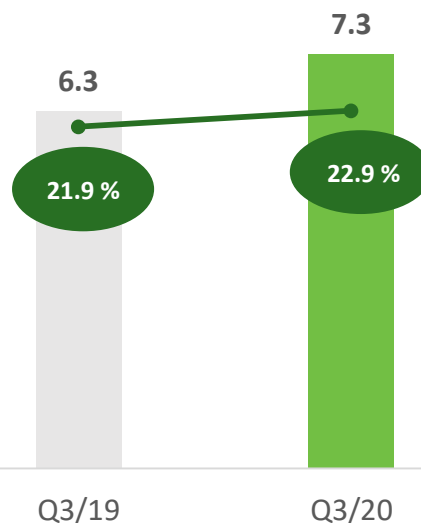
Finland: Strong net sales and result development in Q3

- Net sales increased by 10.0% to EUR 32.0 million driven by like-for-like growth of 6.2% and growth from the stores opened or acquired during the latest twelve months.
- The impact of COVID-19 to sales was strongest in Finland due to restrictions relating to shopping centres. Online sales growth was positively impacted by COVID-19 and focus on growth.
- Adjusted EBITA increased by 15.2% to EUR 7.3 million due to operating leverage and lower working hours in stores and lower operating costs adapting to the lower store volumes due to the COVID-19.
- One new directly operated store was opened in Finland during Q3.

Net sales, EUR million, like-for-like growth, %



Adjusted EBITA, EUR million and %



■ Net sales
 % Like-for-like segment sales growth

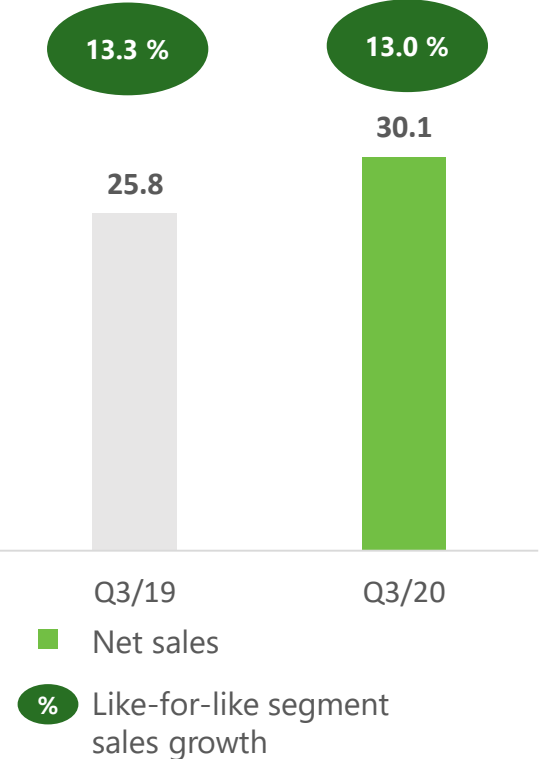
■ Adjusted EBITA
 ● Adjusted EBITA-%



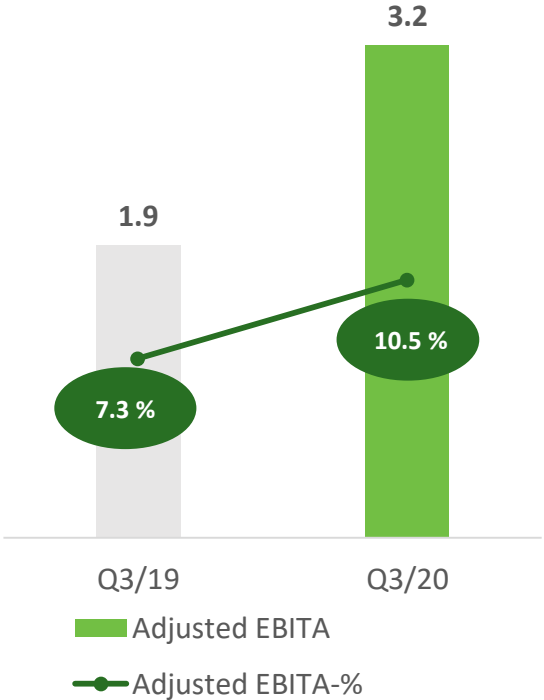
Sweden: Strong profitability with 68.1% growth in adjusted EBITA in Q3

- Net sales increased by 16.8% to EUR 30.1 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.
- Adjusted EBITA increased by 68.1% to EUR 3.2 million mainly due to operating leverage and more efficiency campaigning, partly offset by the increased share of online sales.
- During Q3, three new stores were opened in Sweden and two franchise stores were acquired. In addition, four franchise stores were closed.

Net sales, EUR million, like-for-like growth, %

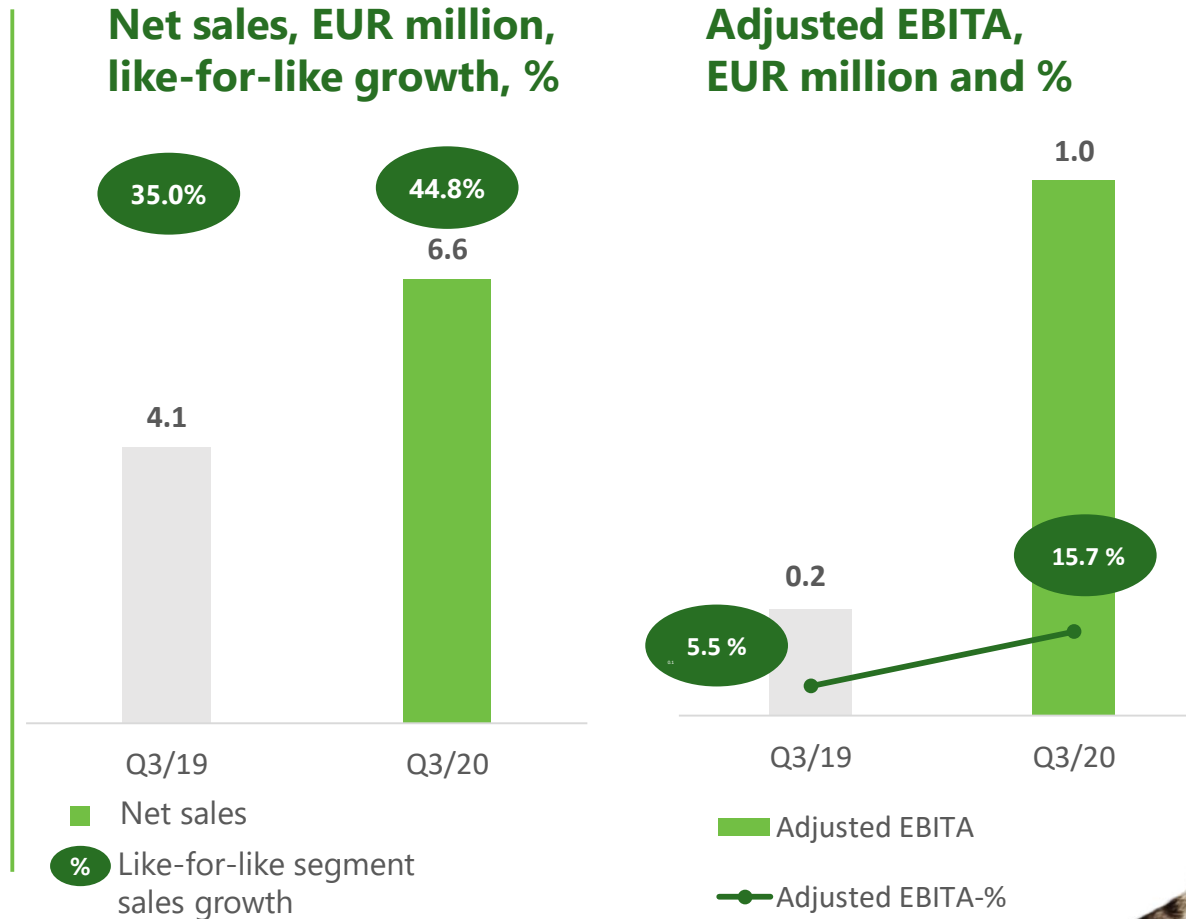


Adjusted EBITA, EUR million and %



Norway: Strong sales growth with clear EBITA margin improvements

- Net sales increased by 62.9% to EUR 6.6 million, driven by strong like-for-like growth of 44.8% and ramp-up of new stores.
- Adjusted EBITA increased to EUR 1.0 million 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.
- 3 new stores were opened in Norway during Q3.





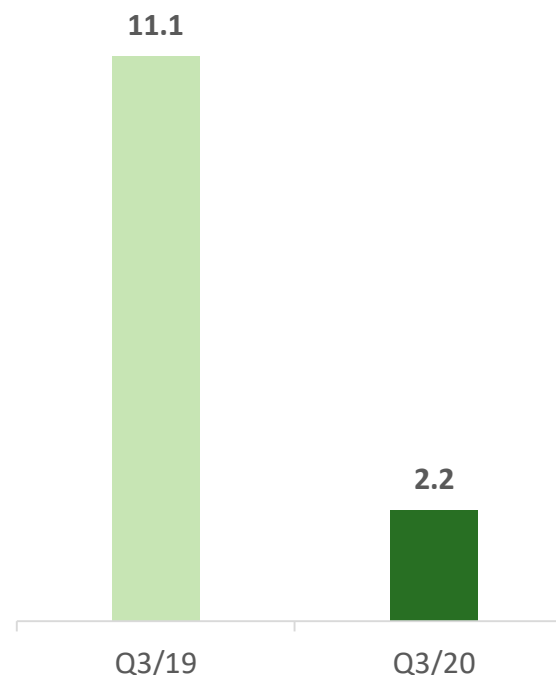
Financials and market outlook

Net cash flow from operating activities decreased to EUR 2.2 million in Q3

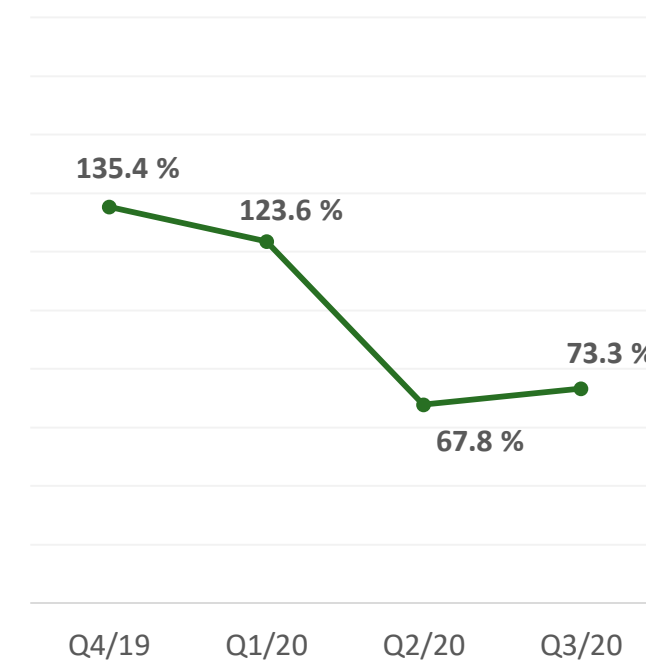
- Net cash flow from operating activities totaled EUR 2.2 (11.1) million.
- Gearing at the end of the reporting period was 73.3% (30 September 2019: 135.4%)
- Net debt amounted to EUR 107.9 million (30 September 2019: EUR 133.3 million).
- Net debt in relation to LTM adjusted EBITDA was 2.4.
- Cash and cash equivalents at the end of the period amounted to EUR 7.8 million (30 September 2019: EUR 8.6 million).
- Investments amounted to EUR 3.4 (2.1) million in Q3, mainly related to new and relocated stores.
- In February, Musti Group arranged a share issue of EUR 45 million in connection with the IPO.



Cash flow from operating activities, EUR million



Gearing, %



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 repayment date of the facilities is in 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.

Market outlook and financial targets

Musti believes that the trends driving the pet care market, such as the pet parenting megatrend and pet population growth, will remain robust also during and after the coronavirus pandemic.

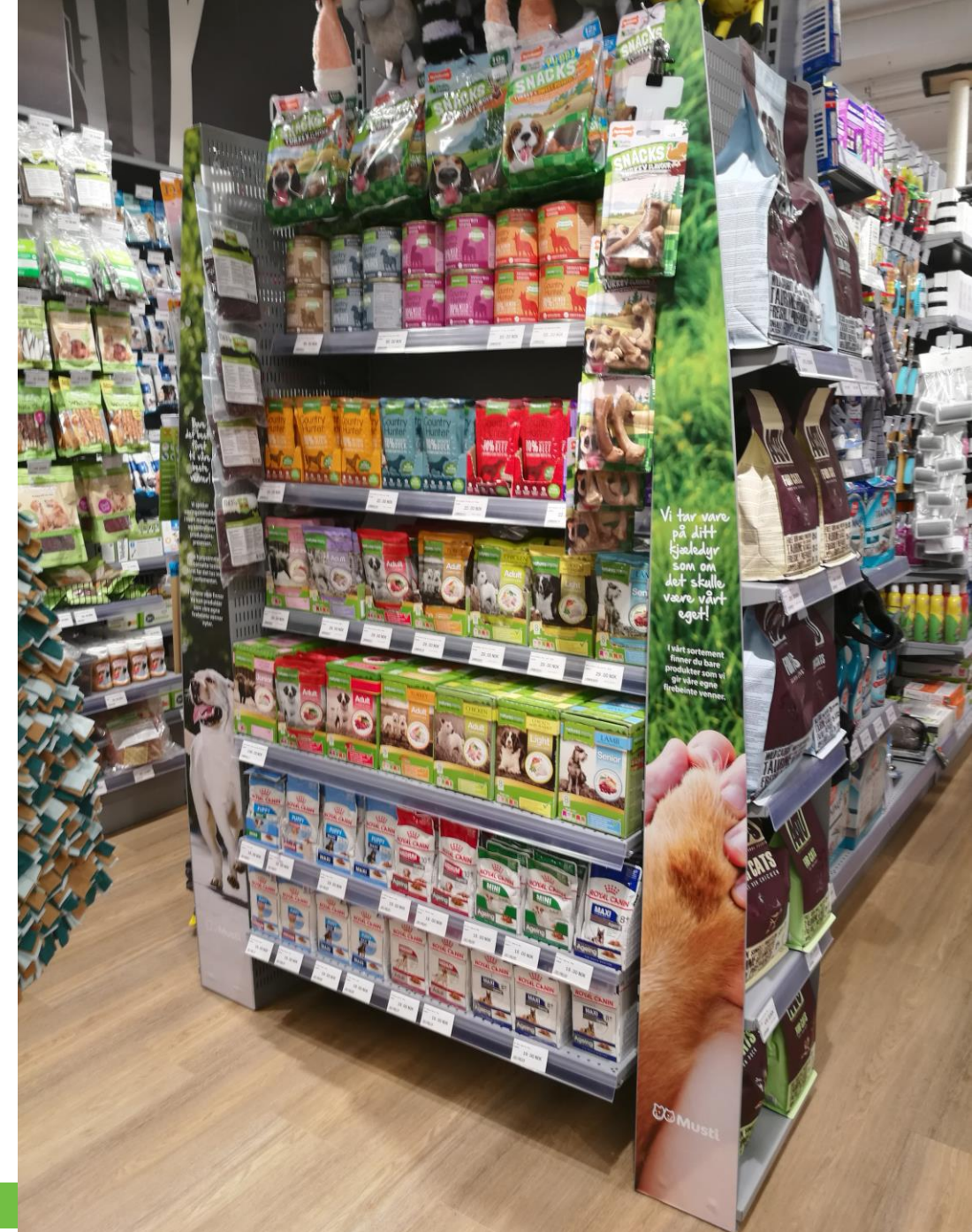
- It has been evidenced that historically, the amount of puppy registrations has increased during economic downturns.
- The pet care market is resilient, underpinned by non-discretionary purchasing behaviour. Consumers display a willingness to sustain spending on pet care through economic downturns, preferring to cut expenditure on alternative spend categories.
- As a result of the trend of Pet Parenting, 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.

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.



Summary

- Very strong third quarter of the financial year 2020.
- Net sales grew by 16.6% to EUR 68.8 million. The increase was largely due to like-for-like growth of 11.5%, mainly driven by the increasing number of new customers joining the 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 COVID-19 pandemic in all countries which started to normalize in June.
- All three segments showed strong like-for-like sales growth and gained market share. Adjusted EBITA margins in Sweden and Norway converged towards Finland's level faster than expected.
- Focusing on profitable growth, supported by the scalable, cost efficient platform 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.



More information

David Rönnerberg, CEO
+46 70 896 6552
david.ronnerberg@mustigroup.com

Robert Berglund, CFO
+358 50 534 8657
robert.berglund@mustigroup.com

Essi Nikitin, Head of IR and
Communications
+358 50 581 1455
essi.nikitin@mustigroup.com

www.mustigroup.com/investors

Twitter [@MustiGroup](https://twitter.com/MustiGroup)

Financial
Statements release
October 2019–
September 2020
will be published on
12 November
2020

Thank you!



Appendix

Musti – the leading Nordic pet care specialist



Leading Nordic pet care specialist
#1 in Nordics,
22% market share¹



Wide loyalty program
>1 million loyal customers,
unique rich data on Nordic
pets and Pet Parents



Omnichannel business model²
290 stores,
20.7% of net sales
generated through online
channel in FY19



Trusted expert advice
93% of Musti's staff are
pet parents themselves
– honest, reliable advice and
excellent customer service



Stable business model
Pet food represents 52%
of product sales in own
channels
– food is non-discretionary
and sticky in nature, with
recurring purchasing habits












High quality O&E assortment
Strong O&E brand portfolio,
52% of product sales
in own channels in FY19



Source: Company information, a study ordered by the company from an international consulting company. Note: Financial Year Ended 30 September. ¹2018 market share for Nordic pet food and products market; Musti's market share is based on FY19 consumer sales (including sales from franchisees). ²Omnichannel represents physical stores and online.

Strategic focus on Pet Parents across the Nordic countries

MISSION We make the life of pets and their parents easier, safer and more fun.

SEGMENTS	Finland	Sweden	Norway
	<p>Stable development as the most mature country</p> <p>129 stores</p>	<p>Further expansion and convergence in efficiency towards Finnish levels</p> <p>123 stores</p>	<p>Store rollout with strong ramp up and increasing country profitability</p> <p>38 stores</p>
STORE BANNER			
OMNI-BANNER			
ONLINE BANNER			

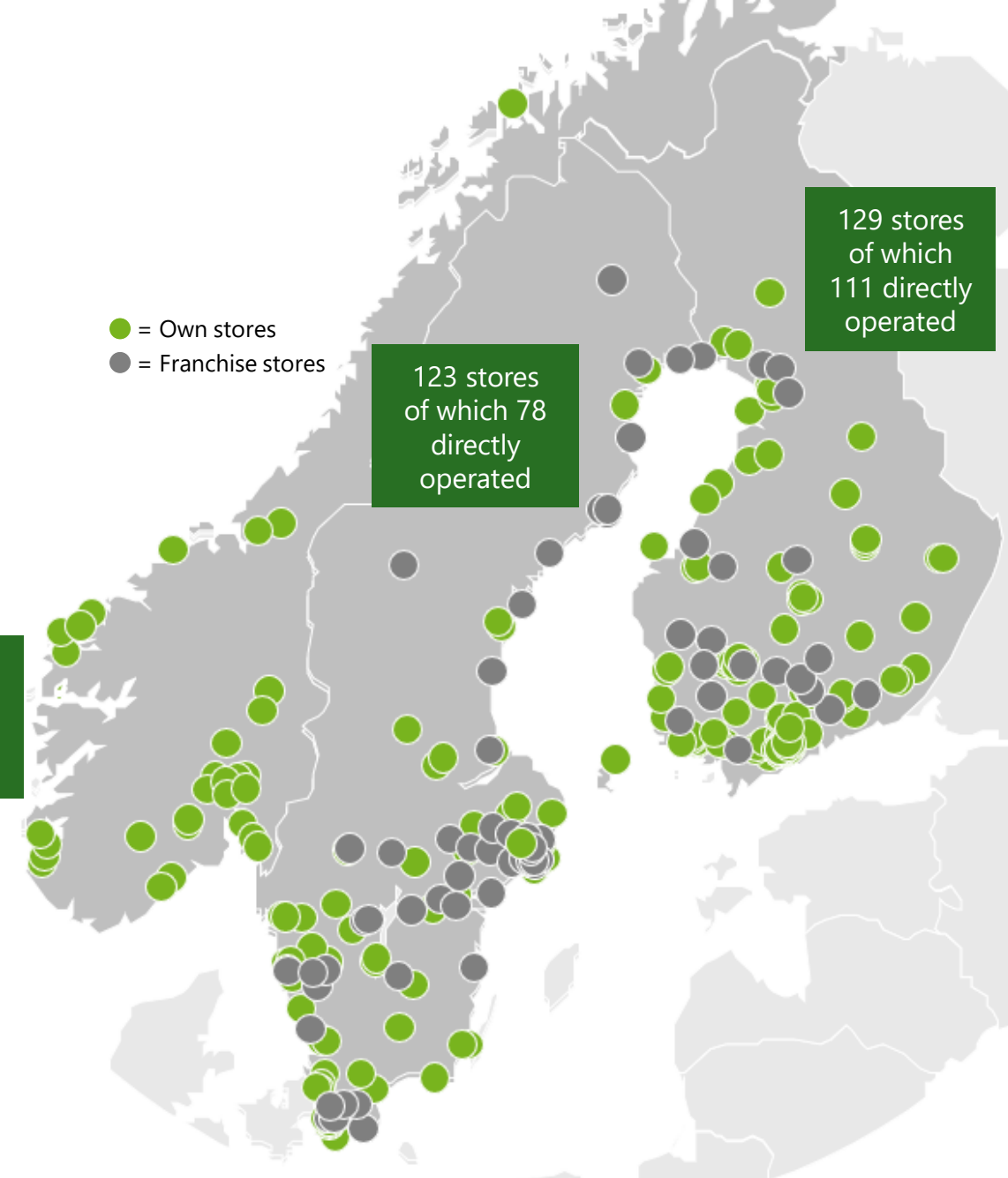
Key figures

EUR millions or as indicated	Q3 4–6/20	Q3 4–6/19	Change%	10/19– 6/20	10/18– 6/19	Change%	FY2019
Net sales	68.8	59.0	16.6	207.5	182.1	13.9	246.6
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%
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%
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



Over 1 million loyal customers

- Number of loyal customers increased to 1,107 thousand (979 thousand on 30 June 2019)
- At 30 June 2020 Musti had 290 stores (274), of which 227 (203) were directly operated.
- In Q3/2020, share of online sales was 25.0% (21.3%).



Musti offers the winning concept geared towards modern Pet Parents



Trusted expert advice

- 93% of Musti's staff are pet parents themselves
- Trusted expert advice drives customer satisfaction and loyalty



High quality offering

- Diverse, high quality offering with strong own brands
 - Pet food and specialty pet food
 - Toys and accessories
 - Health and care products



Omnichannel business model

- Seamless omnichannel business model ensuring total convenience for customers
 - Paid online, home delivered
 - Paid online, collected in store
 - Paid offline, collected or consumed in store



Growing suite of services

- Hair and nail trimming
- Health and care services
- Training and learning

Responsibility at Musti

Trusty

The Musti responsibility approach

We make the life of pets and their parents easier, safer and more fun.

As a forerunner in our market, we want to do it responsibly. For us, this means putting the welfare of pets and people first, having high standards for quality, safety and expertise, as well as always looking into more sustainable ways to develop our business.



THEMES



Pets and their parents

High quality and safe products and services
+
Satisfied and loyal customers



Employees

Thriving experts
+
Well-being at work



Communities

Working for the common good
+
Openness for new inventions

BASIS

Responsible supply chain

Suppliers committed to Musti's requirements on responsible business practices



Reducing environmental impact

CO₂ emissions and energy management
+
Recycling and waste management



Good governance and high ethics

Compliance with policies and principles

30-year track record – from traditional pet retail to full omnichannel

