



Half-Year Financial Report Q2

1 October 2020–31 March 2021

4 May 2021

CEO David Rönnerberg

CFO Robert Berglund



Agenda

- Group development
- Segments
- Financials and market outlook





Accelerating growth

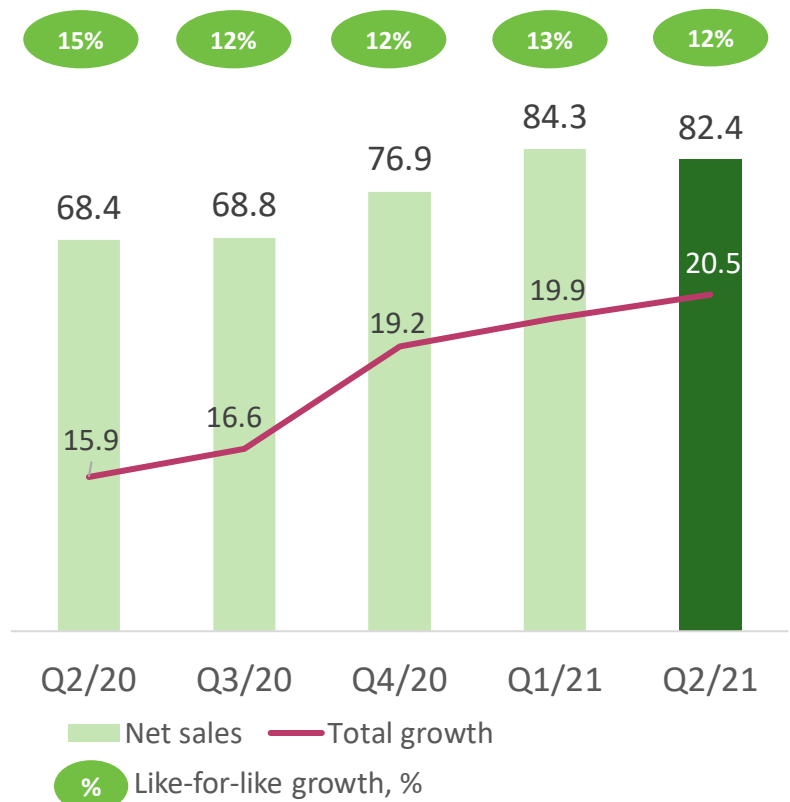
Highlights Q2/2021

- Group net sales totaled EUR 82.4 million (68.4 million), an increase of 20.5%.
- Like-for-like sales growth was 11.6%.
- Adjusted EBITA was EUR 7.7 (5.5) million, up by 39.0%, including EUR 0.8 million short-term negative impact relating to warehouse consolidation.
- Adjusted EBITA margin was 9.3% (8.1%).
- Operating profit increased by 183.1% to EUR 6.1 (2.1) million, representing 7.4% (3.1%) of net sales.
- Net cash flow from operating activities totaled EUR 14.0 million (4.7).
- Number of loyal customers grew to 1,222 thousand (1,076 thousand).
- Number of stores grew to 301 (287).

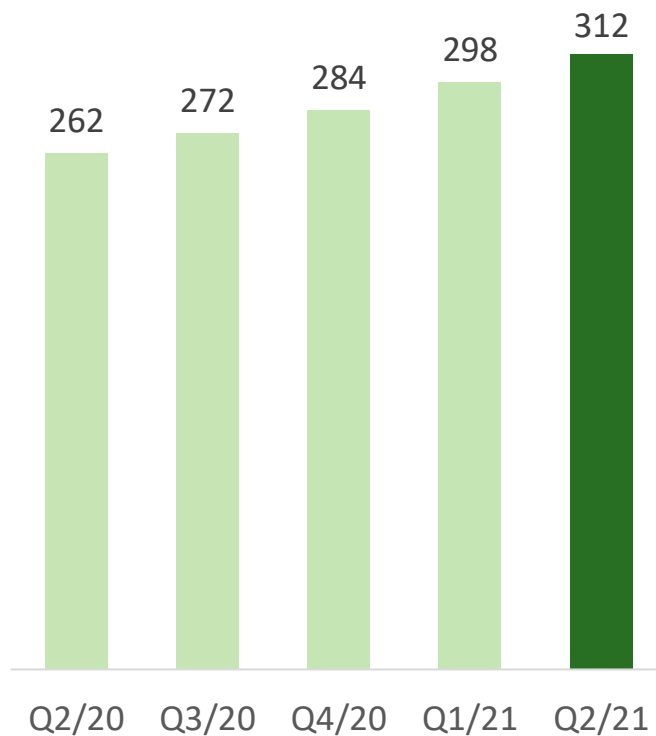


Q2: Net sales increased by 20.5%

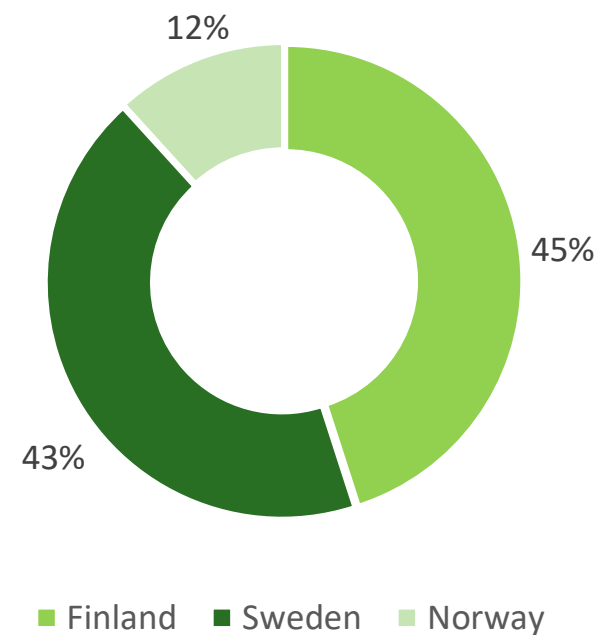
Net sales, EUR million



Net sales: rolling 12 months



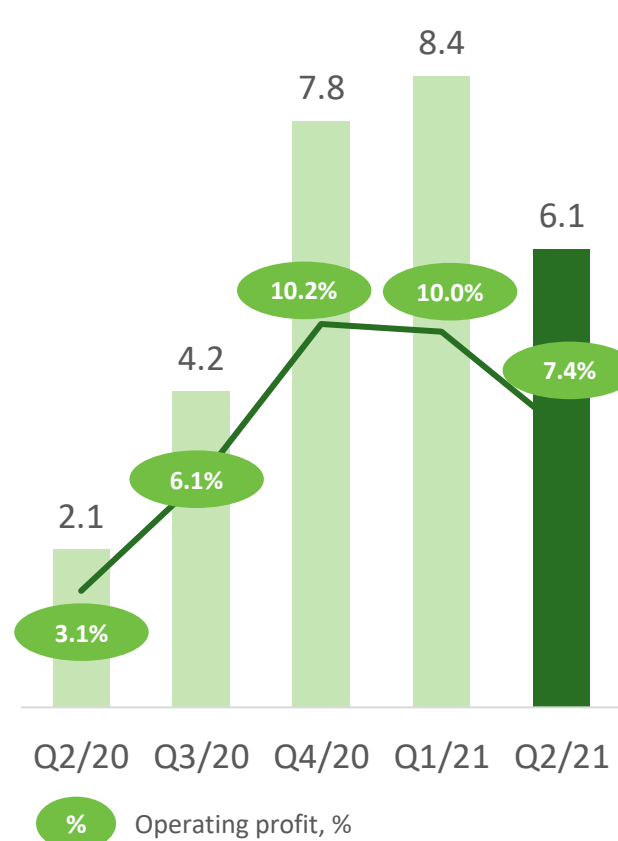
Net sales by segment in Q2/2020



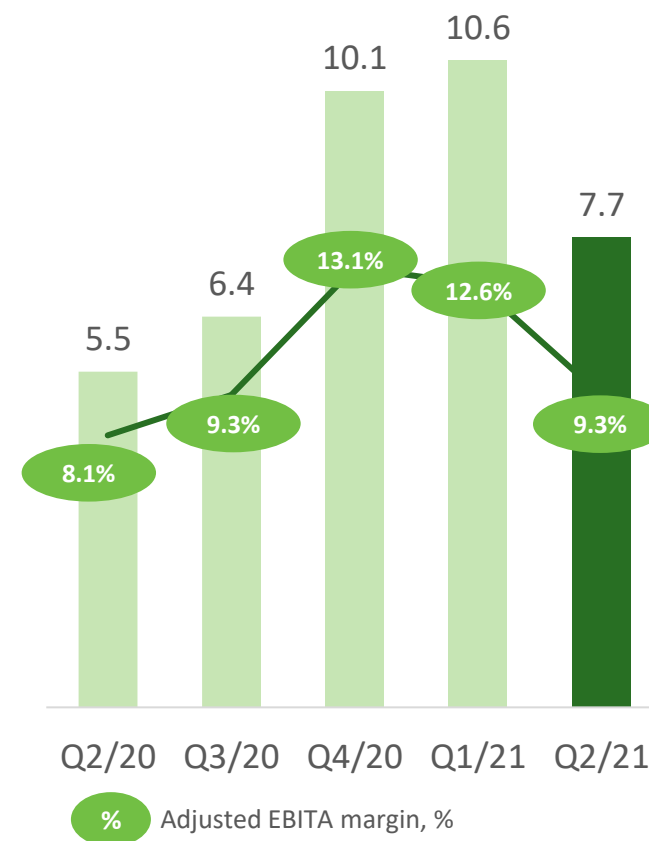
Q2: Group adjusted EBITA increased by 39.0%

- Adjusted EBITA was EUR 7.7 (5.5) million, up by 39.0%, including EUR 0.8 million short-term negative impact relating to warehouse consolidation.
- The improvement was mainly due to an increase in sales combined with operating leverage, partly offset by additional costs due to low efficiency in Eskilstuna as a result of the warehouse consolidation project.
- Gross margin increased to 45.3% (43.3%) as a result of more efficient marketing campaigns, favorable product mix and efficient supply chain management.
- There were no adjustments to EBITA in Q2 (EUR 1.9 million in Q2 20).
- Operating profit increased by 183.1% to EUR 6.1 million (EUR 2.1 million).

Operating profit¹, EUR million



Adjusted EBITA, EUR million

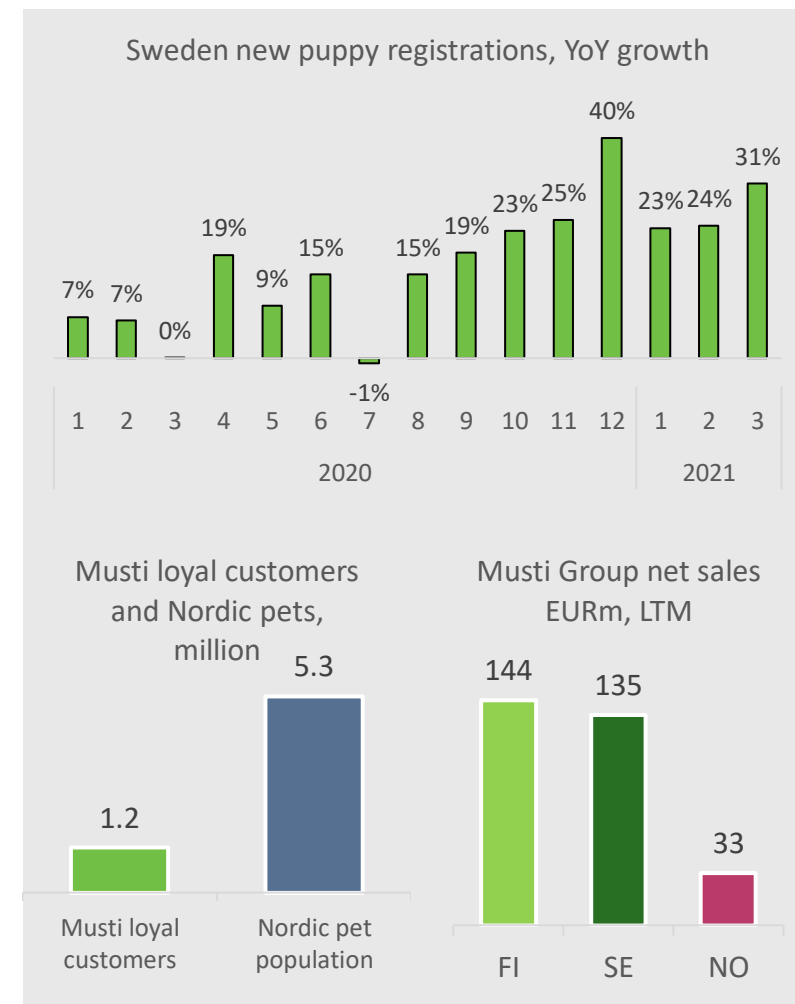


¹ Operating profit = Profit before financial income and expenses, net, and income tax expense.

Musti Group is gaining share in a growing market

Large and growing Nordic opportunity - Highlighting three factors

- 1 Pet adoption increased in 2020 and continues on an elevated level**
 - Increased number of pet owning households
 - Expanding the market opportunity for years to come
- 2 Customer groups acquired in last 4 quarters are best in our history, providing a long term predictable and recurring revenue stream**
 - Musti is capturing more than our share of new puppies
 - Our data shows that new customer groups are not only bigger in volume, but also more engaged with higher spend than earlier
- 3 Nordics present a sizeable and growing market opportunity**
 - Continued room to win customers from Nordic pool of 5 million pets and gain share of wallet, supported by the pet parenting trend
 - Significant runway to converge with 30% market share in Finland
 - Highlighting Norway where momentum has accelerated as the latest vintage of stores and customers have exceeded expectations



Updated financial targets

Growth	Net sales to reach at least EUR 500 million by the financial year 2024 by continuation of strong customer acquisition momentum and increasing share of wallet.
Profitability	Mid- to long-term adjusted EBITA margin of at least 13 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.

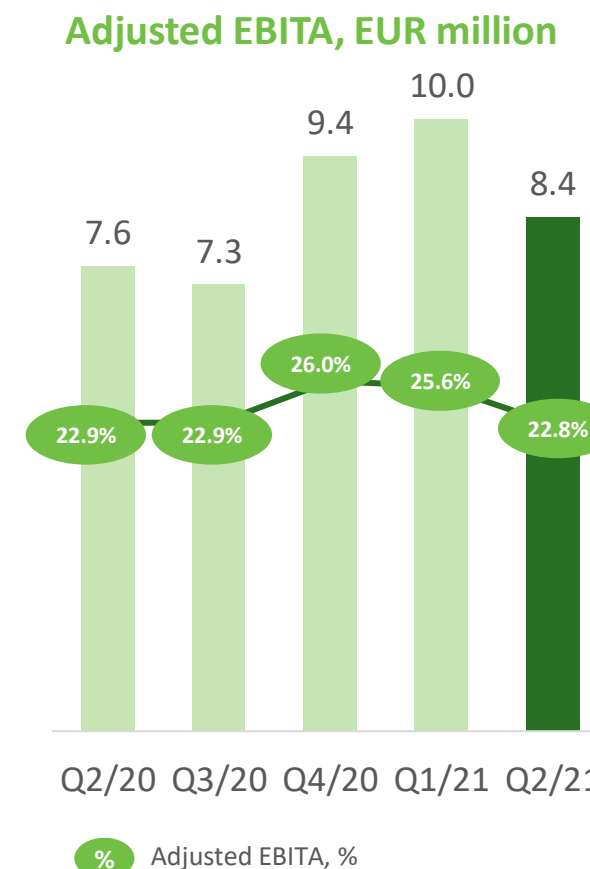
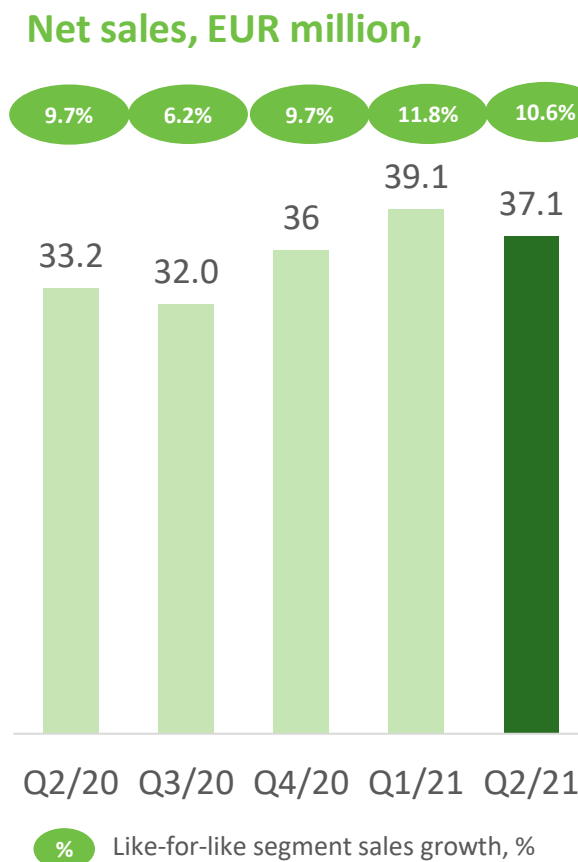
The financial targets are forward-looking statements and are not guarantees of future financial performance.



Segments

Finland: Adjusted EBITA increased by 11.1% to EUR 8.4 million

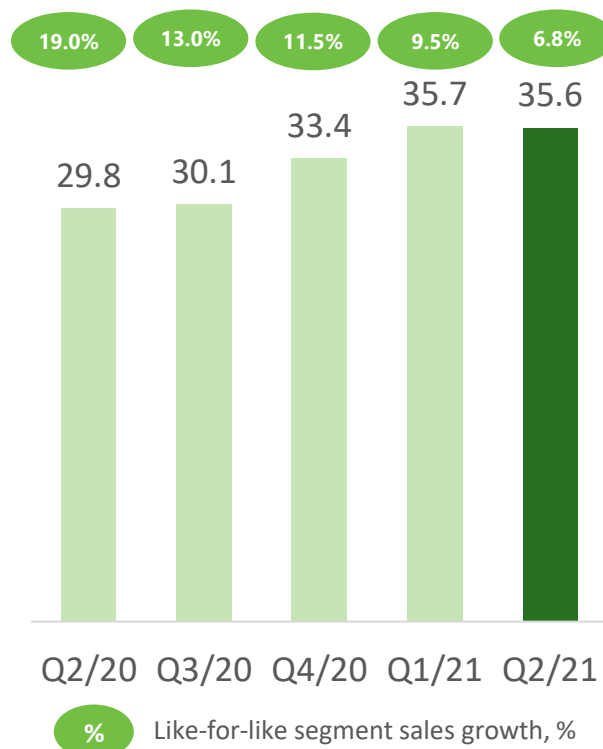
- Net sales in Finland increased by 11.9% to EUR 37.1 million (EUR 33.2 million) driven by like-for-like growth of 10.6% and growth from the stores opened or acquired during the latest twelve months.
- Adjusted EBITA increased by 11.1% to EUR 8.4 million (EUR 7.6 million). This was due to operating leverage, more efficient marketing campaigns and supply chain management, offset by the increased share of online sales. Store efficiency continued to be on a high level.
- There were no changes to the store network in Finland during the second quarter.



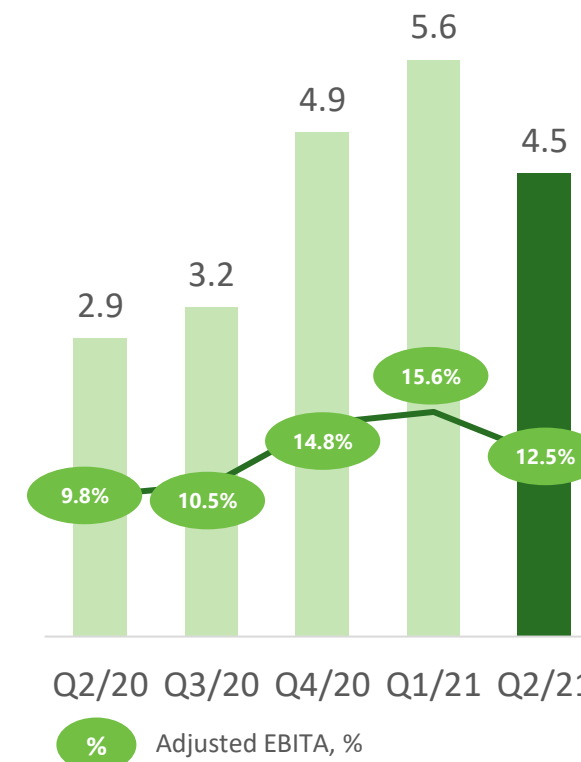
Sweden: Strong sales growth of 19.6% in Q2

- Net sales increased by 19.6% to EUR 35.6 million (29.8) driven by increased number of directly operated stores, like-for-like growth of 6.8% and strengthening of the SEK rate in Q2.
- Adjusted EBITA increased by 53.1% to EUR 4.5 million (EUR 2.9 million) as a result of operating leverage and more efficient marketing campaigns, partly offset by the increased share of online sales. Store efficiency continued to be on a high level.
- During Q2, one directly operated store was opened and three franchise stores were acquired in Sweden. In addition, one directly opened store was closed and one franchise agreement was terminated.

Net sales, EUR million,

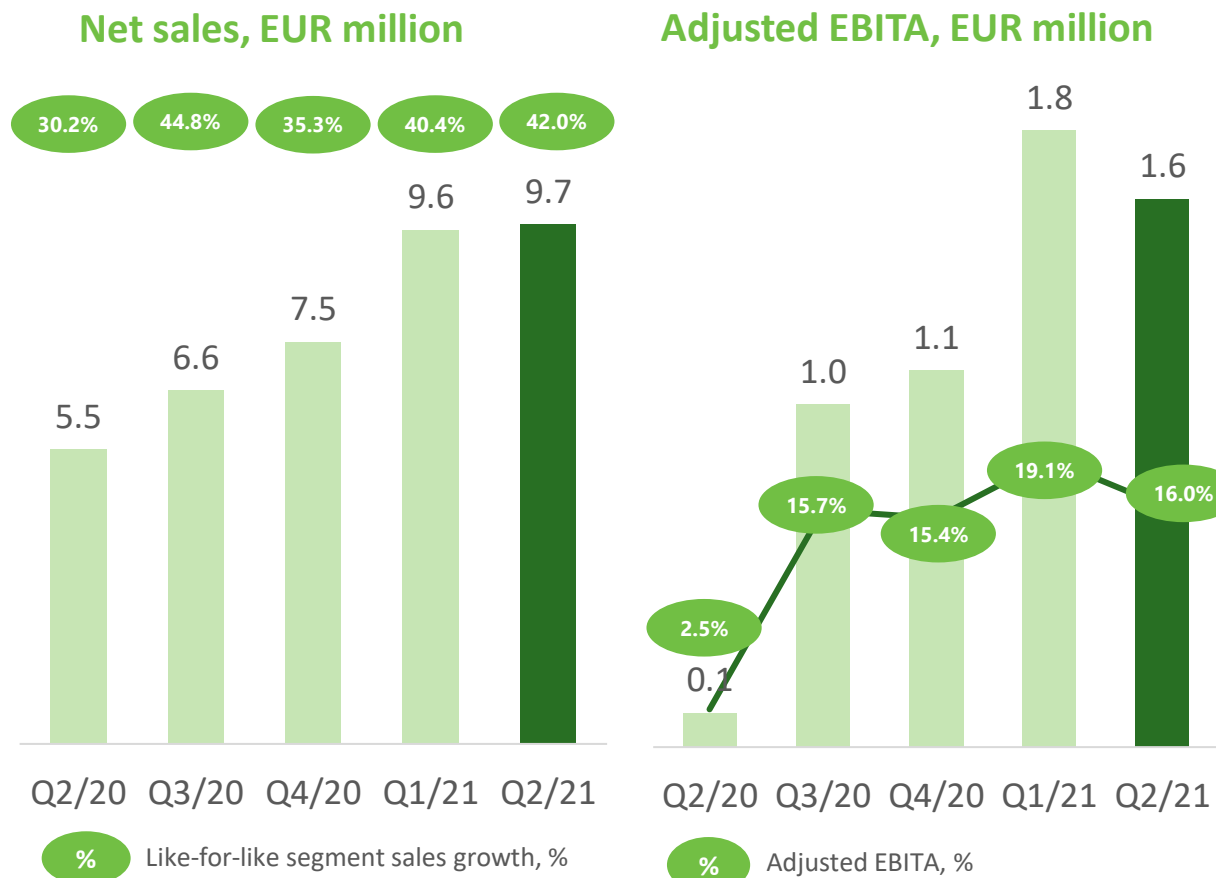


Adjusted EBITA, EUR million



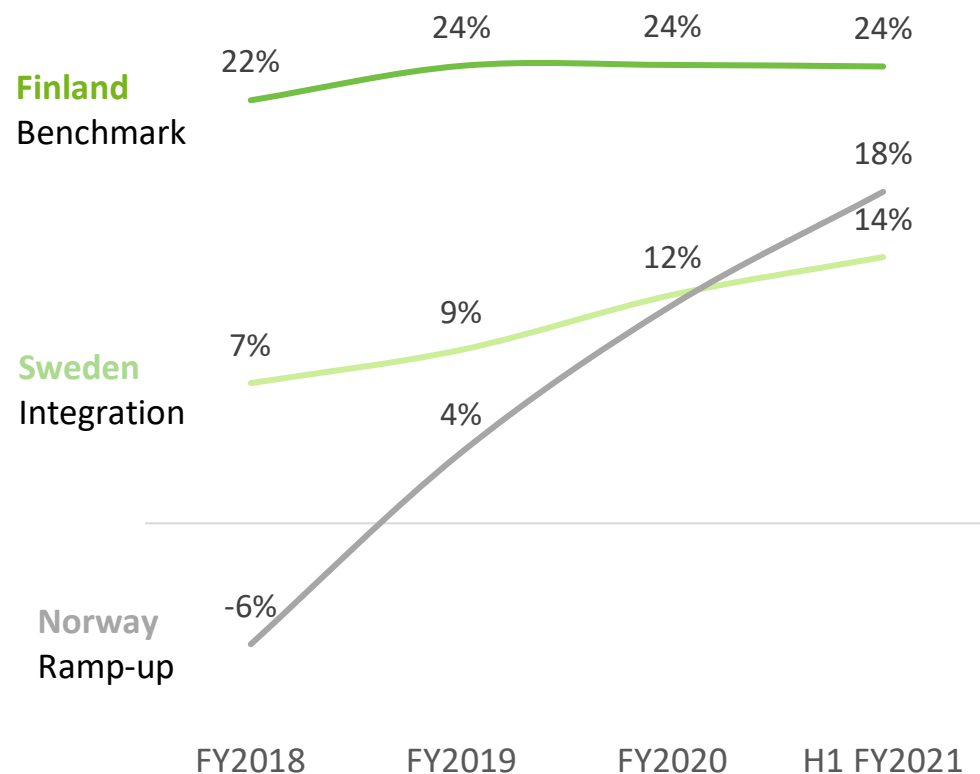
Norway: Strong growth in both sales and profitability

- Net sales in Norway increased by 77.6% to EUR 9.7 million (EUR 5.5 million), driven by strong like-for-like growth of 42.0% and ramp-up of the stores opened during the latest twelve months. Sales was slightly offset by the weakening the NOK rate.
- Adjusted EBITA grew to EUR 1.6 million (EUR 0.1 million) driven by operating leverage and increased store efficiency.
- During Q2, two directly operated store were opened in Norway.

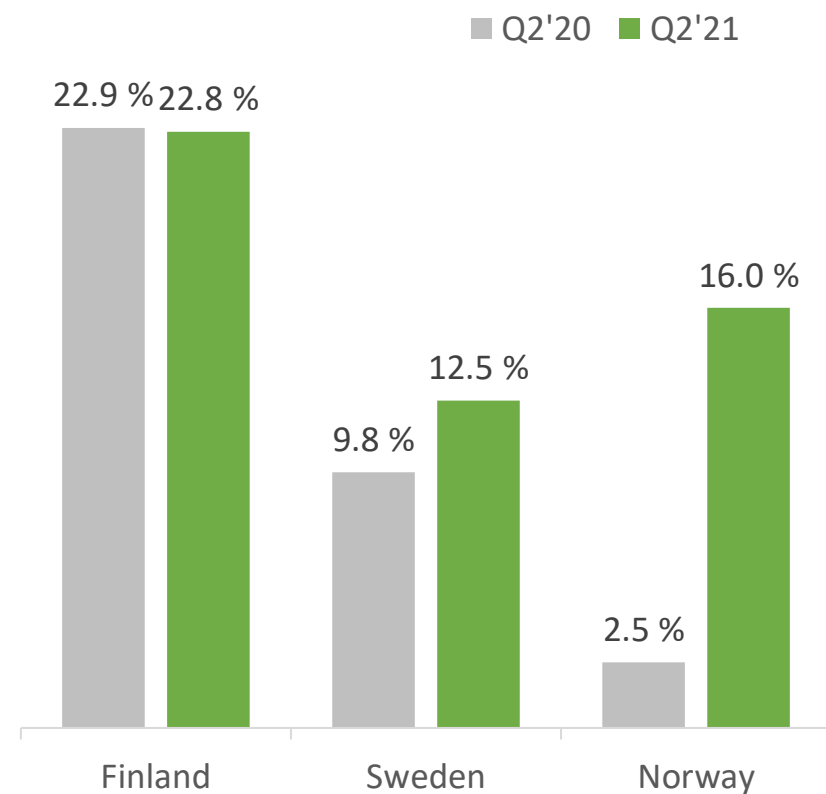


Sweden and Norway continue approaching Finland profitability

Country adj. EBITA margin, %



Convergence trend continued in Q2'21



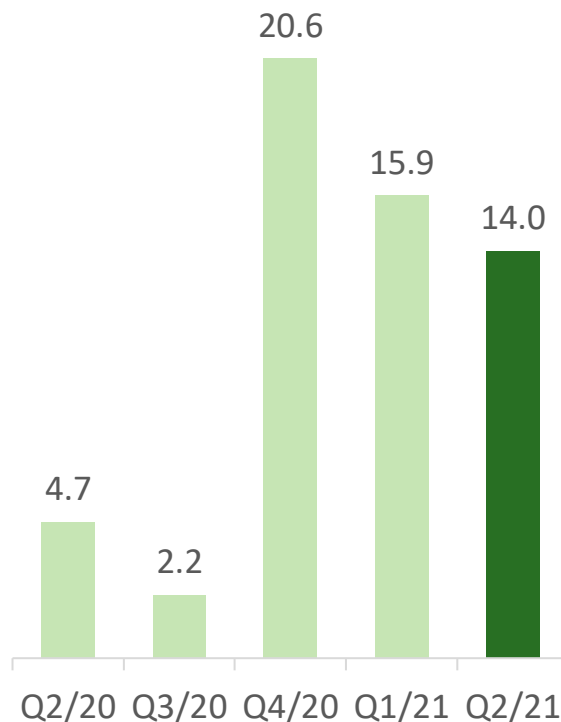


Financial position

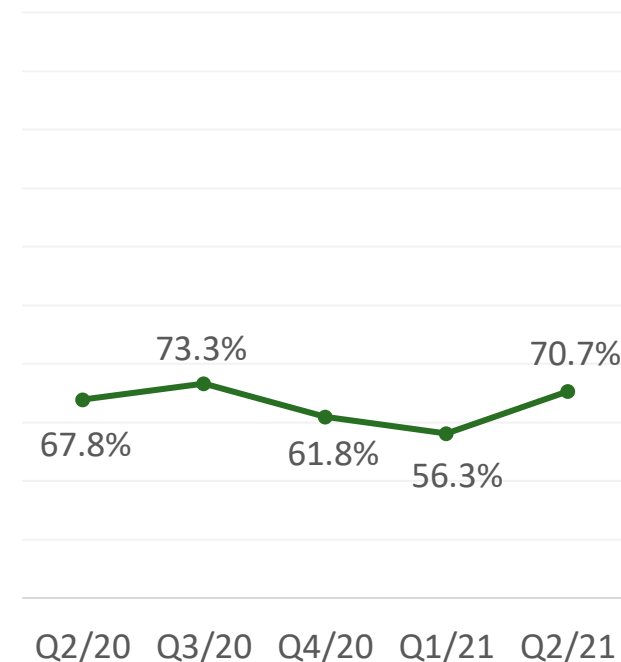
Net cash flow from operating activities totaled EUR 14.0 million in Q2

- Net cash flow from operating activities totaled EUR 14.0 million (EUR 4.7 million).
- Gearing at the end of the reporting period was 70.7% (30 September 2020: 61.8)
- Net debt amounted to EUR 106.3 million (30 September 2020: EUR 94.7 million).
- Net debt in relation to LTM adjusted EBITDA was 1.9.
- Cash and cash equivalents at the end of the period amounted to EUR 17.6 million (30 September 2020: EUR 21.6 million).
- In Q2, investments in tangible and intangible assets amounted to EUR 3.0 million (EUR 2.4 million).

Cash flow from operating activities, EUR million



Gearing, %



In connection with the IPO in February 2020, Musti Group 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.

Summary

- Net sales increased by 20.5% to EUR 82.4 million, largely due to like-for-like growth in all countries, mainly driven by the increasing number of new customers, and an increased number of directly operated stores.
- Store sales increased by 21.5% to EUR 59.3 million, driven by an increased number of stores and strong like-for-like store sales growth especially in Sweden and Norway.
- Online sales accounted for 24.4% (23.7%) of total net sales in Q2. Online sales growth was strong in Finland and Norway.
- Group adjusted EBITA increased by 39.0% to EUR 7.7 million. Adjusted EBITA was partly offset by EUR 0.8 million additional costs due to low efficiency in Eskilstuna as a result of the warehouse consolidation project. This was non-recurring by nature and the efficiency is expected to normalize during the second half of the financial year.
- Adjusted EBITA margin increased to 12.5% in Sweden and was on the previous year's level in Finland at 22.8%. In Norway, the overall growth and profitability trend has been exceeding the expectations and the adjusted EBITA margin increased to 16.0% in Q2.
- Gross margin increased to 45.3% (43.3%) due to more efficient marketing campaigns, favorable product mix and efficient supply chain management.
- The Board updated the long-term financial targets. We are well on track and committed on delivering on our plan and the updated long-term financial targets.



More information

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Interim Report
October 2020-June 2021
will be published on
10 August 2021



Thank you!



Appendix

Musti Group – the leading Nordic pet care specialist



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



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



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



Stable business model
Pet food represents 52% of product sales in own channels in FY20
– food is non-discretionary and sticky in nature, with recurring purchasing habits



Omnichannel business model²
301 stores, 24.4% of net sales generated through online channel in Q2/21



High quality O&E assortment
Strong O&E brand portfolio,
50% of product sales in own channels in FY20

Strategic focus on Pet Parents across the Nordic countries

We know pets. Pets know us.

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

	Finland	Sweden	Norway
	<p>Stable development as the most mature country</p> <p>131 stores</p> <p> Musti, Mirri</p> <p> Musti, Mirri</p> <p> Peten Koiratarvike.com</p>	<p>Further expansion and convergence in efficiency towards Finnish levels</p> <p>125 stores</p> <p> ARKEN ZOO</p> <p> ARKEN ZOO</p> <p> VetZoo</p>	<p>Store rollout with strong ramp up and increasing country profitability</p> <p>45 stores</p> <p> Musti</p> <p> Musti.NO</p> <p> VetZoo</p>

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

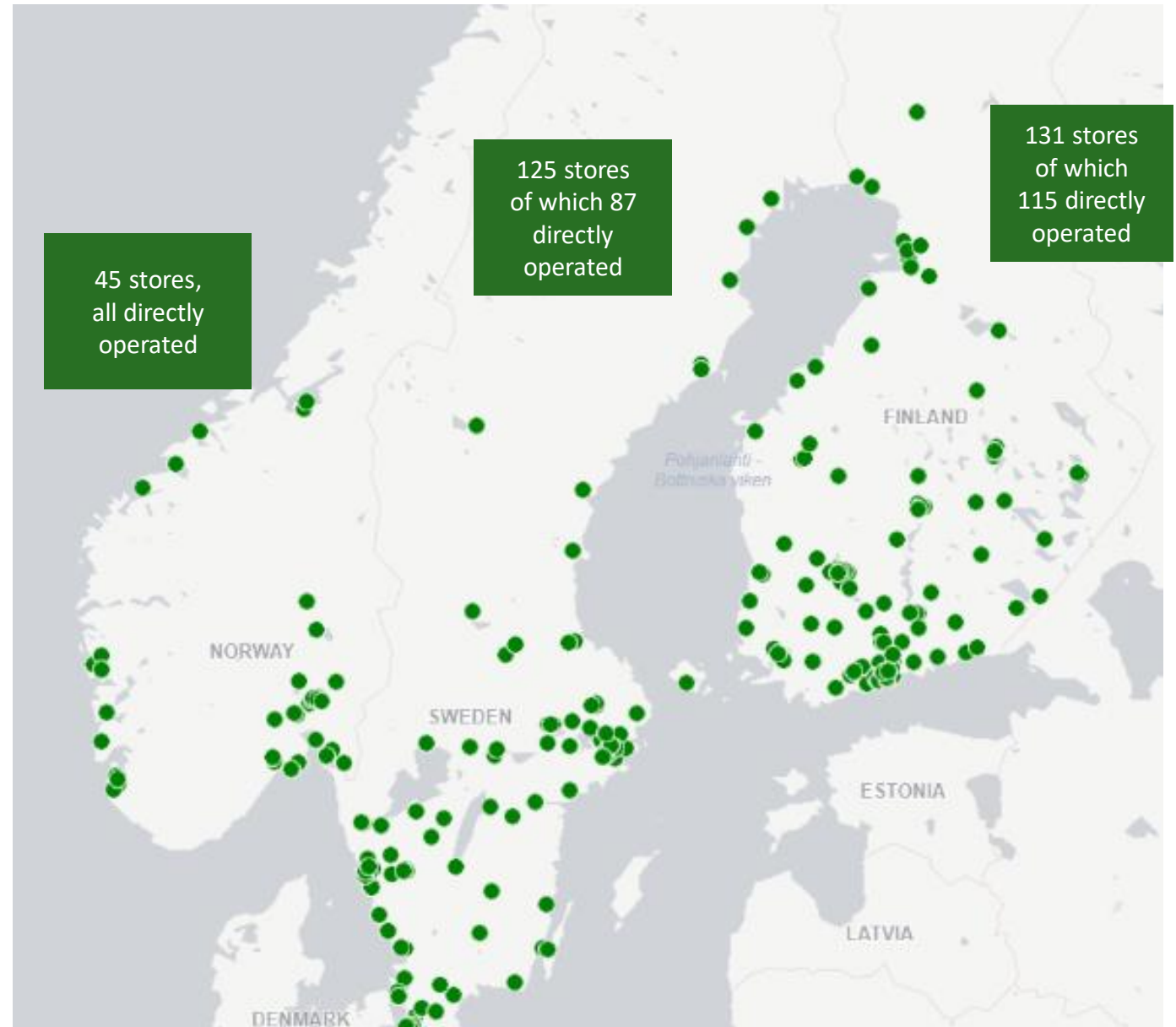


Growing suite of services

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

Musti Group has 1.2 million loyal customers

- Number of loyal customers grew to 1,222 thousand by 31 March 2021 (1,151 thousand on 30 September 2020).
- On 31 March 2021 Musti had 301 stores, of which 247 were directly operated.
- In October 2020 – March 2020, share of online sales was 23.0%.



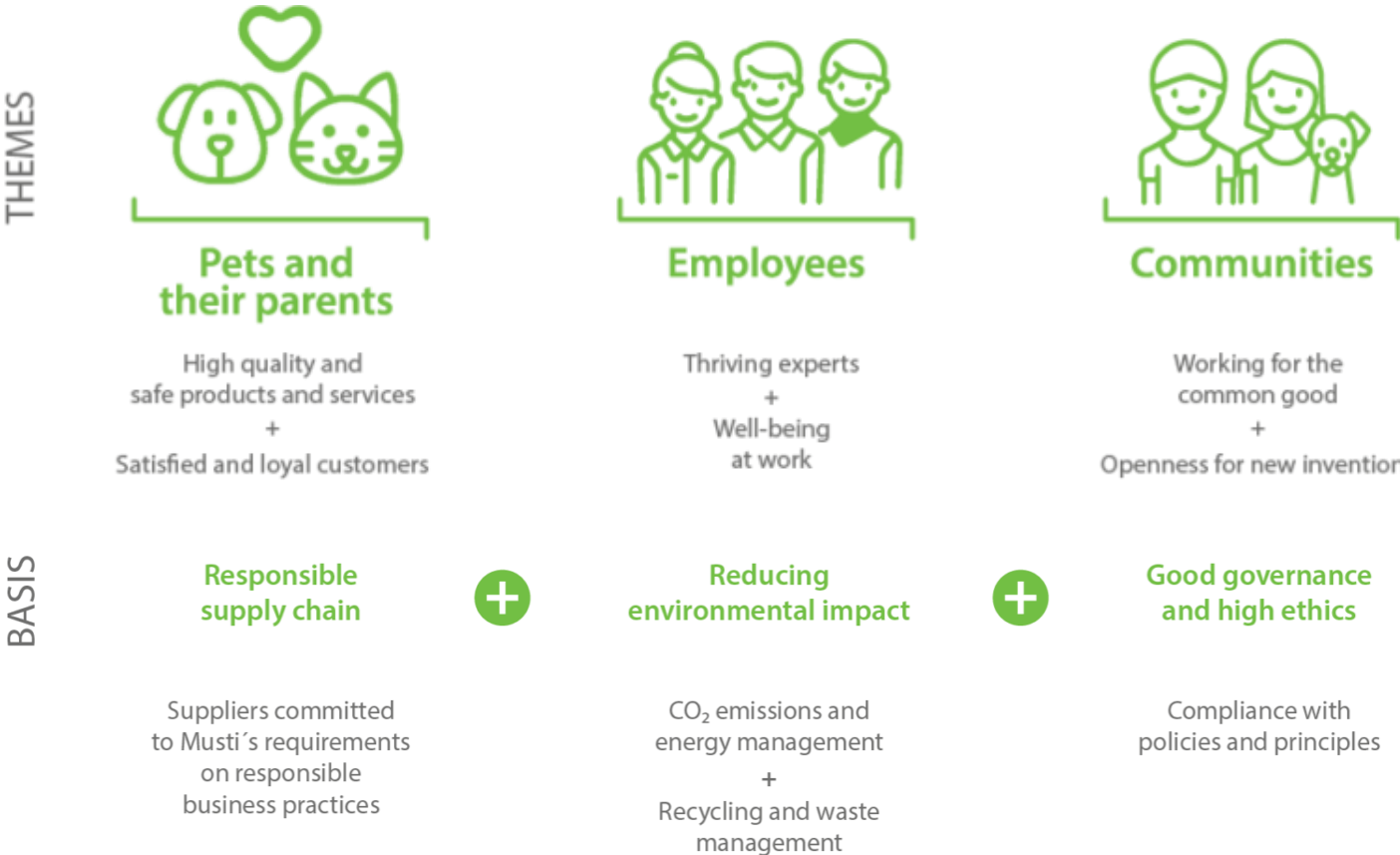
Responsibility at Musti Group



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.



Key figures

EUR millions or as indicated	Q2 1-3/21	Q2 1-3/20	Change%	FY2020
Net sales	82.4	68.4	20.5	284.4
LFL sales growth, %	11.6%	14.8%		11.5%
LFL store sales growth, %	8.6%	10.0%		7.3%
Online share, %	24.4%	23.7%		22.5%
Adjusted EBITA	7.7	5.5	39.0	29.8
Adjusted EBITA margin, %	9.3%	8.1%		10.5%
Operating profit	6.1	2.1	183.1	19.6
Operating profit margin, %	7.4%	3.1%		6.9%
Earnings per share, basic, EUR	0.11	-0.09		0.37
Net cash flow from operating activities	14.0	4.7	196.4	41.9
Investments in tangible and intangible assets	3.1	2.4	27.5	8.9
Net debt / LTM adjusted EBITDA	1.9	2.3	-17.0	2.0
Number of loyal customers, thousands	1,222	1,076	13.6	1,151
Number of stores at the end of the period	301	287	4.9	293

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

