



Financial Statements Release 1 October 2019–30 September 2020

12 November 2020
CEO David Rönnerberg
CFO Robert Berglund



Agenda

- Group development
- Segments
- Financials and market outlook



A close-up photograph of a brown and white dog, possibly a Weimaraner, lying in a field of dry, brownish-green bushes. The dog is looking directly at the camera with its mouth open, showing its tongue and teeth, appearing happy. The background is a soft-focus landscape of similar vegetation.

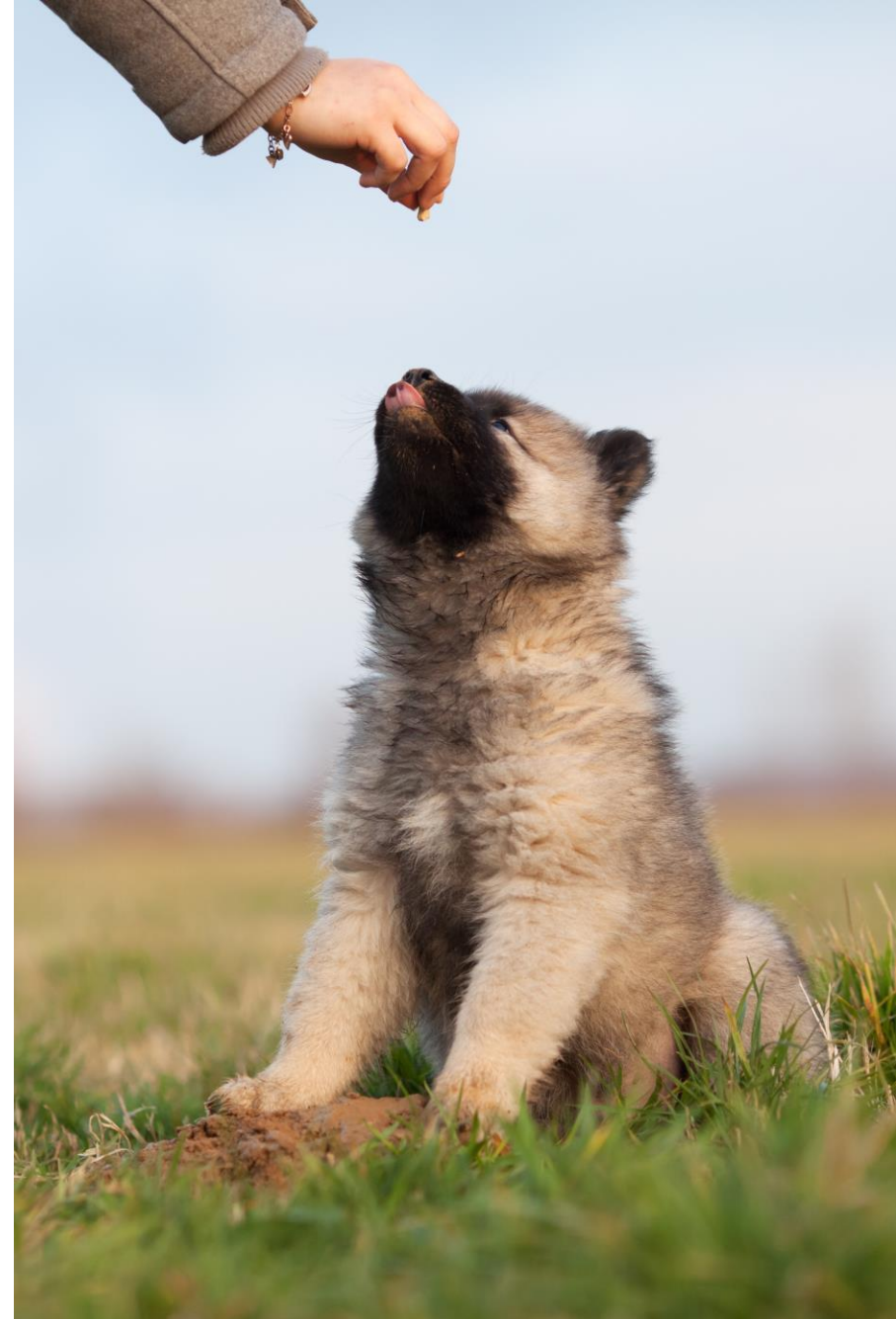
Continued strong momentum

Highlights Q4/2020

- Group net sales totaled EUR 76.9 million (64.5), an increase of 19.2%.
- Like-for-like sales growth was 12.2%.
- Adjusted EBITA was EUR 10.1 million (7.0), up by 44.6%.
- Adjusted EBITA margin was 13.1% (10.8%).
- Operating profit increased by 63.5% to EUR 7.8 million (4.8), representing 10.2% (7.4%) of net revenue.
- Net cash flow from operating activities totaled EUR 20.6 million (10.0).
- Number of loyal customers increased to 1,151 thousand (1,018 thousand on 30 September 2019).
- Number of stores grew to 293 (277).



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

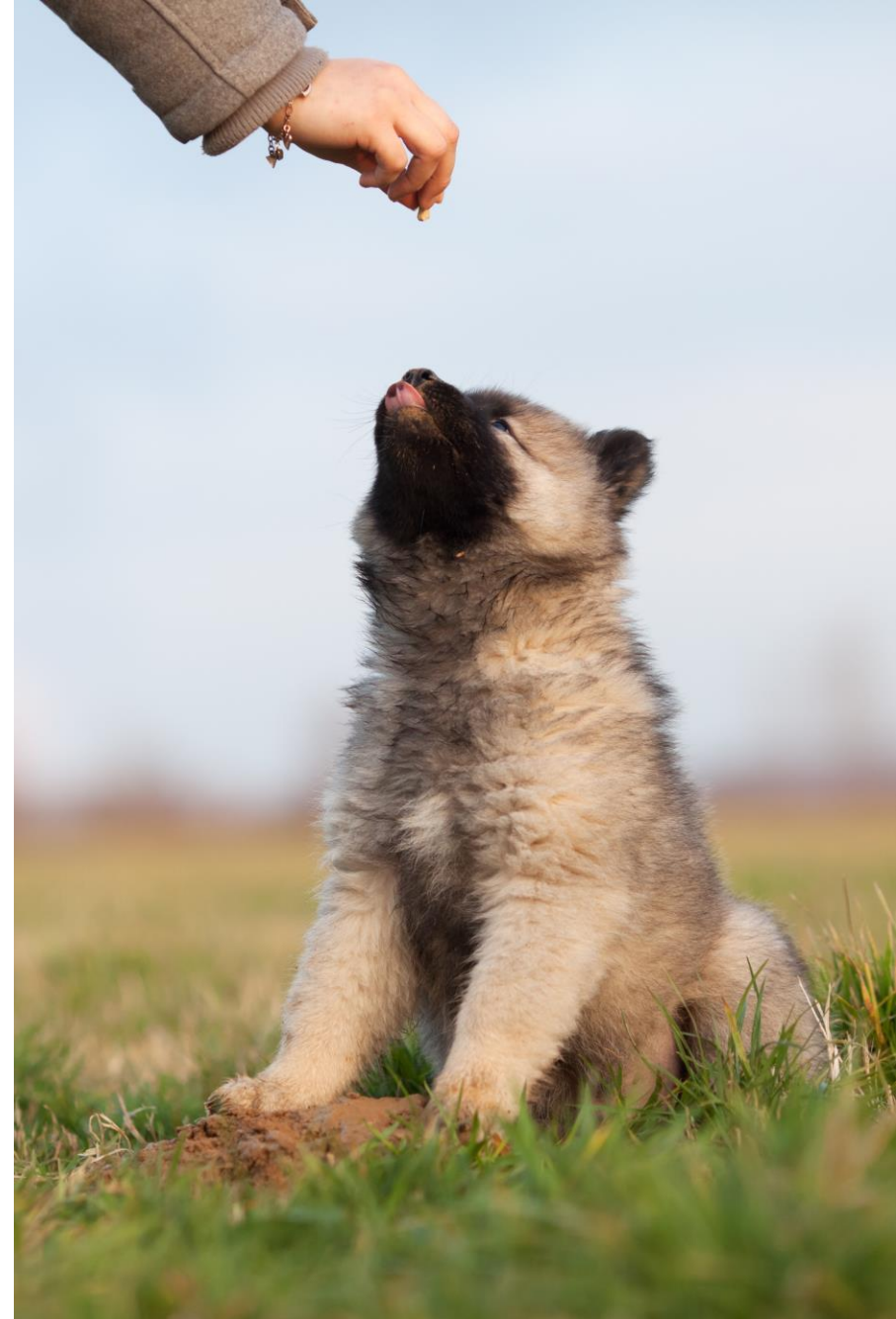


Highlights FY2020

- Group net sales totaled EUR 284.4 million (246.6), an increase of 15.3%.
- Like-for-like sales growth was 11.5%.
- Adjusted EBITA was EUR 29.8 million (21.9), up by 36.2%.
- Adjusted EBITA margin was 10.5% (8.9%).
- Operating profit increased by 56.5% to EUR 19.6 million (12.5), representing 6.9% (5.1%) of net revenue.
- Profit for the period totaled EUR 11.8 million (3.0).
- In October–September, net cash flow from operating activities totaled EUR 42.3 million (39.5).
- Earnings per share, basic was EUR 0.37 (0.10).
- The Board of Directors proposes that for the financial year 2020, a capital return of EUR 0.38 per share be distributed from the invested unrestricted equity reserve.



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



Covid-19 pandemic has boosted the demand for puppies and kittens

Clear growth in Swedish registered puppies continues, September 2020 registrations were up +19% compared to September 2019

Market evidence from Sweden



YTD Jan-Sep

+10%

Jul-Sep

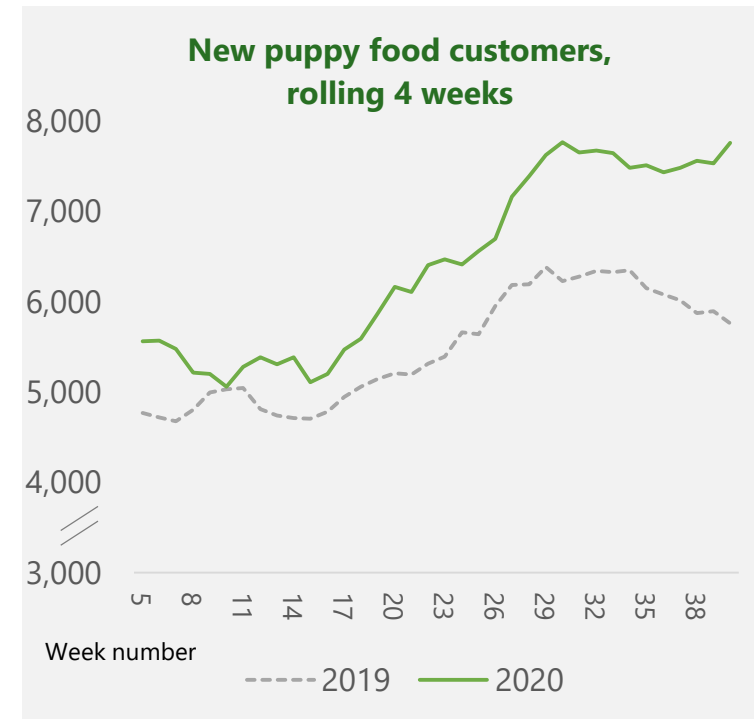
+10%

September

+19%



Musti group trend



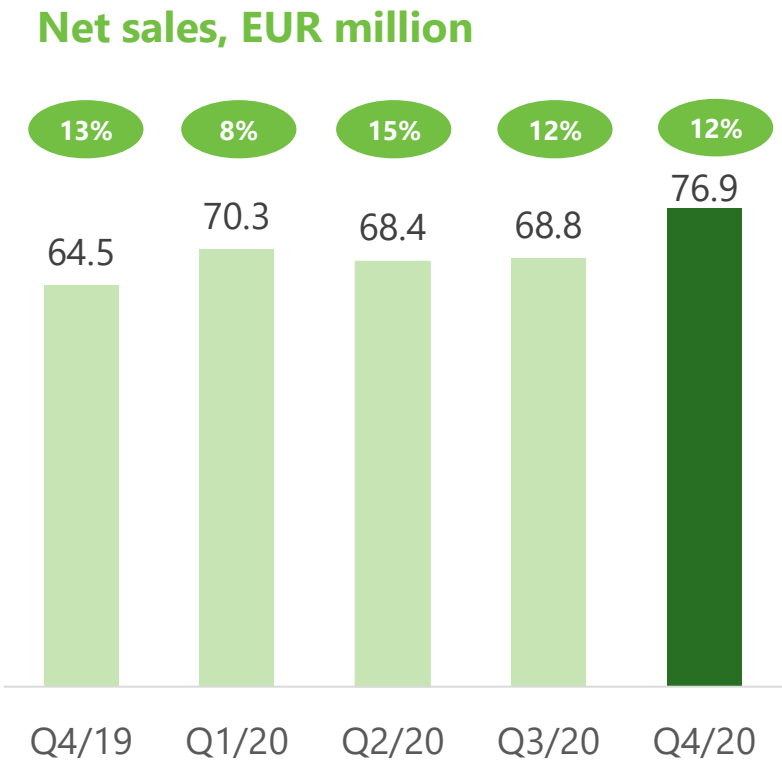
Last 4 weeks, w40

+35%

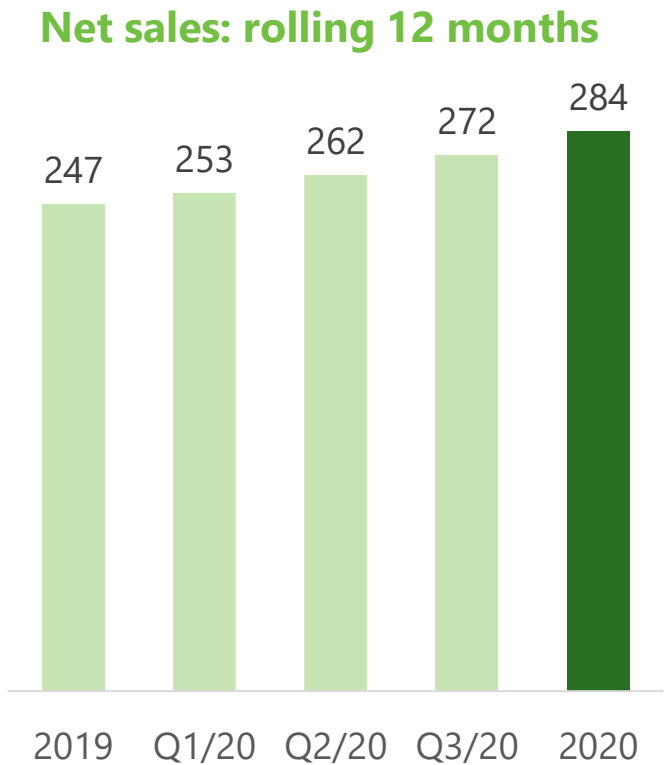


Source: Jordbruksverket

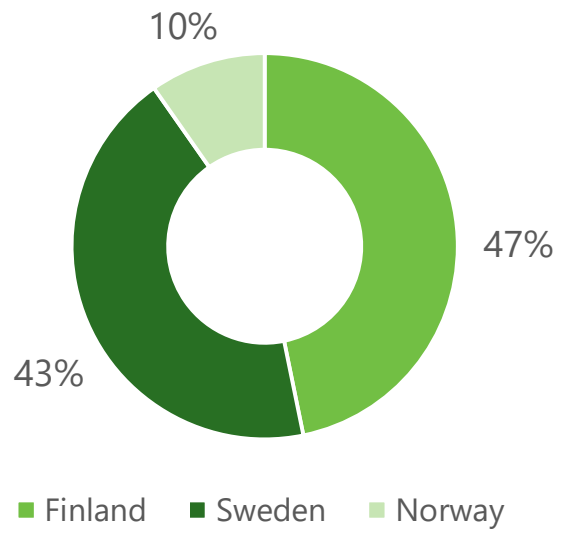
Q4: Net sales increased by 19.2% as a result of a strong like-for-like growth and increased number of directly operated stores



% Like-for-like growth, %



Net sales by segment in Q4/2020

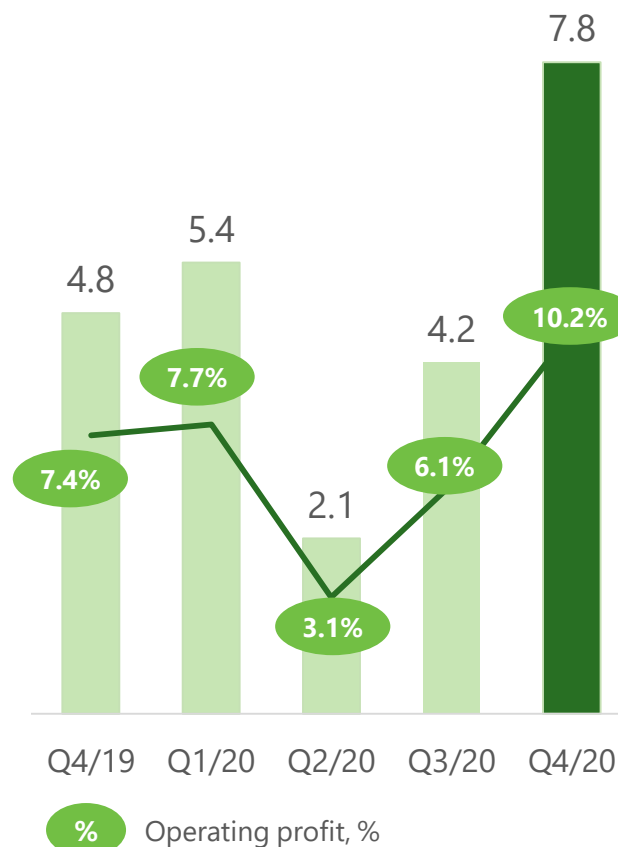


Q4: Group adjusted EBITA increased by 44.6%

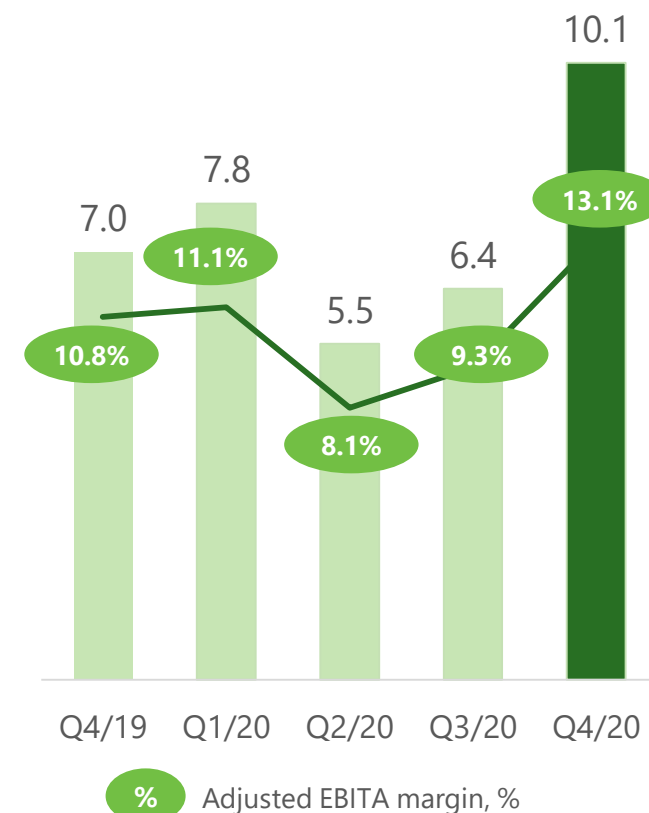
- Adjusted EBITA increased by 44.6% to EUR 10.1 million (7.0) and adjusted EBITA margin was 13.1% (10.8%).
- The improvement was mainly due to the increase in sales, partly offset by slightly lower gross margin.
- Adjustments to EBITA were EUR 0.7 million (0.7) consisting of non-recurring items relating to the ongoing warehouse consolidation project.
- Operating profit increased by 63.5% to EUR 7.8 million (4.8).



Operating profit¹, EUR million



Adjusted EBITA, EUR million



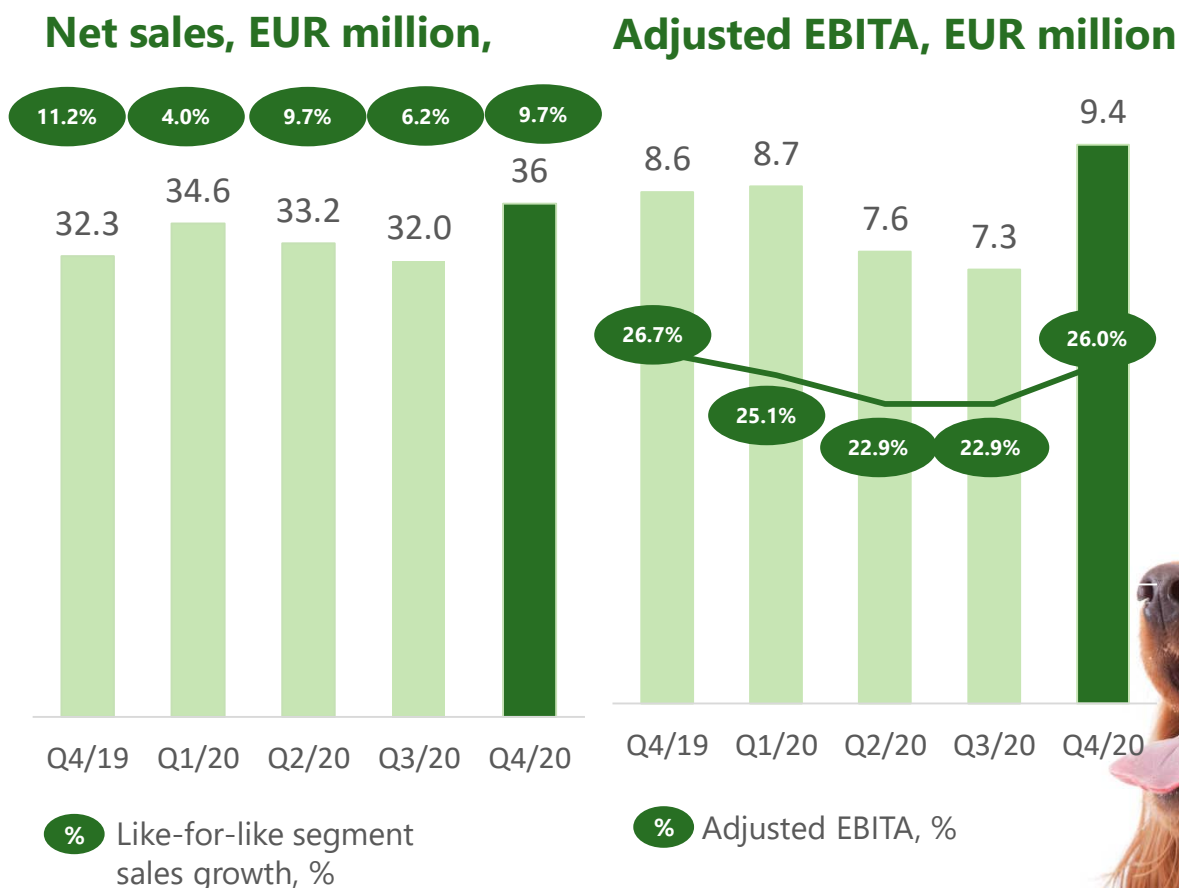
¹ Operating profit = Profit before financial income and expenses, net, and income tax expense.



Segments

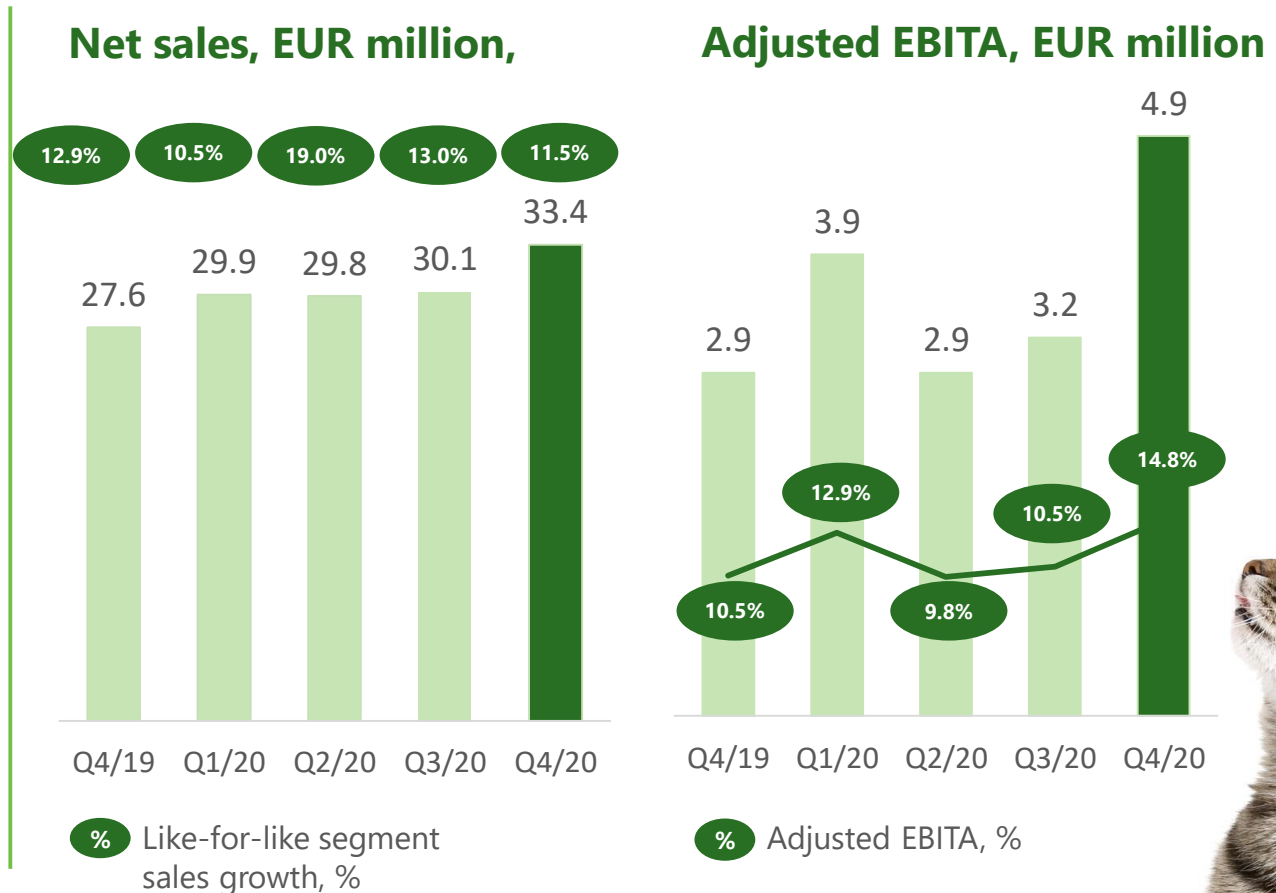
Finland: Strong net sales and result development in Q4

- Net sales in Finland increased by 11.5% to EUR 36.0 million (32.3) driven by like-for-like growth of 9.7% and growth from the stores opened or acquired during the latest twelve months.
- Online sales continued to be positively impacted by COVID-19 and focus on growth. However, the impact from COVID-19 was lower compared to Q3.
- Adjusted EBITA increased by 8.5% to EUR 9.4 million (EUR 8.6 million) due to operating leverage and lower store costs, offset by the increased share of online sales.
- One franchise store was acquired in Finland during Q4.



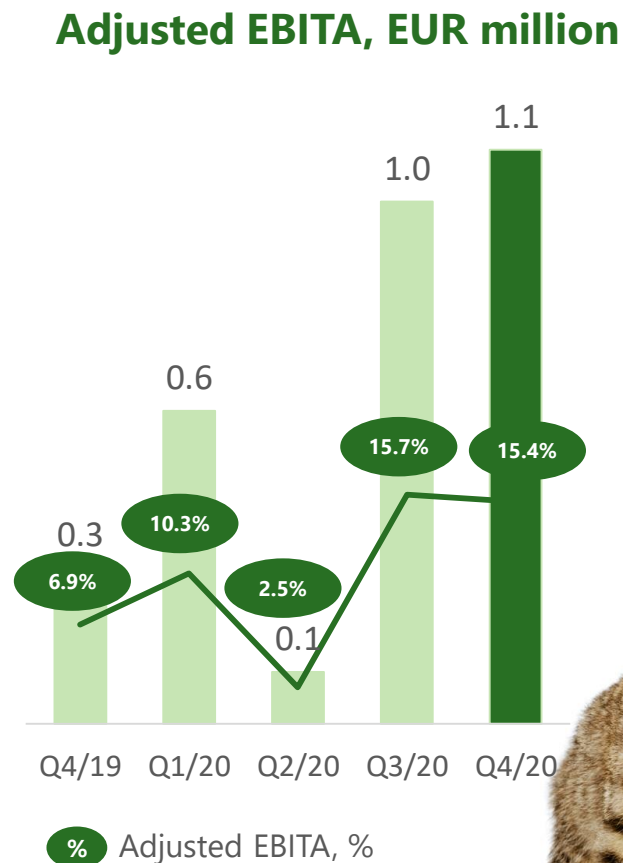
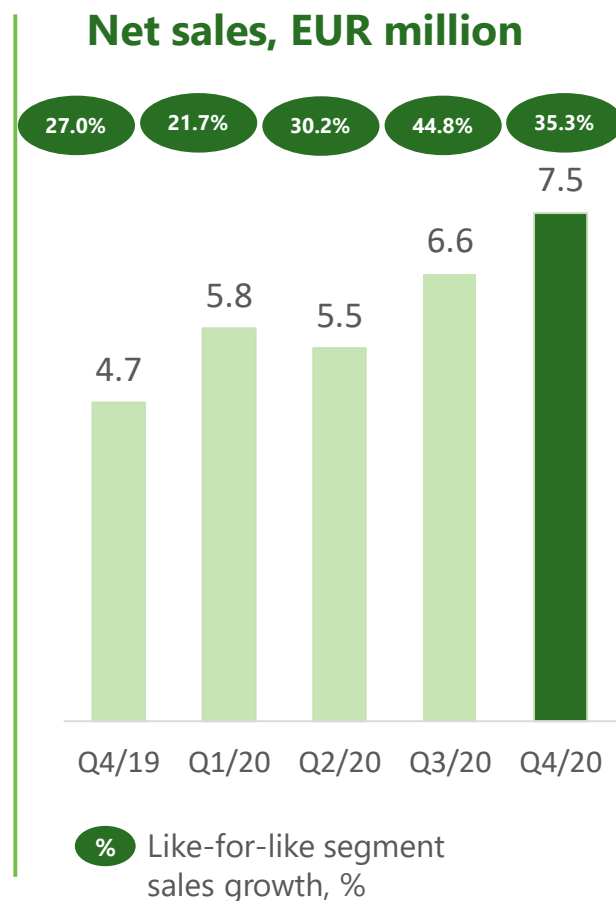
Sweden: Strong profitability with 70.8% growth in adjusted EBITA in Q4

- Net sales increased by 21.3% to EUR 33.4 million (27.6) driven by like-for-like growth of 11.5%. Both stores and online generated good like-for-like growth driven by the increased number of customers.
- Adjusted EBITA increased by 70.8% to EUR 4.9 million (2.9) due to operating leverage and more efficiency campaigning, partly offset by the increased share of online sales.
- During Q4, two directly operated stores were opened in Sweden.



Norway: Strong sales growth with clear EBITA margin improvement

- Net sales in Norway increased by 59.8% to EUR 7.5 million (4.7), driven by strong like-for-like growth of 35.3% and ramp-up of new stores.
- Adjusted EBITA amounted to EUR 1.1 million (0.3) 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.
- One new store was opened in Norway during Q4.





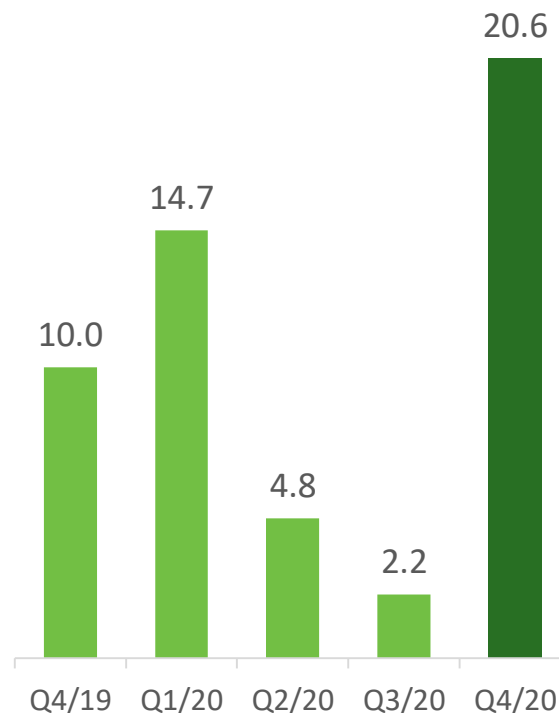
Financials and market outlook

Net cash flow from operating activities increased to EUR 20.6 million in Q4

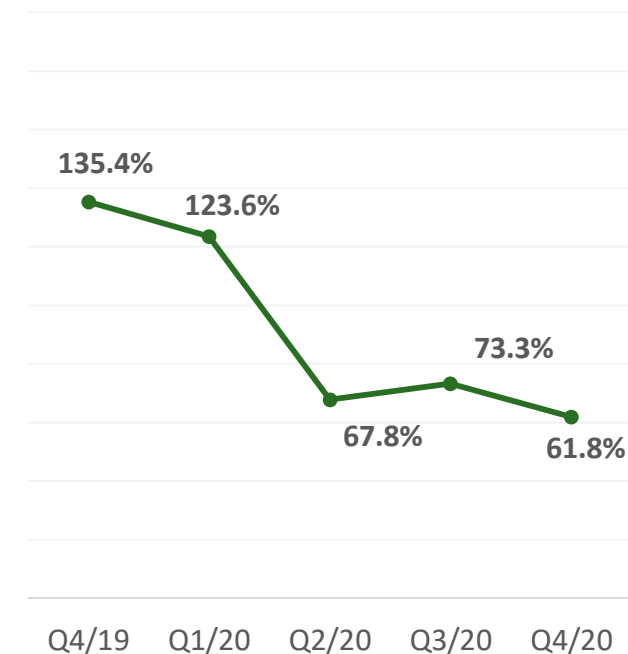
- Net cash flow from operating activities totaled EUR 20.6 (10.0) million.
- Gearing at the end of the reporting period was 61.8% (30 September 2019: 135.4%)
- Net debt amounted to EUR 94.7 million (30 September 2019: EUR 133.3 million).
- Net debt in relation to LTM adjusted EBITDA was 2.0.
- Cash and cash equivalents at the end of the period amounted to EUR 21.6 million (30 September 2019: EUR 8.6 million).
- Investments in tangible and intangible assets amounted to EUR 1.9 million (1.2) in Q4.
- 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

As a result of the Pet Parenting trend, people are spending more on higher quality and more premium food, as well as a more diverse range of products and services. This underlying trend that drives the long-term structural growth of the pet care market remains robust, shifting spend towards higher quality nutrition, more diverse range of accessories and wider services adoption.

The COVID-19 pandemic has affected market dynamics since spring 2020 mainly through increased number of puppies and kittens as also evidenced historically in economic downturns, and increased temporarily demand in online channels.

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 75 per cent of total market spend and are characterised by repeat purchasing behaviour that is consistent through the cycle. Consumers display willingness to sustain spending on non-discretionary pet care purchases while expenditure on alternative categories has been affected.

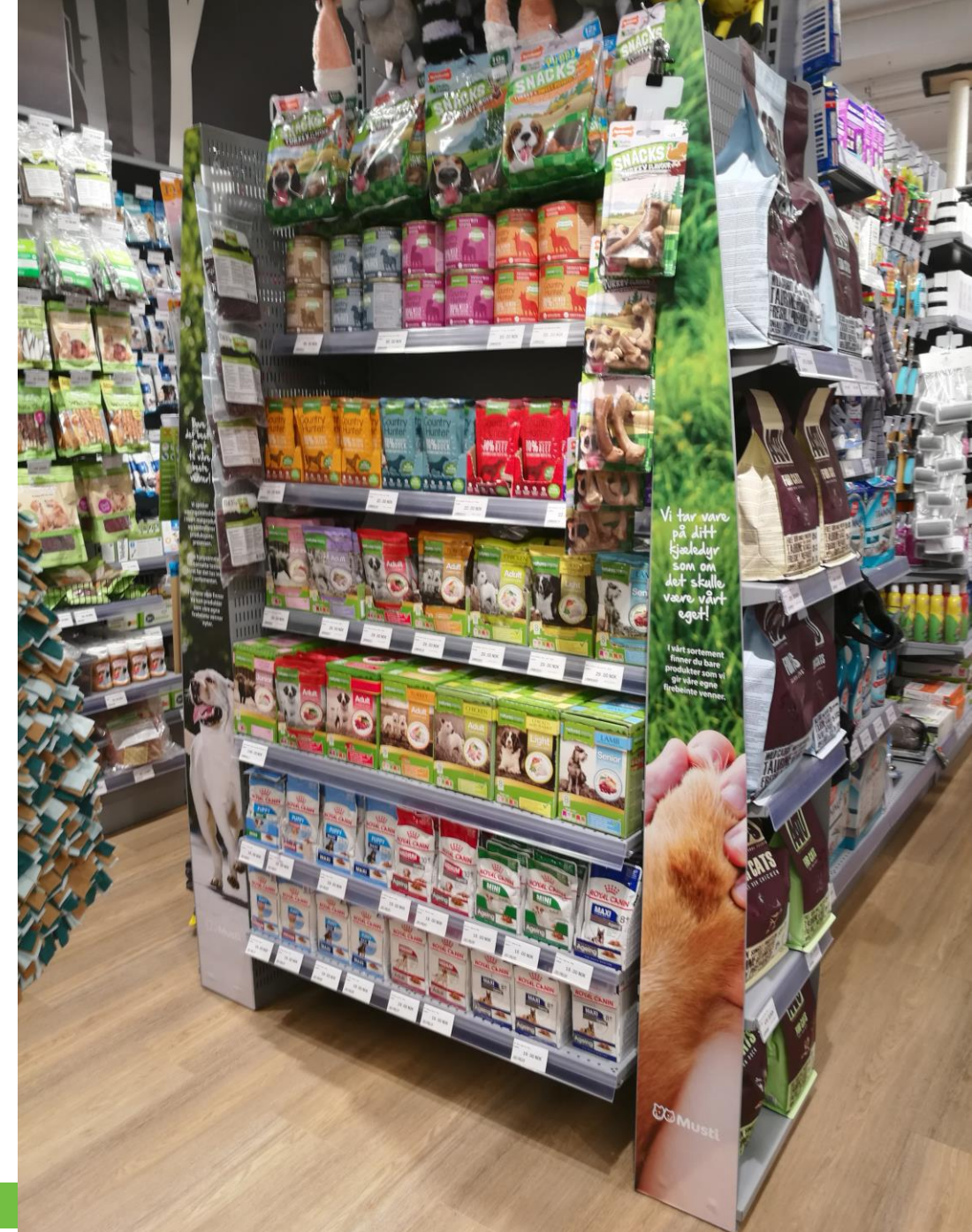


Financial targets	
Growth	Sales to reach at least EUR 350 million by the financial year 2023 by continuation of strong customer acquisition momentum.
Profitability	Mid- to long-term adjusted EBITA margin of 10-12 per cent with steadily improving profile. Margin increase is expected to be realised through 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.

The financial targets are forward-looking statements and are not guarantees of future financial performance.

Summary

- The fourth quarter of July-September proved again the strengths and resilience of Musti's business model.
- Group net sales increased by 19.2% to EUR 76.9 million (64.5). The increase was largely due to like-for-like growth in all countries, mainly driven by the increasing number of new customers, and increased number of directly operated stores.
- Store sales increased by 17.3% to EUR 56.3 million, driven by the increased number of stores and strong like-for-like store sales growth.
- Online sales increased by 30.0% to EUR 17.0 million. Online sales accounted for 22.1% of total net sales in the quarter as we have started to see online shift to store sales coming back to normal levels.
- All three segments showed strong like-for-like sales growth and gained market share. Profitability 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 fourth quarter as Musti Group's adjusted EBITA increased by 44.6% to EUR 10.1 million from the corresponding quarter last year.
- The Board of Directors proposes that for the financial year 2020, a capital return of EUR 0.38 per share be distributed from the reserves for invested unrestricted equity.



More information

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Interim Report Q1
October 2020-
December 2020 will
be published on
9 February
2021

Thank you!



Appendix

Musti Group – the leading Nordic pet care specialist



Leading Nordic pet care specialist
#1 in Nordics,
24% market share¹



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



Omnichannel business model²
293 stores,
22.1% of net sales
generated through online
channel in FY20



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,
50% of product sales in own channels in FY20



Source: Company information, a study ordered by the company from an international consulting company. Note: Financial Year Ended 30 September. ¹2019 market share for Nordic pet food and products market; Musti's market share is based on FY20 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
	Stable development as the most mature country 129 stores 	Further expansion and convergence in efficiency towards Finnish levels 125 stores 	Store rollout with strong ramp up and increasing country profitability 39 stores 
STORE BANNER			
OMNI-BANNER			
ONLINE BANNER			

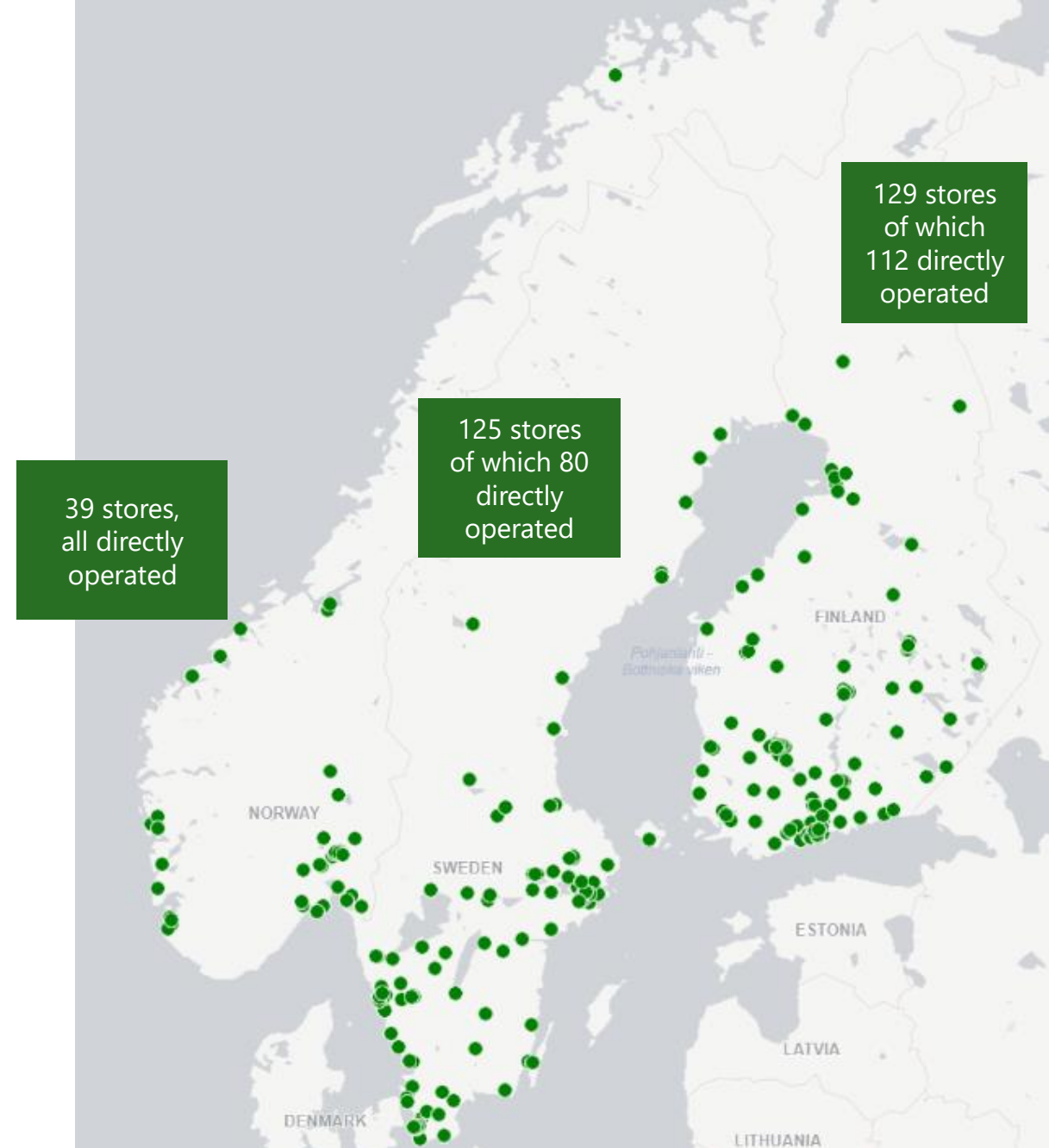
Key figures

EUR millions or as indicated	Q4 7-9/20	Q4 7-9/19	Change%	FY2020	FY2019	Change%
Net sales	76.9	64.5	19.2	284.4	246.6	15.3
LFL sales growth, %	12.2%	12.7%		11.5%	11.2%	
LFL store sales growth, %	7.9%	11.3%		7.3%	7.8%	
Online share, %	22.1%	20.2%		22.5%	20.7%	
Adjusted EBITA	10.1	7.0	44.6	29.8	21.9	36.2
Adjusted EBITA margin, %	13.1%	10.8%		10.5%	8.9%	
Operating profit	7.8	4.8	63.5	19.6	12.5	56.5
Operating profit margin, %	10.2%	7.4%		6.9%	5.1%	
Earnings per share, basic, EUR	0.18	0.0		0.37	0.10	
Net cash flow from operating activities	20.6	10.0	105.6	42.3	39.9	7.1
Investments in tangible and intangible assets	1.9	1.2	53.7	8.9	6.4	40.0
Gearing, %	61.8%	135.4%		61.8%	135.4%	
Net debt / LTM adjusted EBITDA	2.0	3.5	-43.7	2.0	3.5	-43.7
Number of loyal customers, thousands	1,151	1,018	13.1	1,151	1,018	13.1
Number of stores at the end of the period	293	277	5.8	293	277	5.8



Musti Group has 1.2 million loyal customers

- Number of loyal customers increased to 1,151 thousand (1,018 thousand on 30 September 2019).
- At 30 September 2020 Musti had 293 stores (277), of which 231 (206) were directly operated.
- In Q4/2020, share of online sales was 22.1% (20.2%).



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 Group

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.



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

