October 2020 – September 2021 Financial Statements Release Q4/2021

1 October 2020 – 30 September 2021

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Strong growth with best-ever quarterly EBITA

July – September 2021

- Group net sales totalled EUR 91.5 million (76.9 million), an increase of 18.9%.
- Like-for-like sales growth was 10.9%.
- Adjusted EBITA was EUR 11.2 (10.1) million, up by 11.2%.
- Adjusted EBITA margin was 12.2% (13.1%).
- Operating profit increased by 10.0% to EUR 8.6 (7.8) million, representing 9.4% (10.2%) of net sales.
- Profit for the period totalled EUR 5.2 (5.9) million.
- Earnings per share, basic was EUR 0.16 (0.18).
- Number of stores grew to 312 (293).

October 2020 – September 2021

- Group net sales totalled EUR 340.9 million (284.4 million), an increase of 19.9%.
- Like-for-like sales growth was 11.8%.
- Adjusted EBITA was EUR 36.8 (29.8) million, up by 23.4%, offset by additional costs of EUR 1.5 million due the warehouse consolidation project that was executed in Q1.
- Adjusted EBITA margin was 10.8% (10.5%).
- Operating profit increased by 45.1% to EUR 28.4 (19.6) million, representing 8.3% (6.9%) of net sales.
- Profit for the period totalled EUR 20.9 (11.8) million.
- Earnings per share, basic was EUR 0.62 (0.37).
- Number of stores grew to 312 (293).
- Number of loyal customers grew to 1,297 thousand (1,151 thousand).
- The Board of Directors proposes to the AGM that shareholders will be paid a capital return of EUR 0.44 per share.

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

Key figures

EUR million or as indicated	7-9/2021	7-9/2020	Change %	10/2020-9/2021	10/2019-9/2020	Change %
Net sales	91.5	76.9	18.9	340.9	284.4	19.9
Net sales growth, %	18.9%	19.2%		19.9%	15.3%	
LFL sales growth, %	10.9%	12.2%		11.8%	11.5%	
LFL store sales growth, %	8.2%	7.9%		8.8%	7.3%	
Online share, %	22.3%	22.1%		23.1%	22.5%	
Gross margin, %	45.7%	44.0%		45.7%	43.8%	
EBITA	10.3	9.4	9.4	34.9	25.5	36.6
Adjusted EBITA	11.2	10.1	11.2	36.8	29.8	23.4
Adjusted EBITA margin, %	12.2%	13.1%		10.8%	10.5%	
Operating profit	8.6	7.8	10.0	28.4	19.6	45.1
Operating profit margin, %	9.4%	10.2%		8.3%	6.9%	
Profit/loss for the period	5.2	5.9	-12.1	20.9	11.8	77.8
Earnings per share, basic, EUR	0.16	0.18	-12.2	0.62	0.37	69.0
Net cash flow from operating activities *)	15.0	20.4	-26.3	54.9	41.9	31.3
Investments in tangible and intangible assets	3.2	1.9	70.1	12.9	8.9	44.5
Net debt / LTM adjusted EBITDA	1.9	2.0	-2.3	1.9	2.0	-2.3
Adjusted EBITDA	17.2	15	14.6	58.8	48.1	22.4
Number of loyal customers, thousands	1,297	1,151	12.6	1,297	1,151	12.6
Number of stores at the end of the period	312	293	6.5	312	293	6.5
of which directly operated	280	231	21.2	280	231	21.2

*) Interest and other finance income received has been reclassified from net cash flow operating activities to net cash flow from financing activities.

CEO's comments

On behalf of the Musti team I am delighted to report that the most recent quarter was the strongest in the group's history.

We achieved our strongest EBITA growth; accelerated our two-year sales growth from 31% to 42%; gained market share in all markets; acquired a record number of new customers, including the parents of more than 50% of puppies welcomed into families and did so while increasing our gross margin. It highlights that our growth investments are paying off in the front end, supporting our short- and long-term growth goals. We will not let it stop there though. We continue to seek ways to improve our customer experience and value proposition, with a key opportunity being to improve the performance of our back end, specifically supply chain. During the year we commenced the next phase of our warehouse consolidation project and it has not proceeded as quickly as we had planned and has burdened our full year result, impacting EBITA by approximately EUR 1.5 million. The actions we have taken today will be visible and efficiencies gained during financial year 2022.

We are excited about what financial year 2022 holds seeing great opportunities for continued growth coupled with efficiency gains from the firm actions that we have and are taking.

The September quarter delivered strong quarterly growth development:

- Group net sales increased by 18.9% to EUR 91.5 million in Q4. The increase was largely due to like-for-like growth in all countries and the increasing number of new customers together with an increased number of directly operated stores. Like-for-like growth amounted to 10.9%.
- Store sales increased by 21.7% to EUR 68.6 million, driven by the increased number of stores and strong like-for-like store sales growth in all countries. Like-for-like store sales growth amounted to 8.2% (7.9%). Store sales growth in the comparison period were negatively impacted by restrictions relating to the COVID-19 pandemic.
- Online sales increased by 20.4% to EUR 20.4 million. Online sales accounted for 22.3% (22.1%) of total net sales in the fourth quarter.

All the important indicators supporting our growth are going into right direction.

- We increased the number of our loyal customers by 13%. This was supported by the continuous increase in puppy registrations in the Nordics and us winning more than our market share of the new puppies by actively engaging the new puppy parents to Musti ecosystem and putting effort on the cooperation with the breeders.
- We grew the average spend per loyal customer by 5% to EUR 188.3.
- We overdelivered network expansion increasing the number of own directly operated stores by 49 stores
- Our Net Promoting Score measuring customer satisfaction has remained on an excellent level.
- We increased the share of own and exclusive products leading to a very strong gross margin development.

Supported by the strong sales growth, Group's adjusted EBITA increased by 11.2% to EUR 11.2 million and was the best quarterly EBITA in Musti Group's history.

I am extremely pleased with the gross margin development in Q4. Gross margin increased to 45.7% (44.0%) even though slightly burdened by increasing freight costs from Asia, supported by the favorable product mix and efficient category management. Operating profit increased by 10.0% to EUR 8.6 million.

I want to sincerely thank all of our employees for the great engagement with serving our customers in the best possible way. I look forward to the financial year 2022 with a great deal of confidence, based both on the positive signals we see in the market and on the positive energy within the organization. We are excited to develop our ecosystem to further increase the customer experience. We strongly believe the end-to-end ecosystem presents a unique value proposition enhancing and strengthening sticky customer relationships and differentiating us from the competitors. The aim is to create a one-stop-shop for the customers – all you need is Musti.

David Rönnberg,
CEO

Financial targets

The long-term financial targets updated by the Board of Directors on 3 May 2021 are:

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.

Market outlook

Musti Group 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. The market was estimated to be worth approximately EUR 3.1 billion (in 2020), with Sweden as the largest market, accounting for approximately EUR 1.3 billion, Finland approximately EUR 1.0 billion and Norway approximately EUR 0.9 billion.

"Pet Parenting" refers to the 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. This underlying trend that drives the long-term structural growth of the pet care market remains robust, shifting spend towards higher quality nutrition, a more diverse range of accessories and wider adoption of services. The COVID-19 pandemic has affected market dynamics since spring 2020 mainly through an increased number of puppies and kittens, in line with historical evidence of developments during economic downturns, and increased 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% 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 even while expenditure on alternative categories has been affected.

Group performance

Net sales

EUR million	7-9/2021	7-9/2020	Change %	10/2020-9/2021	10/2019-9/2020	Change %
Net sales						
Group	91.5	76.9	18.9	340.9	284.4	19.9
Finland	40.3	36.0	12.0	152.6	135.8	12.4
Sweden	39.7	33.4	18.8	147.5	123.2	19.7
Norway	11.5	7.5	53.2	40.7	25.4	60.6

July–September 2021

Group net sales increased by 18.9% to EUR 91.5 million (EUR 76.9 million). The increase was largely due to like-for-like growth in all countries and the increasing number of new customers together with an increased number of directly operated stores. Like-for-like growth amounted to 10.9% (12.2%). Strengthened SEK exchange rate increased sales by EUR 1.5 million, whereas strengthened NOK exchange rate increased sales by EUR 0.3 million.

Store sales increased by 21.7% to EUR 68.6 million (EUR 56.3 million), driven by an increased number of stores and strong like-for-like store sales growth in all countries. Like-for-like store sales growth amounted to 8.2% (7.9%). Store sales growth in 2020 was negatively impacted by restrictions relating to the COVID-19 pandemic. Online sales increased by 20.4% to EUR 20.4 million (EUR 17.0 million). Online sales accounted for 22.3% (22.1%) of total net sales.

Net sales in Finland increased by 12.0% driven by like-for-like growth of 9.2% and growth from the six new stores opened and 17 acquired during the latest twelve months. During Q4, one directly operated store was opened and 16 franchise stores were acquired. Net sales in Sweden increased by 18.8% driven by strong like-for-like growth of 10.2%. In addition, the strengthened SEK rate compared to Q4 FY20 had a positive impact on the sales growth. During Q4, two directly operated stores were opened and two franchise stores were acquired in Sweden. Net sales in Norway increased by 53.2% driven by strong like-for-like growth of 22.0% and the ramp-up of the stores opened during the latest twelve months. The strengthened NOK rate compared to Q4 FY20 had a slightly positive impact on growth. During Q4, one directly operated store was opened in Norway and one store was acquired.

The number of loyal customers increased to 1,297 thousand during the reporting period (1,151 thousand on 30 September 2020). Rolling 12 months average spend per loyal customer increased to EUR 188.3 as per 30 September 2021 (EUR 178.5 as per 30 September 2020), driven by an increased average purchase value.

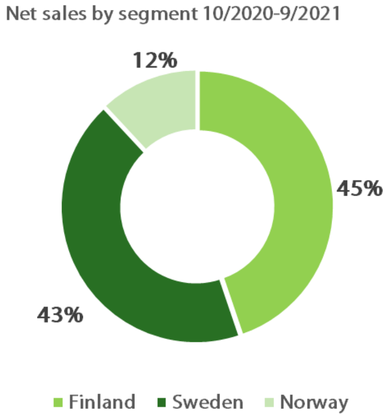
October 2020 – September 2021

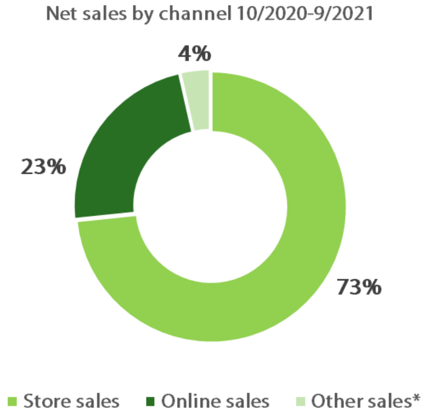
The Group's net sales increased by 19.9% to EUR 340.9 million (EUR 284.4 million). The increase was largely due to like-for-like growth in all countries and the increasing number of new customers and an increased number of directly operated stores. Like-for-like growth amounted to 11.8% (11.5%). Strengthened SEK exchange rate increased sales by EUR 5.6 million (EUR -0.6 million), whereas strengthened NOK exchange rate increased sales by EUR 1.2 million (EUR -2.2 million).

Store sales increased by 21.1% to EUR 250.1 million (EUR 206.6 million), driven by an increased number of stores and strong like-for-like store sales growth. Like-for-like store sales growth increased to 8.8% (7.3%). Online sales increased by 22.8% to EUR 78.7 million (EUR 64.1 million). Online sales accounted for 23.1% (22.5%) of total net sales. In FY 2020, online sales growth was positively impacted by the channel shift towards online sales due to the COVID-19 pandemic and a focus on growth in all countries.

Net sales in Finland increased by 12.4% driven by like-for-like growth of 10.6% and growth from the new stores opened and acquired during the latest twelve months. During the reporting period, six directly operated stores were opened and 17 franchise store was acquired in Finland. In addition, one directly operated store was closed. Net sales in Sweden increased by 19.7% driven by good like-for-like growth of 9.2%. Online sales growth in Sweden was lower due to lower campaign activities in connection with the warehouse consolidation project in Q1/2021. In addition, the strengthened SEK rate compared to the corresponding reporting period in FY20 had a positive impact on the sales growth. During the reporting period, seven directly operated stores was opened and ten franchise stores were acquired in Sweden. In addition, one directly opened store was closed and three franchise agreements were terminated. Net sales in Norway increased by 60.6% driven by strong like-for-like growth of 30.0% and the ramp-up of the stores opened during the latest twelve months. The strengthened NOK rate compared to the corresponding reporting period in FY20 had a positive impact on growth. During the reporting period, ten directly operated store were opened and one store was acquired in Norway.

The number of loyal customers increased to 1,297 thousand during the reporting period (1,151 thousand on 30 September 2020). Rolling 12 months average spend per loyal customer increased to EUR 188.3 as per 30 September 2021 (EUR 178.5 as per 30 September 2020), driven by an increased average purchase value.





*Other sales include franchise fees and wholesale.

Result

July – September 2021

The Group's adjusted EBITA increased by 11.2% to EUR 11.2 million (EUR 10.1 million) including EUR 0.4 million short-term negative impact relating to central warehouse lower efficiency. Adjusted EBITA was the best quarterly adjusted EBITA in Musti Group history measured in EUR. The increase was due to sales growth. Adjusted EBITA margin was 12.2% (13.1%). The comparison period in 2020 was to some extent positively impacted by lower working hours in our stores and lower operating costs driven by the COVID-19 pandemic. In Q4 2021, quarterly adjusted EBITA margin development was mostly in line with periods prior to the COVID-19 pandemic.

Against our expectations, adjusted EBITA was still negatively impacted in Q4 2021 by 0.4 million extraordinary expenses due to low efficiency in Eskilstuna driven by the warehouse consolidation project that was executed in Q1 FY21. Slower recovery was due to high sales volumes and in addition global supply chain congestion has caused volatility to inbound flows.

Gross margin increased to 45.7% (44.0%) mainly due to favourable product mix and efficient category management. The positive development was slightly burdened by increasing freight costs from Asia. Share of sales of own and exclusive brands increased to 51.3% (50.4%). The share of employee benefit and other operating expenses as percentage of sales increased to 28.8% (25.9%) driven by focus on topline growth due to favourable market conditions and lower efficiency in the central warehouse in Eskilstuna.

Depreciation amounted to EUR 6.0 million (EUR 4.9 million) and amortisation amounted to EUR 1.7 million (EUR 1.6 million).

Adjustments to EBITA were EUR 0.9 million (EUR 0.7 million). These were mainly other non-recurring structural changes.

Operating profit increased by 10.0% to EUR 8.6 million (EUR 7.8 million).

Profit before taxes increased to EUR 7.6 million (EUR 6.4 million). The impact of financial income and expenses (net) on profit before taxes was EUR 0.9 million negative (EUR 1.4 million negative), mainly due to lower impact on foreign exchange losses.

Profit for the period was EUR 5.2 million (EUR 5.9 million) and basic earnings per share was 0.16 (0.18). Musti Group has been subject to a tax audit of Musti Group Oyj, Musti Group Finland Oy and Musti Group Nordic Oy regarding financial years 2018-2020. Musti Group Oyj received in October 2021 a tax audit report from the Finnish tax authorities. The tax audit report included subsequent taxes and tax increases amounting to a total of EUR 0.9 million, relating to the VAT deductibility of IPO related costs. The Group disagrees with the interpretation made in the tax audit. The company is to be reassessed in accordance with the interpretations set out in the tax audit report but the company will file a claim for adjustment to the Finnish Tax Administration's Assessment Adjustment Board. There were no repercussions of the tax audit for the financial years 2018-2020 of Musti Group Finland Oy's and Musti Group Nordic Oy's.

October 2020 – September 2021

The Group's adjusted EBITA increased by 23.4% to EUR 36.8 million (EUR 29.8 million). Adjusted EBITA growth was partially offset by additional costs of EUR 1.5 million during the reporting period due to low efficiency in Eskilstuna driven by the warehouse consolidation project. Adjusted EBITA margin was 10.8% (10.5%). The improvement was mainly due to an increase in sales and strong gross margin development, partly offset by additional costs driven by lower efficiency in the central warehouse in Eskilstuna due to the warehouse consolidation project, focus on sales growth in order to utilize the strong momentum and to develop an ecosystem for pet parents to further increase attractiveness and customer loyalty.

Gross margin increased to 45.7% (43.8%) due to more efficient marketing campaigns, favourable product mix and partly offset by higher share of online sales. Share of sales of own and exclusive brands levelled to 51.0% (50.3%). The share of employee benefit and other operating expenses as percentage of sales increased to 29.6% (28.9%) driven by efficient store operations, partly offset by by additional costs driven by lower efficiency in the central warehouse in Eskilstuna due to the warehouse consolidation project that was completed in Q1, focus on sales growth and to develop an ecosystem for pet parents to further increase attractiveness and customer loyalty.

Depreciation amounted to EUR 22.0 million (EUR 18.2 million) and amortisation amounted to EUR 6.5 million (EUR 6.0 million).

Adjustments to EBITA were EUR 1.9 million (EUR 4.3 million). The adjustments related to the warehouse consolidation project, reorganization of customer services and other non-recurring structural changes.

Operating profit increased by 45.1% to EUR 28.4 million (EUR 19.6 million) and was 8.3% (6.9%) of net revenue.

Profit before taxes increased to EUR 26.9 million (EUR 13.7 million). The impact of financial income and expenses (net) on profit before taxes was EUR 1.5 million negative (EUR 5.9 million negative), mainly due to lower impact on foreign exchange gains and losses and lower interest expenses due to the refinancing in connection with the IPO.

Profit for the period was EUR 20.9 million (EUR 11.8 million) and basic earnings per share was 0.62 (0.37). The effective tax rate was 22.3%.

Financial position and cash flow

In July-September, net cash flow from operating activities totalled EUR 15.0 million (EUR 20.4 million). During the quarter, net working capital decreased by EUR 2.4 million due to higher trade and other receivables and inventory offset by higher trade and other payables. Cash and cash equivalents at the end of the period amounted to EUR 13.0 million (30 September 2020: EUR 21.6 million). Total consolidated assets amounted to EUR 337.6 million (30 September 2020: EUR 312.3 million). The increase was due to increased right-of-use assets and property, plant and equipment due to increased number of stores, increased goodwill driven by business combinations and stronger SEK exchange rate, as well as inventories in stores and the central warehouse.

Equity attributable to owners of the parent company totalled EUR 156.9 million (30 September 2020: EUR 153.1 million). Equity was increased due to the profit of the period, partly offset by the payment of the capital return of EUR 0.38 per share. During the fourth quarter Musti Group acquired 61.000 own shares totalling EUR 2.0 million which decreased equity.

Gearing at the end of the reporting period was 72.2% (30 September 2020: 61.8%) and net debt amounted to EUR 113.3 million (30 September 2020: EUR 94.7 million). The increase was mainly due to increased lease liabilities. At the end of the period, the lease liabilities included in net debt amounted to EUR 76.5 million (30 September 2020: EUR 66.5 million).

Musti Group focuses on maintaining sufficient liquidity in the group. In addition to the cash and cash equivalients of EUR 13.0 million at the end of the period, Musti Group has an unutilized EUR 4.0 million credit limit and an undrawn EUR 10.0 million revolving credit facility.

Investments

In July-September investments in tangible and intangible assets amounted to EUR 3.2 million (EUR 1.9 million). In October-September investments in tangible and intangible assets amounted to EUR 12.9 million (EUR 8.9 million). The investments were mainly related to new and relocated stores, as well as IT and digital platform development projects. In addition, in July-September EUR 4.0 million relates to acquisitions of 16 franchise stores in Finland, two franchise stores in Sweden and acquisition of 100% of the shares of Celato AS, which operates a pet store in Norway. During October–September Musti Group acquired 26 pet stores, 17 in Finland and nine in Sweden as business acqusitions and 100 % of the shares of Calida AB, Lomiwa AB and Celato AB, which operates pet stores in Sweden and Norway. The acquisitions corresponds to additional EUR 10.3 million. After the acquisition of the Finnish franchise stores all stores in Finland are directly operated.

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 Group's most mature country. Musti Group held 31% of the total pet food and products market share in 2020. 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 high traffic hypermarkets. Musti's brands in Finland include Musti ja Mirri (store and omnichannel) and Peten Koiratarvike (online).

In Finland, Musti Group 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	7-9/2021	7-9/2020	Change %	10/2020-9/2021	10/2019-9/2020	Change %
Net sales	40.3	36.0	12.0	152.6	135.8	12.4
Net sales growth, %	12.0%	11.5%		12.4%	10.6%	
LFL segment sales growth, %	9.2%	9.7%		10.6%	7.4%	
EBITA	9.8	9.3	6.1	36.0	32.8	9.9
EBITA margin, %	24.4%	25.8%		23.6%	24.2%	
Adjusted EBITA	9.9	9.4	5.8	36.1	33.0	9.5
Adjusted EBITA margin, %	24.5%	26.0%		23.7%	24.3%	
Number of stores	134	129	3.9	134	129	3.9
of which directly operated	134	112	19.6	134	112	19.6

July – September 2021

Net sales in Finland increased by 12.0% to EUR 40.3 million (EUR 36.0 million) driven by like-for-like growth of 9.2% and growth from the stores opened or acquired during the latest twelve months.

EBITA increased by 6.1% to EUR 9.8 million (EUR 9.3 million). Adjusted EBITA increased by 5.8% to EUR 9.9 million (EUR 9.4 million). Store efficiency continued to be on a good level. However, July-September 2020 was to some extent positively impacted by cost savings in relation to the COVID-19 pandemic. Hence, adjusted EBITA is more in line with periods prior to the COVID-19 pandemic. Adjusted EBITA margin was 24.5% (26.0%).

During Q4, one directly operated stores was opened and 16 franchise stores were acquired.

October 2020 – September 2021

Net sales in Finland increased by 12.4% to EUR 152.6 million (EUR 135.8 million) driven by like-for-like growth of 10.6% and growth from the stores opened or acquired during the latest twelve months.

EBITA increased by 9.9% to EUR 36.0 million (EUR 32.8 million). Adjusted EBITA increased by 9.5% to EUR 36.1 million (EUR 33.0 million). This was due to growing sales and store efficiency continued to be on a good level. However, July-September 2020 was to some extent positively impacted by cost savings in relation to the COVID-19 pandemic. Adjusted EBITA margin was 23.7% (24.3%).

During the reporting period, six directly operated stores were opened and 17 franchise store were acquired in Finland. In addition one directly operated store was closed in Finland.

Sweden

In Sweden, Musti Group'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 31% market share (2020). Through VetZoo and Animail, Musti Group has a strong online presence in Sweden. Musti Group'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 development. 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 own and exclusive brands' share of sales towards Finnish levels through staff promotion and educational marketing, converging store cost-efficiency towards Finnish levels through store personnel efficiency measures and being selective in network expansion while acquiring selected franchised stores.

EUR million or as indicated	7-9/2021	7-9/2020	Change %	10/2020-9/2021	10/2019-9/2020	Change %
Net sales	39.7	33.4	18.8	147.5	123.2	19.7
Net sales growth, %	18.8%	21.3%		19.7%	14.7%	
LFL segment sales growth, %	10.2%	11.5%		9.2%	13.4%	
EBITA	7.1	4.6	53.9	21.4	14.5	47.6
EBITA margin, %	17.8%	13.8%		14.5%	11.7%	

Adjusted EBITA	7.1	4.9	43.2	21.7	14.9	46.1
Adjusted EBITA margin, %	17.8%	14.8%		14.7%	12.1%	
Number of stores	128	125	2.4	128	125	2.4
of which directly operated	96	80	20.0	96	80	20.0

July – September 2021

Net sales in Sweden increased by 18.8% to EUR 39.7 million (EUR 33.4 million) driven by like-for-like growth of 10.2%. The average SEK rate strengthened in Q4 FY21 compared to Q4 FY20. This had a EUR 1.5 million positive impact on net sales. The sales growth was strong in both stores and online, driven by the increased number of customers.

EBITA increased by 53.9% to EUR 7.1 million (EUR 4.6 million). Adjusted EBITA increased by 43.2% to EUR 7.1 million (EUR 4.9 million). This was due to operating leverage and growing sales, partly offset by the increased share of online sales. Store efficiency continued to be on a good level. Adjusted EBITA margin was 17.8% (14.8%).

During Q4, two directly operated stores were opened and two franchise stores were acquired in Sweden.

October 2020 – September 2021

Net sales in Sweden increased by 19.7% to EUR 147.5 million (EUR 123.2 million) driven by like-for-like growth of 9.2%. The average SEK rate strengthend compared to the corresponding reporting period in FY20. This had a EUR 5.6 million positive impact on net sales. The sales growth was strong in both stores and online, driven by the increased number of customers. Online sales were lower due to lower campaign activities in connection with the warehouse consolidation project.

EBITA increased by 47.6% to EUR 21.4 million (EUR 14.5 million). Adjusted EBITA increased by 46.1% to EUR 21.7 million (EUR 14.9 million). This was due to 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. Adjusted EBITA margin was 14.7 (12.1%).

During the reporting period, seven directly operated store was opened and ten franchise stores were acquired in Sweden. In addition, one directly operated store was closed and three franchise agreements were terminated.

Norway

In Norway, Musti Group's focus is on store roll-out and on increasing country profitability. Unlike in Finland and Sweden, there are no clear dominant players within the pet specialty segment, with Musti covering for roughly 11% of the total pet food and products market in 2019. Musti Group's brands in Norway are Musti (store and omnichannel) and VetZoo (online).

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

EUR million or as indicated	7-9/2021	7-9/2020	Change %	10/2020-9/2021	10/2019-9/2020	Change %
Net sales	11.5	7.5	53.2	40.7	25.4	60.6
Net sales growth, %	53.2%	59.8%		60.6%	54.6%	
LFL segment sales growth, %	22.0%	35.3%		30.0%	33.3%	
EBITA	1.7	1.1	52.9	6.7	2.9	132.1
EBITA margin, %	15.2%	15.2%		16.5%	11.4%	
Adjusted EBITA	1.7	1.1	51.0	6.8	2.9	130.7
Adjusted EBITA margin, %	15.2%	15.4%		16.6%	11.5%	
Number of stores	50	39	28.2	50	39	28.2
of which directly operated	50	39	28.2	50	39	28.2

July – September 2021

Net sales in Norway increased by 53.2% to EUR 11.5 million (EUR 7.5 million), driven by strong like-for-like growth of 22.0% and ramp-up of the stores opened during the latest twelve months. The strengthened NOK exchange rate in Q4 FY21 compared to Q4 FY20 had a EUR 0.3 million positive impact on net sales.

EBITA increased by 52.9% and adjusted EBITA by 51.0% to EUR 1.7 million (EUR 1.1 million). This was driven by operating leverage and increased store efficiency, as more stores are reaching the mature phase or the end of the ramp-up curve. EBITA was somewhat burdened by increasing salary inflation. In addition, some government subsidies were received in the comparison period related to the COVID-19 pandemic. Store efficiency continued to be on a good level. Adjusted EBITA margin was 15.2% (15.4%).

During Q4, one directly operated store was opened and one store was acquired in Norway.

October 2020 – September 2021

Net sales in Norway increased by 60.6% to EUR 40.7 million (EUR 25.4 million), driven by strong like-for-like growth of 30.0% and ramp-up of the stores opened during the latest twelve months. The strengthened NOK exchange rate in FY21 compared to FY20 had a EUR 1.2 million positive impact on net sales.

EBITA increased by 132.1% to EUR 6.7 million (EUR 2.9 million). Adjusted EBITA increased by 130.7% to EUR 6.8 million (EUR 2.9 million). This was driven by operating leverage and increased store efficiency, as more stores are reaching the mature phase or the end of the ramp-up curve. Store efficiency continued to be on a good level. Adjusted EBITA margin was 16.6% (11.5%).

During the reporting period, ten directly operated store were opened and one store was acquired in Norway.

Group functions

July – September 2021

The EBITA impact of Group functions was EUR -8.4 million (EUR -5.6 million). Adjusted EBITA was EUR -7.5 million (EUR -5.4 million). The decrease was mainly due to increased headcount in the head office, and, higher costs in the central warehouse driven by higher volumes. Musti Group has focused on sales growth in order to utilize the strong momentum and to develop an ecosystem for pet parents to further increase attractiveness and customer loyalty. These projects have generated additional costs during Q4 FY21. In addition, lower efficiency increased personnel and other costs in Eskilstuna due to the warehouse consolidation project. Adjusted EBITA margin from the group's total net sales was -8.2% (-7.0%).

October 2020 – September 2021

The EBITA impact of Group functions was EUR -29.2 million (EUR -24.6 million). Adjusted EBITA was EUR -27.8 million (EUR -21.0 million). The decrease was mainly due to increased headcount in the head office, and, higher costs in the central warehouse driven by higher volumes. Musti Group has focused on sales growth in order to utilize the strong momentum and to develop an ecosystem for pet parents to further increase attractiveness and customer loyalty. These projects have generated additional costs during Q4 FY21. In addition, lower efficiency increased personnel and other costs in Eskilstuna due to the warehouse consolidation project. Adjusted EBITA margin from the group's total net sales was was -8.2% (-7.4%).

Personnel

At the end of the reporting period on 30 September 2021, the number of personnel was 1,397 (1,162), of whom 616 (566) were employed in Finland and 781 (597) outside Finland.

Changes in Group composition

On 1 January 2021, Musti Group acquired Calida AB and Lomiwa AB, which operate two franchise stores in Sweden. The acquisitions complements Musti Group's existing Arken Zoo chain in Sweden.

In April 2021, Musti Group sold its ownership in the Swedish subsidiaries Anivet AB, Carnia AB, Tasso i Malmö AB and ZooZoocom AB.

On 30 April 2021 Musti Group's Swedish subsidiaries Calida AB, Lomiwa AB and VetZoo AB were merged into Musti Group's Swedish subsidiary Arken Zoo AB (former Arken Zoo Nord AB).

On 10 June 2021 Musti Group's Swedish subsidiaries Aeris Hund & Häst AB, Animail AB, Djurintressenterna i Sverige AB and Grizzly Zoo AB were merged into Musti Group's Swedish subsidiary Arken Zoo Syd AB.

On 5 July 2021 Musti Group acquired Celato AS, which operate a pet store in Norway. The acquisition complements Musti Group's existing Musti chain in Norway. On 14 August 2021 Celato AS was merged into Musti Group's Norwegian subsidiary Musti Norge AS.

On 30 September 2021 Musti Group's Finnish subsidiary Musti Group Finland Oy was merged into Musti Group Oyj.

Changes in Group management

On 16 April Musti Group announced, that Robert Berglund, CFO and member of the Management Team of Musti Group, has announced that he will resign from the company. The resignation will take effect in October 2021.

On 2 June Musti Group announced the appointment of Toni Rannikko as a new CFO and member of the Management Team of Musti Group as of 1 September 2021.

Governance

Annual General Meeting

Musti Group plc's Annual General Meeting was held on 21 January 2021 at Musti Group headquarters in Helsinki, Finland. Shareholders and their proxy representatives could participate in the Annual General Meeting and exercise their rights only by voting in advance and by making counterproposals and presenting questions in advance. It was not possible to participate at the meeting venue in person. The Annual General Meeting was arranged in accordance with an exceptional meeting procedure based on the temporary legislation to limit the spread of the COVID-19 pandemic approved by the Finnish Parliament.

The documents of the Annual General Meeting held on 21 January 2021 are available at www.mustigroup.com/agm.

Shares and shareholders

Share capital

At the end of the reporting period on 30 September 2021, 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 of 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 31.40 on the first trading day of the third quarter on 1 July 2021. The closing price of the share on the last trading day of the reporting period on 30 September 2021 was EUR 30.90. The highest price of the share during July – September 2021 was EUR 37.22, the lowest EUR 28.52 and the average closing price was EUR 33.20. Share turnover on Nasdaq Helsinki during July – September 2021 was approximately 5.06 million shares.

Musti Group's market capitalization was EUR 1.04 billion on 30 September 2021.

Own shares

On 30 September 2021 Musti Group held 244,000 (0) own shares representing 0.73% (0.00%) of the total number of shares and votes. During the reporting period Musti Group exercised the authorisation granted by the AGM on 21 January 2021 to the Board of Directors to acquire own shares and acquired in total 61 000 own shares.

Authorizations of the Board of Directors

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the Musti Group's own shares and/or on the acceptance as pledge of the company's own shares. The amount of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 3,185,000 shares in total, which corresponds to approximately 9.5 per cent of all of the shares in Musti Group. However, the company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares.

Own shares can be repurchased only using the unrestricted equity of the company at a price formed in public trading on the date of the repurchase or otherwise at a price determined by the markets. The Board of Directors decides on all other matters related to the repurchase and/or acceptance as pledge of own shares. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). This authorization cancels previous unused authorizations to repurchase the Company's own shares and/or to accept the Company's own shares as pledge. The authorization is effective until the next Annual General Meeting, however, no longer than until 21 July 2022.

The Annual General Meeting also authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act as follows. The amount of shares to be issued based on this authorization shall not exceed 3,185,000 shares, which corresponds to approximately 9.5 per cent of all of the shares in Musti Group.

The authorization covers both the issuance of new shares as well as the transfer of own shares held by the company. The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). This authorization cancels previous unused authorizations to decide on the issuance of shares as well as on the issuance of special rights entitling to shares. The authorization is effective until the next Annual General Meeting, however, no longer than until 21 July 2022.

Shareholders and flagging notifications

At the end of the reporting period, the number of registered shareholders was 10,889. The proportion of nominee-registered and foreign shareholders was 71.59% of the company's shares. The 20 largest shareholders registered in the book-entry register maintained by Euroclear Finland Oy held a total of 19.80% of Musti Group's shares and votes at the end of the reporting period.

During October 2020-September 2021, Musti Group received the following announcement under Chapter 9, Section 5 of the Securities Markets Act:

- On 16 November 2020 Musti Group plc received a notification according to which Millan Holding S.à.r.l., a company ultimately owned by EQT and its co-investors, had sold a total number of 1,878,862 company's shares. As a result of the share sale, EQT's indirect holding of the shares and votes of the Musti Group decreased below 5 percent and totalled to 0 shares and votes in the company.

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

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 Group 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 members of the management team.

Long-term incentives

In May 2020, Musti Group plc's Board decided on two new share-based long-term incentive plans for the management team and key employees. The plans consist of a performance share plan (PSP) as the main structure, and of a restricted share plan (RSP), which is a complementary share plan for special situations. The new share-based compensation schemes were communicated in a stock exchange release on 7 May 2020. The plans will form a part of Musti Group plc's remuneration programs for its key employees, and the aim of the PSP 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 consists of three performance periods of three years each 2020-2022, 2021-2023 and 2022-2024. The Board of Directors will decide separately for each performance period the plan participants, performance criteria, and the related targets, as well as the minimum, target, and maximum reward potentially payable based on target attainment.

The Restricted Share Plan (RSP) consists of plans on which the vesting period is 12-36 months based on decisions made by the Board of Musti Group plc. The possible rewards are paid partly in Musti Group plc's shares and partly in cash. As of 31 March 2021, there were no participants added to the RSP plan.

In the performance period FY2020-2022, the plan has 11 participants at most and the targets for the performance period relates to company´s total shareholder return (TSR) and adjusted EBITA. The maximum number of shares to be paid based on the performance period FY2020-2022 is approximately 250.000 Musti Group plc´s shares. The number of shares represents gross earning, from which the withholding of tax and possible other applicable contributions are deducted, and the remaining net amount is paid in shares. However, the company has the right to pay the reward fully in cash under certain circumstances. Potential rewards from the performance period FY2020-2022 will be paid out during autumn of 2022.

In the performance period FY2021-2023, the plan has 30 participants at most and the targets for the performance period relates to company´s total shareholder return (TSR) and adjusted EBITA. The maximum number of shares to be paid based on the performance period FY2021-2023 is approximately 137,600 Musti Group plc´s shares. The number of shares represents gross earning, from which the withholding of tax and possible other applicable contributions are deducted, and the remaining net amount is paid in shares. However, the company has the right to pay the reward fully in cash under certain circumstances. Potential rewards from the performance period FY2021-2023 will be paid out during autumn of 2023.

Responsibility

Musti Group 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 Group 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 Group's social responsibility is a responsible supply chain, diminishing environmental impact as well as 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 Group 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 Musti's requirements on responsible business practices. Following the Musti Group 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 also 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.

Musti Group's Non-Financial Information Report for the financial year 2021 will be published on 17 December 2021 together with the Financial Statements and the Board of Directors' report.

Risks and uncertainties

Musti Group'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 following describes the risks and uncertainties that are considered significant for Musti Group.

Risks relating to the macroeconomic environment

Musti Group's net sales and operating profit are impacted by general economic conditions, which are influenced by many factors beyond Musti Group's control. As Musti Group's net sales and operating profits are generated in Finland, Sweden and Norway, the company is vulnerable to negative economic developments, including recession and depression, in these core markets. Although the pet care market has proven to be resilient to economic downturns in the past, and so far during the COVID-19 pandemic, there can be no assurance that this would be the case in the future. Adverse changes in the Nordic markets could result from e.g. deterioration in business or consumer confidence leading to low customer spending, fluctuations in currency rates, changing customer preferences or employment levels, lower availability of credit, rising interest rates or inflation or changes in taxation or in the local political landscape.

The COVID -19 has exposed Musti Group's risk management to a new challenge. Musti Group 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 Group, 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.

Risks relating to changes in the competitive environment

Pet products and services retail industry is increasingly competitive due to the presence of online merchandisers and specialty retailers' in the pet food and products market. Also, the expansion of pet-related product offerings by certain grocery stores and other general retail merchandisers has increased competition. Musti Group competes with a number of other participants in the Nordic pet care market, which includes pet food, pet products and pet services. Musti Group's competitors are large grocery retailers, smaller pet specialist stores, online competitors (including general online stockists and internet pure-plays), home and garden stores, pet service providers, as well as veterinary clinics.

Risks relating to quality of products and services

Musti Group's brand is an important asset to the company. Maintaining the reputation of, and value associated with, Musti Group's brand, is central to the success of its business, and Musti Group could be adversely affected if customers lose confidence in the safety and quality of the food, accessories and services sold or provided by the company. The real or perceived sale of contaminated pet food or defective accessory products by Musti Group could result in product recalls, product liability claims against Musti Group or its suppliers, investigations by authorities and loss of customer confidence. In addition, Musti Group may also be subjected to complaints from its customers, employees, competitors or other third parties in social media channels, alleging injury, health, environmental, safety or operational concerns, negligence or failure to comply with applicable laws and regulations. Any such complaints and claims, even if successfully resolved without direct adverse financial effect, could have a material adverse effect on Musti Group's brand and reputation.

Risks relating to changes in customer preferences

Musti Group has identified a mega-trend refered to as Pet Parenting where customers increasingly treat their pets as family members. The increasing development of the Pet Parenting trend and growth in spend per pet has opened markets for Musti Group's high-quality food products with high nutritional value, broader range of products and services with a rising emphasis on wellness. Musti Group's success depends in part on its ability to identify and respond to evolving customer preference trends in all of its product areas, and on ability to translate customer preferences into appropriate, sellable merchandise offerings with appropriate levels of inventory.

Risks relating to sourcing of products

As Musti Group does not operate through own factories, exempt it's minority share of one pet food factory in Finland, it relies on domestic and foreign external suppliers to source its own products. For third-party products, Musti Group is dependent on its relationships with suppliers of third-party brand products to maintain a broad product offering and sufficient inventories. Musti Group focuses on the authenticity of its sources of supply and the quality of its products and seeks to maintain high standards of sustainable sourcing of products in its supply chain. Any loss of significant suppliers or the inability to source products from such suppliers that meet Musti Group's standards and requirements or a supply reduction or cost increases demanded by suppliers could have a material adverse effect on the customer relationships and competitive position.

Risks relating warehouse operations

A disruption or malfunction in Musti Group's warehouses or sourcing, difficulties in successful managing of Musti Group's inventory, or difficulties in predicting the product demand may raise the costs related to warehouses and require the selling of products with discounts reducing the profitability. Such discuptions or malfunctions may have an adverse effect on the inventory of Musti Group's and franchisees' stores, and Musti Group's business could be substantially interrupted. Interruptions may in turn limit Musti Group's ability to perform its obligations towards its customers, which may result in claims for financial compensation based on non-delivery of orders and damage Musti Group's reputation as a reliable trading partner.

Risks relating IT systems

The timely development, implementation and uninterrupted performance of Musti Group's hardware, network, websites, ordering platforms and other IT systems, including those which may be provided by third parties or which may be hosted online or in the "cloud", are critical factors for the smooth functioning of Musti Group's operations and are, thus, critical to Musti Group's success. Musti Group uses various software to assist in efficiently managing supply flows, orders, customer handling, warehousing, distribution, replenishment, operational data, customer- and employee-related data as well as other management and financial information. Even though Musti Group has recently completed its IT system renewal and is not expecting any larger upgrades in the near future, any future upgrades of existing IT systems or the implementation of new IT systems, may cause organizational disruptions within Musti Group.

Musti Group depends on the continuous availability and reliability of its IT platforms, which, in turn, depend on the functioning of its IT hardware. This includes operational risks, such as the occurrence of equipment and software failures, power interruptions and unlawful conduct by third parties or human error. Musti Group's IT systems are also exposed to cyber security risks relating to, for example, viruses, malware, hacking phishing attacks, penetrating or bypassing security measures in order to gain unauthorized access to Musti Group's networks and systems.

Musti Group strives to comply with all applicable laws and regulations relating to privacy and data protection. However, it is possible that such requirements may be interpreted and applied by the company in a manner that is unforeseeable or may conflict with the current interpretations or practices of the EU or the Finnish authorities. In addition, non-compliance or data breaches through cyber-attacks or otherwise may result in fines, damages, orders to stop processing personal data as well as damage to the Company's reputation, and otherwise have a negative impact on the company's business.

Risks relating management and employess

Musti Group's success is largely dependent upon the continued service, skills and experience of its existing management team and Board members, having valuable knowledge of the pet products and services industry. Furthermore, Musti Group relies on its trained and passionate sales personnel in the stores striving to provide tailored, knowledgeable service and guidance to Musti Group's customers. Losses of key management or a significant number of employees could adversely affect the daily operations of Musti Group as well as its ability to develop its business successfully.

Musti Group's ability to support its overall strategy may be limited by Musti Group's ability to recruit, train, motivate and retain qualified staff. As Musti Group relies on skilled personnel, its success depends partly on its ability to continue to attract, motivate and retain qualified personnel who understand and appreciate Musti Group's corporate culture, customers and merchandise, and are able to adequately and effectively represent this culture.

Risks relating to regulation and compliance

Inadequate compliance with the regulations regarding Musti Group's operations and products or with the corporate social responsibility requirements could result in sanctions or harm Musti Group's public image among its key customer groups.

Musti Group processes customer and employee data and collecting its customer data has a significant role in Musti Group's business and strategy. Therefore, Musti Group's operations are subject to laws relating to data protection and privacy, including the EU

General Data Protection Regulation ((EU) 2016/679, the "GDPR"), which replaced the EU Data Protection Directive (95/46/EC) in May 2018, as well as other national data protection laws.

Risks relating to taxation

Changing tax legislation, unexpected changes in interpretations of current tax regulations, and administrative processes related to taxation may cause significant costs to Musti Group. Musti Group was subject to a tax audit of Musti Group Oyj, Musti Group Finland Oy and Musti Group Nordic Oy regarding financial years 2018-2020. The tax audit is described in more detail above in section Result July – September 2021.

Musti Group's central warehouse located in Eskiltuna, Sweden, supplies a significat number of products to all of Musti Group's operating countries. This centralized operation generates a significant number of intra-group and cross-border transactions. Therefore, interpretations concerning transfer pricing may have a significant impact on the group level business results.

Risks relating to currency fluctuations

Musti Group's results can be affected by fluctuations in currency exchange rates as Musti Group is exposed to foreign exchange rate risks in the form of translation risks and transaction risks arising from fluctuations in currency exchange rates. Musti Group's purchases are primarily conducted in euros, with currency exposure to Swedish krona, Norwegian krone, Brittish pound sterling and US dollar. Transactions risks relating to Brittish pound sterling and US dollar are partly hedged. Financial items are subject to translation risks of internal loans and receivables in Swedish krona and Norwegian krone.

Risks relating to interest rate fluctuations

Musti Group's current loans are subject to variable interest rates and, therefore, exposed to movements in interest rates. An increase in the interest rate level may have a material adverse effect on the cost of financing and Musti Group's financial costs. In addition, the interest rate level is dependent on the covenants of the financing agreement.

Risks relating to liquidity

Musti Group's business requires, and will require the availability of a sufficient funding. Sufficient funding is a condition for the development and expansion of the business through opening of new stores and possible acquisitions. 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.

Seasonality

Musti Group'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 Group's financial year being from 1 October to 30 September. Usually, the period between July to December has higher sales and profitability margins compared to January to June, driven by higher sales of accessories and other seasonal products.

The volumes and timing of Musti Group's sales may somewhat vary somewhat 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 significat events after the reporting period.

Outlook for the financial year 2022

The underlying trend of Pet Parenting that drives the long-term structural growth of the pet care market remains robust. Musti Group believes it is able to continue its performance aligned with strategy and financial targets focusing on the high-quality products and services the Pet Parents seek.

Board of Directors' proposal for profit distribution and capital return

The Board of Directors of Musti Group plc proposes to the Annual General Meeting on 27 January 2022 that shareholders will be paid a capital return of EUR 0.44 per share to be distributed from the invested unrestricted equity reserve totalling approximately EUR 14.6 million and that no dividend will be paid for the financial year ended 30 September 2021.The capital return corresponds to approximately 70% of the group's profit for the financial year.

The parent company's distributable funds total EUR 155,078,491.02, of which profit for the financial year is EUR 6,799,917.88.

The Board proposes that the capital return is to be paid in two installments, i.e. EUR 0.22 in February 2022 and EUR 0.22 in August 2022.

Financial calendar

Musti Group's Financial Statements and Board of Directors' Report for October 2020-September 2021 will be published on 17 December together with Musti Group's Corporate Governance Statement, Remuneration Report and Non-Financial Information Report.

Musti Group's Annual General Meeting will be held on 27 January 2022.

Interim Report for October 2021-December 2021 will be pubished on 8 February 2022.

Webcast for analysts and media

A live webcast for analysts and media will be arranged on 16 November 2021 at 14:00 EET. The event will be held in English. The report will be presented by CEO David Rönnberg and CFO Toni Rannikko. The webcast can be followed at https://mustigroup.videosync.fi/2021-q4-results.

A recording of the webcast will be available later at the company's website at www.mustigroup.com/investors/reports-and-presentations/.

The telephone conference can be participated by calling:

Finland: +358 9 817 10310
Sweden: +46 856642651
UK: +44 3333000804
US: +1 6319131422

The participants will be asked to provide the following PIN code: 67350102#

Helsinki, 16 November 2021

Board of Directors

The information in this Financial Statements Release is unaudited.

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Main media
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Condensed financial information

Condensed consolidated statement of income

EUR thousand	7-9/2021	7–9/2020	10/2020-9/2021	10/2019–9/2020
Net sales	**91,468**	**76,903**	**340,856**	**284,397**
Other operating income	754	347	2,270	1,283
Share of profit of a joint venture	50	69	30	117
Materials and services	-49,646	-43,083	-185,239	-159,717
Employee benefit expenses	-16,416	-12,005	-61,828	-48,364
Other operating expenses	-9,972	-7,939	-39,147	-33,924
Depreciation, amortisation and impairment	-7,639	-6,477	-28,565	-24,238
Operating profit	**8,598**	**7,815**	**28,377**	**19,554**
Financial income and expenses, net	-992	-1,434	-1,495	-5,894
Profit before taxes	**7,606**	**6,382**	**26,882**	**13,661**
Income tax expense	-2,417	-480	-5,988	-1,907
Profit/loss for the period	**5,189**	**5,902**	**20,895**	**11,754**
Attributable to:				
Owners of the parent	5,180	5,889	20,872	11,712
Non-controlling interest	10	12	23	42
Earnings per share (EUR) for profit attributable to owners of the parent				
Basic EPS (EUR)	0.16	0.18	0.62	0.37
Diluted EPS (EUR)	0.15	0.17	0.62	0.37

Consolidated statement of comprehensive income

EUR thousand	7–9/2021	7–9/2020	10/2020-9/2021	10/2019–9/2020
Profit/loss for the period	5,189	5,902	20,895	11,754
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	-215	-135	1,138	-76
Other comprehensive income, net of tax	-215	-135	1,138	-76
Total comprehensive income	**4,974**	**5,767**	**22,033**	**11,678**
Attributable to:				
Owners of the parent	4,964	5,755	22,006	11,635
Non-controlling interest	10	12	27	42

Consolidated statement of financial position

EUR thousand	30 Sep 2021	30 Sep 2020
ASSETS		
Non-current assets		
Goodwill	157,831	145,434
Other intangible assets	18,705	20,480
Right-of-use assets	71,745	62,014
Property, plant and equipment	15,759	11,304
Investments in joint ventures	990	960
Deferred tax assets	5,008	5,914
Other non-current receivables	109	345
Total non-current assets	**270,148**	**246,452**
Current assets		
Inventories	44,297	36,376
Trade and other receivables	9,322	6,466
Loan receivables	0	15
Derivative financial instruments	484	0
Income tax receivables	281	1,378
Cash and cash equivalents	13,013	21,606
Total current assets	**67,397**	**65,840**
TOTAL ASSETS	**337,545**	**312,292**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	11,002	11,002
Other reserves	154,691	167,412
Own shares	-6,910	0
Translation differences	975	- 159
Retained earnings	-2,891	-25,132
Total equity attributable to owners of the parent	**156,867**	**153,122**
Equity attributable to non-controlling interest	110	157
Total equity	**156,977**	**153,279**
Non-current liabilities		
Loans from credit institutions	49,872	49,781
Lease liability	56,713	50,538
Deferred tax liabilities	2,684	2,168
Other liabilities	14	0
Total non-current liabilities	**109,283**	**102,486**
Current liabilities		
Lease liability	19,759	15,957
Trade and other payables	46,827	40,264
Derivative financial instruments	441	53
Income tax liabilities	4,257	233
Provisions	0	20
Total current liabilities	**71,285**	**56,527**
Total liabilities	**180,567**	**159,013**
TOTAL EQUITY AND LIABILITIES	**337,545**	**312,292**

Consolidated statement of changes in equity

EUR thousand	Attributable to owners of the parent							
	Share capital	Other reserves	Own shares	Translation differences	Retained earnings	Total	Non-controlling interest	Total equity
Equity at 1 Oct 2020	**11,002**	**167,412**	**0**	**-159**	**-25,132**	**153,122**	**157**	**153,279**
Profit/loss for the period					20,872	20,872	23	20,895
Translation differences				1,134		1,134	4	1,138
Total comprehensive income	**0**	**0**	**0**	**1,134**	**20,872**	**22,006**	**27**	**22,033**
Capital returns		-12,720				-12,720		-12,720
Dividends						0	-74	-74
Acquisition of own shares			-6,910			-6,910		-6,910
Share-based incentive plan					1,370	1,370		1,370
Equity at 30 Sep 2021	**11,002**	**154,691**	**-6,910**	**975**	**-2,890**	**156,867**	**110**	**156,977**

EUR thousand	Attributable to owners of the parent							
	Share capital	Other reserves	Own shares	Translation differences	Retained earnings	Total	Non-controlling interest	Total equity
Equity at 1 Oct 2019	**11,002**	**122,412**	**0**	**-83**	**-35,012**	**98,319**	**101**	**98,420**
Profit/loss for the period					11,712	11,712	42	11,754
Translation differences				-76		-76	1	-76
Total comprehensive income	**0**	**0**	**0**	**-76**	**11,712**	**11,635**	**42**	**11,678**
Other changes					20	20	13	32
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
Share-based incentive plan					276	276		276
Equity at 30 Sep 2020	**11,002**	**167,412**	**0**	**-159**	**-25,132**	**153,122**	**157**	**153,279**

Consolidated statement of cash flows

EUR thousand	7–9/2021	7–9/2020	10/2020–9/2021	10/2019–9/2020
Cash flows from operating activities				
Profit before taxes	7,606	6,382	26,882	13,661
Adjustments				
Depreciation, amortisation and impairment	7,639	6,477	28,565	24,238
Financial income and expenses, net	992	1,434	1,495	5,894
Other adjustments	1,256	-225	1,466	-300
Cash flows before changes in working capital	17,494	14,068	58,409	43,493
Change in working capital				
Increase (-) / decrease (+) in trade and other receivables	-1,702	-53	-2,782	-693
Increase (-) / decrease (+) in inventories	-3,309	1,558	-6,653	-3,659
Increase (+) / decrease (-) in trade and other payables	2,638	5,141	5269	3,486
Cash flows from operating activities before financial items and taxes	15,122	20,713	54,243	42,627
Income taxes paid	-114	-340	706	-762
Net cash flow from operating activities	**15,008**	**20,373**	**54,950**	**41,864**
Cash flows from investing activities				
Investments in tangible and intangible assets	-3,188	-1,875	-12,878	-8,914
Acquisition of subsidiaries and business acquisitions, net of cash acquired	-4,026	-87	-10,330	-1,361
Investments in joint ventures	0	0	0	-600
Disposal of subsidiaries	-91	0	0	0
Decrease (+) / increase (-) in non-current receivables	0	10	230	-97
Decrease (+) / increase (-) in loan receivables	0	0	10	0
Net cash flow from investing activities	**-7,305**	**-1,952**	**-22,969**	**-10,972**
Cash flows from financing activities				
Proceeds from share issues	0	0	0	45,000
Capital returns paid	0	0	-12,720	0
Dividends paid	0	0	-75	0
Costs from share issue recognised in equity	0	-147	0	-2,844
Acquisition of own shares	-1,962	0	-6,910	0
Proceeds from non-current loans	0	0	0	50,000
Repayments of non-current loans	0	-248	0	-84,879
Repayments of current loans	0	248	0	-5,031
Repayments of lease liabilities	-4,683	-3,857	-17,297	-14,819
Interest and other financial expenses paid	-1,272	-807	-5,190	-5,788
Interest and other finance income received *)	-280	238	1,620	445
Net cash flow from financing activities	**-8,197**	**-4,573**	**-40,573**	**-17,915**
Net change in cash and cash equivalents	**-495**	**13,848**	**-8,592**	**12,977**
Cash and cash equivalents at start of period	13,508	7,758	21,606	8,629
Cash and cash equivalents at end of period	**13,013**	**21,606**	**13,013**	**21,606**

*) Interest and other finance income received has been reclassified from net cash flow operating activities to net cash flow from financing activities.

Basis of preparation and accounting policies

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

The financial statements release of 1 October 2020 – 30 September 2021 has been prepared in accordance with the IAS 34 Interim Financial Reporting standard and the accounting principles applied in the financial statements release are the same as in the financial statement.

The figures of the interim 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 report is presented in thousand euros unless otherwise stated.

Critical accounting estimates and judgments

An IFRS-compliant financial statements release 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 financial statements release.

Key accounting considerations related to COVID-19

During October 2020-September 2021 Musti Group received but didn’t apply for any financial assistance under governmental scheme. However, the amount of the assistance was not material from a Group perspective. The group also negotiated some rent reductions during the financial period 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
7/2021–9/2021					
Net sales *	40,290	39,727	11,451	0	91,468
% split of net sales between segments	44%	43%	13%	0%	100%
EBITDA	**12,026**	**9,269**	**2,657**	**-7,715**	**16,237**
Adjustments	48	0	0	894	942
Adjusted EBITDA	**12,074**	**9,269**	**2,657**	**-6,821**	**17,179**
Depreciation and impairment of right-of-use assets and tangible assets	-2,184	-2,193	-921	-682	-5,980
EBITA	**9,843**	**7,076**	**1,736**	**-8,397**	**10,257**
Adjustments	48	0	0	894	942
Adjusted EBITA	**9,890**	**7,076**	**1,736**	**-7,503**	**11,200**
Amortisation and impairment of intangible assets					-1,660
Operating profit					**8,598**
Financial income and expenses, net					-992
Profit before taxes					**7,606**
Income tax expense					-2,417
Profit/loss for the period					**5,189**

* 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
7/2020–9/2020					
Net sales *	35,981	33,446	7,476	0	76,903
% split of net sales between segments	47%	43%	10%	0%	100%
EBITDA	**11,282**	**6,422**	**1,797**	**-5,208**	**14,293**
Adjustments	76	343	14	261	694
Adjusted EBITDA	**11,358**	**6,766**	**1,811**	**-4,947**	**14,987**
Depreciation and impairment of right-of-use assets and tangible assets	-2,006	-1,824	-661	-422	-4,912
EBITA	**9,276**	**4,599**	**1,136**	**-5,630**	**9,380**
Adjustments	76	343	14	261	694
Adjusted EBITA	**9,352**	**4,942**	**1,149**	**-5,370**	**10,074**
Amortisation and impairment of intangible assets					-1,565
Operating profit					**7,815**
Financial income and expenses, net					-1,434
Profit before taxes					**6,382**
Income tax expense					-480
Profit/loss for the period					**5,902**

* 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
10/2020–9/2021					
Net sales *	152,616	147,511	40,730	0	340,856
% split of net sales between segments	45%	43%	12%	0%	100%
EBITDA	**44,375**	**29,729**	**9,974**	**-27,135**	**56,942**
Adjustments	48	389	26	1,428	1,892
Adjusted EBITDA	**44,424**	**30,118**	**10,000**	**-25,707**	**58,834**
Depreciation and impairment of right-of-use assets and tangible assets	-8,326	-8,376	-3,247	-2,101	-22,049
EBITA	**36,050**	**21,352**	**6,727**	**-29,236**	**34,893**
Adjustments	48	389	26	1,428	1,892
Adjusted EBITA	**36,098**	**21,741**	**6,753**	**-27,808**	**36,785**
Amortisation and impairment of intangible assets					-6,516
Operating profit					**28,377**
Financial income and expenses, net					-1,495
Profit before taxes					**26,882**
Income tax expense					-5,988
Profit/loss for the period					**20,895**

* 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
10/2019–9/2020					
Net sales *	135,795	123,244	25,358	0	**284,397**
% split of net sales between segments	48%	43%	9%	0%	100%
EBITDA	**40,472**	**21,181**	**5,301**	**-23,161**	**43,792**
Adjustments	162	419	29	3,656	4,266
Adjusted EBITDA	**40,633**	**21,600**	**5,329**	**-19,505**	**48,058**
Depreciation and impairment of right-of-use assets and tangible assets	-7,677	-6,716	-2,403	-1,448	-18,244
EBITA	**32,795**	**14,465**	**2,898**	**-24,610**	**25,548**
Adjustments	162	419	29	3,656	4,266
Adjusted EBITA	**32,957**	**14,884**	**2,927**	**-20,953**	**29,814**
Amortisation and impairment of intangible assets					-5,994
Operating profit					**19,554**
Financial income and expenses, net					-5,894
Profit before taxes					**13,661**
Income tax expense					-1,907
Profit/loss for the period					**11,754**

* 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

Musti Group's subsidiary Arken Zoo AB (former Arken Zoo Nord AB) acquired the entire capital stock of Calida AB and Lomiwa AB, which operate two franchise stores in Sweden, on 1 January 2021. The acquisitions complements Musti Group's existing Arken Zoo chain in Sweden. The final consideration paid was EUR 1.2 million in cash, and the amount of cash and cash equivalents obtained was EUR 0.2 million. According to the acquisition cost calculation the assets acquired amounted to EUR 0.4 million, liabilities amounted to EUR 0.3 million and goodwill amounted to EUR 1.1 million.

Musti Group's subsidiary Musti Norge AS acquired the entire capital stock of Celato AS, which operates a pet stores in Norway, on 5 July 2021. The acquisitions complements Musti Group's existing Musti chain in Norway. The final consideration paid was EUR 1.4 million in cash, and the amount of cash and cash equivalents obtained was EUR 0.1 million. According to the preliminary acquisition cost calculation the assets acquired amounted to EUR 0.3 million, liabilities amounted to EUR 0.2 million and goodwill amounted to EUR 1.3 million.

The acquisitions of Calida AB, Lomiwa AB and Celato AS increased the Group's net sales by EUR 1.8 million and increased operating profit by EUR 0.3 million for the period 1 January 2021 – 30 September 2021. The effect on the Group's net sales would have been approximately EUR 3.4 million and on the operating profit EUR 0.5 million for the period ended 30 September 2021 if the acquisitions had been consolidated from the beginning of the financial year.

During the period 1 October 2020 – 30 September 2021 Musti Group acquired 26 pet stores, 17 in Finland and nine in Sweden as business acqusitions. The total purchase price of the stores was approximately EUR 9.1 million, of which EUR 3.8 million was for business acquisitions during Q4 2021, and the resulting goodwill EUR 3.0 million. Goodwill is based on synergies from the acquisitions. The resulting goodwill is deductible in taxation. The store acquisitions increased the Group's net sales by EUR 5.2 million and increased operating profit by EUR 1.1 million for the period 1 October 2020 – 30 September 2021. The effect on the Group's net sales would have been approximately EUR 15.0 million and on the operating profit EUR 3.1 million for the period ended 30 September 2021 if the acquisitions had been consolidated from the beginning of the financial year.

On 30 April 2021 Musti Group's Swedish subsidiaries Calida AB, Lomiwa AB and VetZoo AB were merged into Musti Group's Swedish subsidiary Arken Zoo AB (former Arken Zoo Nord AB).

On 10 June 2021 Musti Group's Swedish subsidiaries Aeris Hund & Häst AB, Animail AB, Djurintressenterna i Sverige AB and Grizzly Zoo AB were merged into Musti Group's Swedish subsidiary Arken Zoo Syd AB.

On 14 September 2021 Musti Group's Norwegian subsidiary Celato AS was merged into Musti Group's Norwegian subsidiary Musti Norge AS.

On 30 September 2021 Musti Group's Finnish subsidiary Musti Group Finland Oy was merged into Musti Group Oyj.

Business disposals

In April 2021, Musti Group sold its ownership in the Swedish subsidiaries Anivet AB, Carnia AB, Tasso i Malmö AB and ZooZoocom AB. The sale did not have a significant impact on Musti Group's reporting period.

Personnel on average and at the end of the reporting period

Personnel	30 Sep 2021	30 Sep 2020
Personnel on average	1,283	1,145
Personnel at the end of period	1,397	1,162

Goodwill, intangible assets and property, plant and equipment

EUR thousand	30 Sep 2021	30 Sep 2020
Acquisition cost at beginning of reporting period	177,218	176,272
Amortisation and depreciation	-10,931	-9,323
Additions	23,509	10,348
Disposals and closing of stores	-124	-183
Exchange differences	2,621	105
Acquisition cost at end of reporting period	**192,294**	**177,218**

Leases

Right-of-use assets

EUR thousand	Buildings and structures	Machinery and equipment	Total
30 Sep 2021			
Net book value at 1 Oct 2020	**61,516**	**498**	**62,014**
New contracts	13,140	203	13,343
Contracts terminated prematurely	-1,274	-4	-1,278
Revaluations and modifications	13,286	56	13,342
Exchange rate differences	1,925	18	1,943
Depreciation	-17,370	-251	-17,620
Net book value at 30 Sep 2021	**71,225**	**520**	**71,745**
30 Sep 2020			
Net book value at 1 Oct 2019	**46,816**	**481**	**47,296**
New contracts	13,329	194	13,522
Contracts terminated prematurely	-1,601	-25	-1,625
Revaluations and modifications	18,245	16	18,260
Exchange rate differences	-529	5	-524
Depreciation	-14,743	-173	-14,915
Net book value at 30 Sep 2020	**61,516**	**498**	**62,014**

Lease liability

EUR thousand	30 Sep 2021	30 Sep 2020
Lease liability at beginning of reporting period	**66,494**	**51,982**
Net increases	27,385	29,354
Rent expenses	-19,679	-17,237
Interest expense	2,272	2,395
Lease liability at end of reporting period	**76,472**	**66,494**
Non-current lease liability	56,713	50,538
Current lease liability	19,759	15,957
Total	**76,472**	**66,494**

Lease contracts in the income statement

EUR thousand	10/2020-9/2021	10/2019-9/2020
Expenses from short-term rental agreements, leasing agreements with minor value and variable rental costs, that are not included in the lease liability	-1,470	-1,697
Depreciation of right-of-use assets	-17,620	-14,915
Interest expenses from lease liability	-2,272	-2,395
Total	**-21,362**	**-19,008**

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 Sep 2021						
Non-current assets						
Other non-current assets			109	109	109	Level 2
Total			**109**	**109**	**109**	
Current assets						
Trade and other receivables *)			3,597	3,597	3,597	Level 2
Loan receivables			0	0	0	Level 2
Derivative financial instruments	484			484	484	Level 2
Cash and cash equivalents			13,013	13,013	13,013	Level 2
Total	**484**		**16,611**	**17,094**	**17,094**	
Financial assets, total	**484**		**16,720**	**17,204**	**17,204**	
30 Sep 2020						
Non-current assets						
Other non-current assets			345	345	345	Level 2
Total			**345**	**345**	**345**	
Current assets						
Trade and other receivables *)			3,483	3,483	3,483	Level 2
Loan receivables			15	15	15	Level 2
Derivative financial instruments	0			0	0	Level 2
Cash and cash equivalents			21,606	21,606	21,606	Level 2
Total	**0**		**25,103**	**25,103**	**25,103**	
Financial assets, total	**0**		**25,449**	**25,449**	**25,449**	

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 Sep 2021						
Non-current liabilities						
Loans from credit institutions			49,872	49,872	49,872	Level 2
Lease liability			56,513	56,713	56,713	Level 2
Total			**106,586**	**106,586**	**106,586**	
Current liabilities						
Loans from credit institutions			0	0	0	Level 2
Lease liability			19,759	19,759	19,759	Level 2
Trade and other payables *)			23,794	23,794	23,794	Level 2
Derivative financial instruments	441			441	441	Level 2
Total	**441**		**43,553**	**43,994**	**43,994**	
Financial liabilities total	**441**		**150,138**	**150,579**	**150,579**	
30 Sep 2020						
Non-current liabilities						
Loans from credit institutions			49,781	49,781	49,781	Level 2
Lease liability			50,538	50,538	50,538	Level 2
Total			**100,318**	**100,318**	**100,318**	
Current liabilities						
Loans from credit institutions			0	0	0	Level 2
Lease liability			15,957	15,957	15,957	Level 2
Trade and other payables *)			20,730	20,730	20,730	Level 2
Derivative financial instruments	53			53	53	Level 2
Total	**53**		**36,687**	**36,740**	**36,740**	
Financial liabilities total	**53**		**137,005**	**137,058**	**137,058**	

*) Other receivables and other payables includes only items classified as financial assets or liabilities.

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.

Derivative financial instruments

EUR thousand	Nominal value	Receivables at fair value	Payables at fair value	Net fair value
30 Sep 2021				
Forward exchange contracts	20,332	484	-441	42
Total	**20,332**	**484**	**-441**	**42**
30 Sep 2020				
Forward exchange contracts	889	0	-53	-53
Total	**889**	**0**	**-53**	**-53**

Group's commitments

EUR thousand	30 Sep 2021	30 Sep 2020
Pledges given on behalf of Group companies and joint ventures		
Guarantees relating to rental payments	4,619	3,759
Other commitments	129	388
Total	**4,748**	**4,147**
Other commitments		
Other guarantees	2,929	2,000
Lease liabilities for leases not recognised in the balance sheet	4,984	2,009
Total	**7.913**	**4,009**

Lease liabilities not recognised in the balance sheet includes the nominal amount of low-value and short-term lease liabilities and the liability for agreements that will enter into force in the future.

Contingent liabilities

Musti Group has been subject to a tax audit of Musti Group Oyj, Musti Group Finland Oy and Musti Group Nordic Oy regarding financial years 2018-2020. Musti Group Oyj has in October 2021 received a tax audit report from the Finnish tax authorities. The tax audit report included subsequent taxes and tax increases amounting to a total of EUR 0.9 million, relating to the VAT deductibility of IPO related costs. The company disagrees with the interpretation made in the tax audit. The company is to be reassessed in accordance with the interpretations set out in the tax audit report but, the company will file a claim for adjustment to the Finnish Tax Administration's Assessment Adjustment Board. There were no repercussions of the tax audit for the financial years 2018-2020 of Musti Group Finland Oy's and Musti Group Nordic Oy's.

Related party transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence on the other party, or if the parties exercise joint control in making financial and operating decisions. 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 2020 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. After the IPO EQT Mid Market Fund's indirect holding was 24.1% and on 13 August 2020 the indirect holding decreased to 5.6%. EQT Mid Market Fund relinquished its ownership on 16 November 2020.

Other related party transactions

EUR thousand	30 Sep 2021	30 Sep 2020
Purchases of goods and services	3,476	2,737
Receivables	76	76
Payables	160	145
Other receivable	150	0
Guarantees given on behalf of joint ventures	2,929	2,000

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	7–9/2021	7–9/2020	Change %	10/2020–9/2021	10/2019–9/2020	Change %
Net sales	91.5	76.9	18.9	340.9	284.4	19.9
Net sales growth, %	18.9%	19.2%		19.9%	15.3%	
LFL sales growth, %	10.9%	12.2%		11.8%	11.5%	
LFL store sales growth, %	8.2%	7.9%		8.8%	7.3%	
Online share of net sales, %	22.3%	22.1%		23.1%	22.5%	
Gross margin, %	45.7%	44.0%		45.7%	43.8%	
EBITDA	16.2	14.3	13.6	56.9	43.8	30.0
EBITDA margin	17.8%	18.6%		16.7%	15.4%	
Adjusted EBITDA	17.2	15	14.6	58.8	48.1	22.4
Adjusted EBITDA margin, %	18.8%	19.5%		17.3%	16.9%	
EBITA	10.3	9.4	9.4	34.9	25.5	36.6
EBITA margin	11.2%	12.2%		10.2%	9.0%	
Adjusted EBITA	11.2	10.1	11.2	36.8	29.8	23.4
Adjusted EBITA margin, %	12.2%	13.1%		10.8%	10.5%	
Operating profit	8.6	7.8	10.0	28.4	19.6	45.1
Operating profit margin, %	9.4%	10.2%		8.3%	6.9%	
Profit/loss for the period	5.2	5.9	-12.1	20.9	11.8	77.8
Earnings per share, basic, EUR	0.16	0.18		0.62	0.37	
Earnings per share, diluted, EUR	0.15	0.17		0.62	0.37	
Cash flows from operating activities	15.0	20.4	-26.3	54.9	41.9	31.3
Investments in tangible and intangible asstes	3.2	1.9	70.1	12.9	8.9	44.5
Net debt	113.3	94.7	19.6	113.3	94.7	19.6
Gearing, %	72.2%	61.8%		72.2%	61.8%	
Net debt / LTM Adjusted EBITDA	1.9	2.0	-2.3	1.9	2.0	-2.3
Equity ratio, %	46.5%	49.4%		46.5%	49.1%	
Number of loyal customers, thousands	1,297	1,151	12.6	1,297	1,151	12.6
Number of stores at end of period	312	293	6.5	312	293	6.5
of which directly operated	280	231	21.2	280	231	21.2
Own & Exclusive share, %	51.3%	50.4%		51.0%	50.3%	

EUR million or as indicated	7–9/2021	7–9/2020	Change %	10/2020–9/2021	10/2019–9/2020	Change %
Finland						
Net sales	40.3	36.0	12.0	152.6	135.8	12.4
Net sales growth, %	12.0%	11.5%		12.4%	10.6%	
LFL sales growth, %	9.2%	9.7%		10.6%	7.4%	
EBITDA	12.0	11.3	6.6	44.4	40.5	9.6
EBITDA margin, %	29.8%	31.4%		29.1%	29.8%	
Adjusted EBITDA	12.1	11.4	6.3	44.4	40.6	9.3
Adjusted EBITDA margin, %	30.0%	31.6%		29.1%	29.9%	
EBITA	9.8	9.3	6.1	36.0	32.8	9.9
EBITA margin, %	24.4%	25.8%		23.6%	24.2%	
Adjusted EBITA	9.9	9.4	5.8	36.1	33.0	9.5
Adjusted EBITA margin, %	24.5%	26.0%		23.7%	24.3%	
Number of stores at end of period	134	129	3.9	134	129	3.9
of which directly operated	134	112	19.6	134	112	19.6
Sweden						
Net sales	39.7	33.4	18.8	147.5	123.2	19.7
Net sales growth, %	18.8%	21.3%		19.7%	14.7%	
LFL sales growth, %	10.2%	11.5%		9.2%	13.4%	
EBITDA	9.3	6.4	44.3	29.7	21.2	40.4
EBITDA margin, %	23.3%	19.2%		20.2%	17.2%	
Adjusted EBITDA	9.3	6.8	37.0	30.1	21.6	39.4
Adjusted EBITDA margin, %	23.3%	20.2%		20.4%	17.5%	
EBITA	7.1	4.6	53.9	21.4	14.5	47.6
EBITA margin, %	17.8%	13.8%		14.5%	11.7%	
Adjusted EBITA	7.1	4.9	43.2	21.7	14.9	46.1
Adjusted EBITA margin, %	17.8%	14.8%		14.7%	12.1%	
Number of stores at end of period	128	125	2.4	128	125	2.4
of which directly operated	96	80	20.0	96	80	20.0
Norway						
Net sales	11.5	7.5	53.2	40.7	25.4	60.6
Net sales growth, %	53.2%	59.8%		60.6%	54.6%	
LFL sales growth, %	22.0%	35.3%		30.0%	33.3%	
EBITDA	2.7	1.8	47.9	10.0	5.3	88.2
EBITDA margin, %	23.2%	24.0%		24.5%	20.9%	
Adjusted EBITDA	2.7	1.8	46.7	10.0	5.3	87.6
Adjusted EBITDA margin, %	23.2%	24.2%		24.6%	21.0%	
EBITA	1.7	1.1	52.9	6.7	2.9	132.1
EBITA margin, %	15.2%	15.4%		16.5%	11.4%	
Adjusted EBITA	1.7	1.1	51.0	6.8	2.9	130.7
Adjusted EBITA margin, %	15.2%	15.4%		16.6%	11.5%	
Number of stores at end of period	50	39	28.2	50	39	28.2
of which directly operated	50	39	28.2	50	39	28.2

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
Net Debt	Interest bearing liabilities - Loan receivables +/- Derivative financial instruments - Cash and cash equivalents
Gearing, %	Net debt / Equity
Net debt/LTM (last twelve months) Adjusted EBITDA	Net Debt / LTM adjusted EBITDA
Equity ratio, %	Total equity / Total assets - Advances received
LFL (Like-for-like) sales growth, %	Sales of online channels and stores that have been open more than 13 months / Sales from corresponding online channels and stores in the same time period in the previous reporting period
Own & Exclusive share, %	Sales of own and exclusive product sales / Product sales in own channels
Online share, %	Online sales / Net sales
Earnings per share, basic	Profit/loss for the period – Non-controlling interests / Average number of shares
Earnings per share, diluted	Profit/loss for the period – Non-controlling interests / Average diluted number of shares

Reconciliation of key performance indicators

EUR million or as indicated	7-9/2021	7-9/2020	10/2020-9/2021	10/2019-9/2020
Gross profit				
Net sales	91.5	76.9	340.9	284.4
Material and services	-49.6	-43.1	-185.2	-159.7
Gross profit	**41.8**	**33.8**	**155.6**	**124.7**
Gross margin, %	**45.7%**	**44.0%**	**45.7%**	**43.8%**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)				
Operating profit	8.6	7.8	28.4	19.6
Depreciation, amortisation and impairment	7.6	6.5	28.6	24.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**16.2**	**14.3**	**56.9**	**43.8**
EBITDA margin, %	**17.8%**	**18.6%**	**16.7%**	**15.4%**
Adjusted earnings before interest, taxes, depreciation and amortisation (Adjusted EBITDA)				
Operating profit	8.6	7.8	28.4	19.6
Depreciation, amortisation and impairment	7.6	6.5	28.6	24.2
Adjustments	0.9	0.7	1.9	4.3
Adjusted earnings before interest, taxes, depreciation and amortisation (Adjusted EBITDA)	**17.2**	**15.0**	**58.8**	**48.1**
Adjusted EBITDA margin, %	**18.8%**	**19.5%**	**17.3%**	**16.9%**
Adjustments (EBITDA)				
Restructuring related expenses	0.0	0.0	0.0	0.0
Acquisition/IPO related expenses	0.0	0.0	0.0	3.4
Other items affecting comparability	0.9	0.7	1.9	0.9
Adjustments (EBITDA)	**0.9**	**0.7**	**1.9**	**4.3**
Earnings before interest, taxes and amortisation (EBITA)				
Operating profit	8.6	7.8	28.4	19.6
Amortisation and impairment of intangible assets	1.7	1.6	6.5	6.0
Earnings before interest, taxes and amortisation (EBITA)	**10.3**	**9.4**	**34.9**	**25.5**
EBITA margin, %	**11.2%**	**12.2%**	**10.2%**	**9.0%**
Adjusted earnings before interest, taxes and amortisation (Adjusted EBITA)				
Operating profit	8.6	7.8	28.4	19.6
Amortisation and impairment of intangible assets	1.7	1.6	6.5	6.0
Adjustments total	0.9	0.7	1.9	4.3
Adjusted earnings before interest, taxes and amortisation (Adjusted EBITA)	**11.2**	**10.1**	**36.8**	**29.8**
Adjusted EBITA margin, %	**12.2%**	**13.1%**	**10.8%**	**10.5%**
Adjustments (Operating profit)				
Restructuring related expenses	0.0	0.0	0.0	0.0
Acquisition/IPO related expenses	0.0	0.0	0.0	3.4
Other items affecting comparability	0.9	0.7	1.9	0.9
Adjustments (Operating profit)	**0.9**	**0.7**	**1.9**	**4.3**

Net debt				
Interest bearing liabilities	126.3	116.3	126.3	116.3
Loan receivables	0.0	0.0	0.0	0.0
Derivative financial instruments	0.0	0.0	0.0	0.0
Cash and cash equivalents	13.0	21.6	13.0	21.6
Net debt	**113.3**	**94.7**	**113.3**	**94.7**
Gearing, %				
Net Debt	113.3	94.7	113.3	94.7
Equity	157.0	153.3	157.0	153.3
Gearing, %	**72.2%**	**61.8%**	**72.2%**	**61.8%**
Net debt/LTM Adjusted EBITDA				
Net debt	113.3	94.7	113.3	94.7
LTM adjusted EBITDA	58.8	48.1	58.8	48.1
Net debt/LTM Adjusted EBITDA	**1.9**	**2.0**	**1.9**	**2.0**
Equity ratio, %				
Total equity	157.0	153.3	157.0	153.3
Total assets	337.5	312.3	337.5	312.3
Advances received	0.3	0.2	0.3	0.2
Equity ratio, %	**46.5%**	**49.1%**	**46.5%**	**49.1%**
LFL sales growth, %				
Net sales	91.5	76.9	340.9	284.4
Net sales growth, %	18.9%	19.2%	19.9%	15.3%
Other growth, %	8.0%	7.0%	8.1%	3.8%
LFL sales growth, %	**10.9%**	**12.2%**	**11.8%**	**11.5%**
LFL store sales growth, %				
Store sales	68.6	56.3	250.1	206.6
Store sales total growth, %	21.7%	17.3%	21.1%	13.2%
Other growth, %	13.6%	9.4%	12.3%	5.9%
LFL store sales growth, %	**8.2%**	**7.9%**	**8.8%**	**7.3%**
Net sales				
Store sales	68.6	56.3	250.1	206.6
Online sales	20.4	17.0	78.7	64.1
Other sales	2.5	3.6	12.1	13.8
Net sales	**91.5**	**76.9**	**340.9**	**284.4**
Online share, %				
Net sales	91.5	76.9	340.9	284.4
Online sales	20.4	17.0	78.7	64.1
Online share, %	**22.3%**	**22.1%**	**23.1%**	**22.5%**
Earnings per share, basic				
Profit/loss for the period	5.2	5.9	20.9	11.8
Non-controlling interest	0.0	0.0	0.0	0.0
Average number of shares *)	33.4	33.5	33.4	31.7
Earnings per share. basic	**0.16**	**0.18**	**0.62**	**0.37**
*) Number of shares before share issue of February 2020 was 28.375.781 and after share issue 33.535.453.				
Earnings per share, diluted				
Profit/loss for the period	5.2	5.9	20.9	11.8
Non-controlling interest	0.0	0.0	0.0	0.0
Average number of shares *)	33.6	33.7	33.7	31.8
Earnings per share. diluted	**0.15**	**0.17**	**0.62**	**0.37**
*) Includes shares from Performace Share Plan (PSP).				