



Financial Statements Release

1 October 2020–30 September 2021

16 November 2021

CEO David Rönnerberg

CFO Toni Rannikko





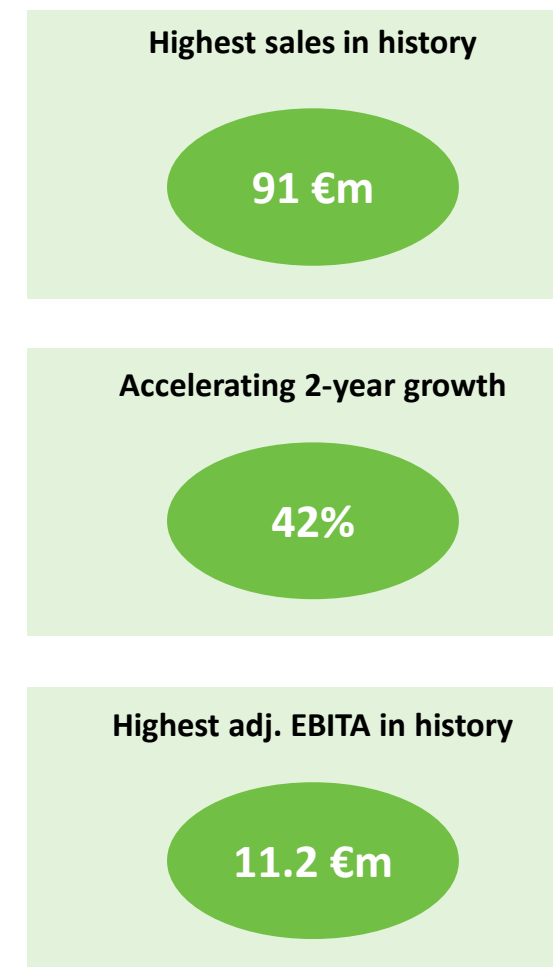
Strong growth with best-ever quarterly EBITA

Financial year 2021 in review

Strong year 2021



Q4 was best in Musti history



Highlights Q4/2021

- Group net sales totaled EUR 91.5 million (76.9 million), an increase of 18.9%.
- Like-for-like sales growth was 10.9%.
- Adjusted EBITA increased 11.2% to EUR 11.2 (10.1) million, including EUR 0.4 million short-term negative impact relating to central warehouse consolidation project finalized in Q1.
- 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.
- Net cash flow from operating activities totalled EUR 15.0 million (EUR 20.4 million).
- Number of loyal customers grew to 1,297 thousand (1,151 thousand).
- Number of stores grew to 312 (293), of which number of directly operated stores grew to 280 (231).



Puppy registrations reached a new high

Market evidence, Sweden

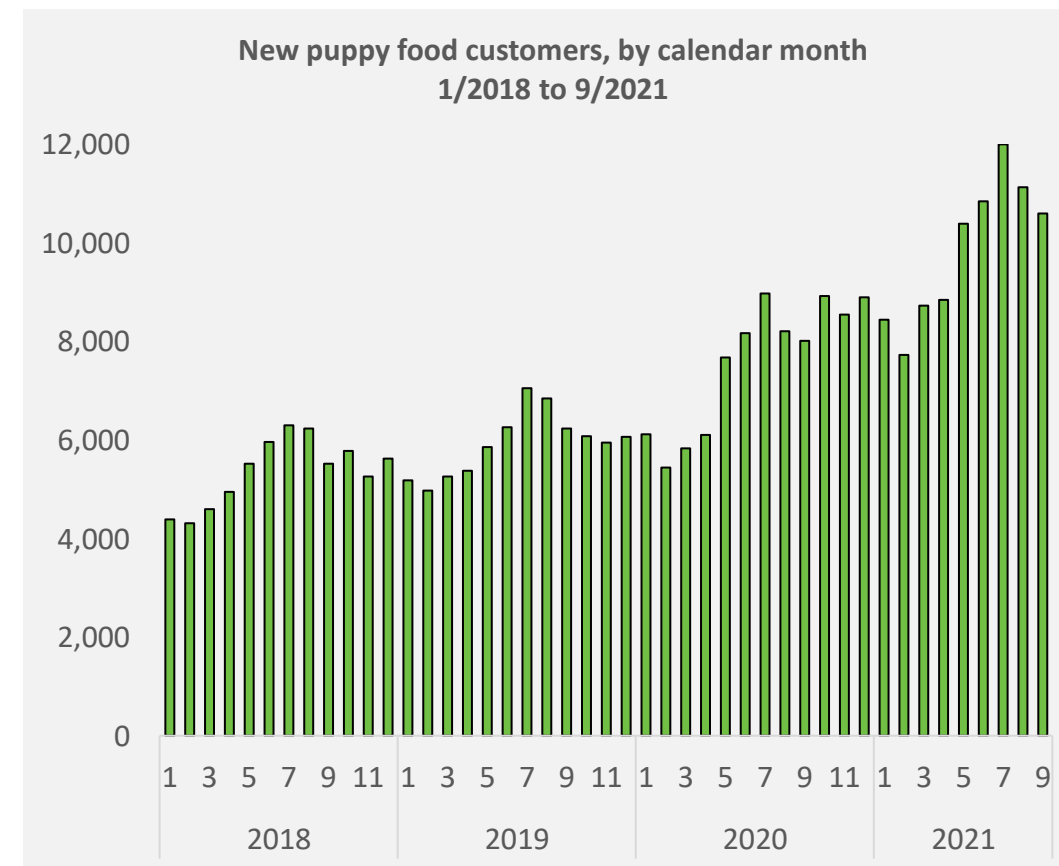
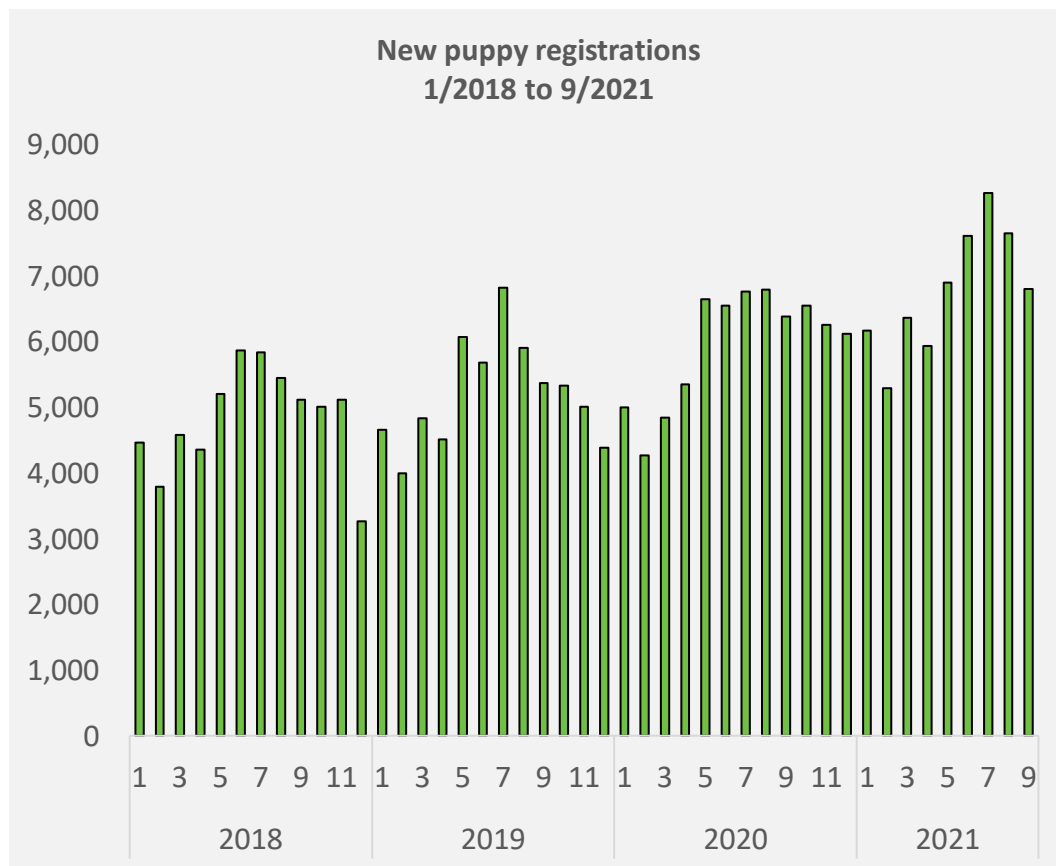
Q4 growth

+14%

Musti Group trend

Q4 growth

+34%

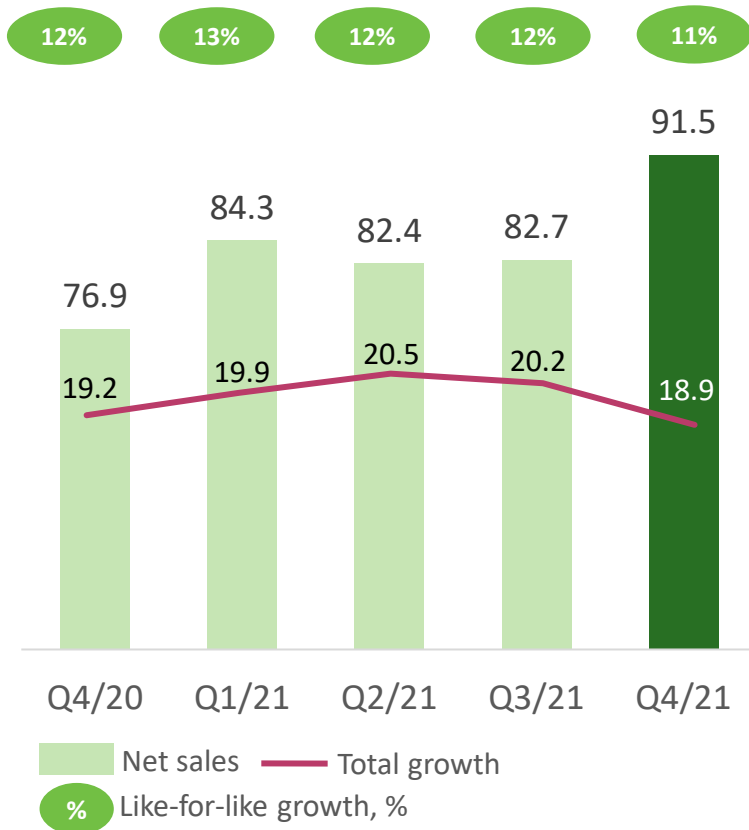


Source: Jordbruksverket

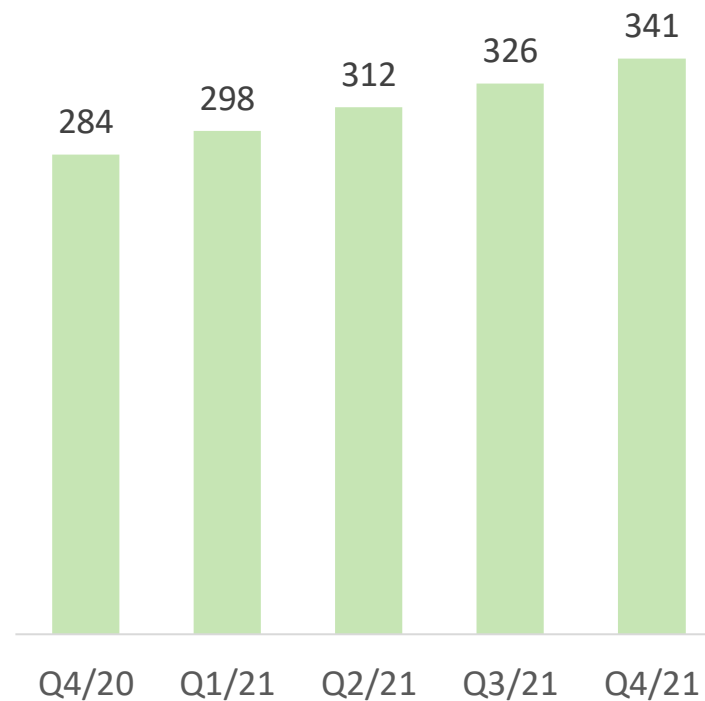


Q4: Growth continued strong, net sales increased by 18.9%

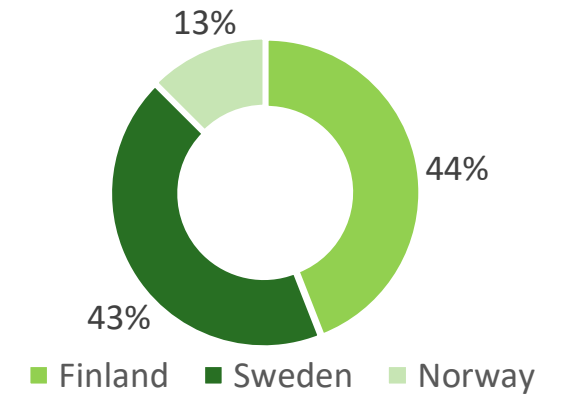
Net sales, EUR million



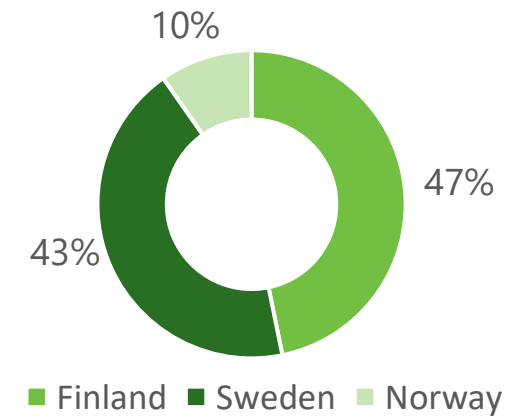
Net sales: rolling 12 months



Net sales by segment in Q4/2021

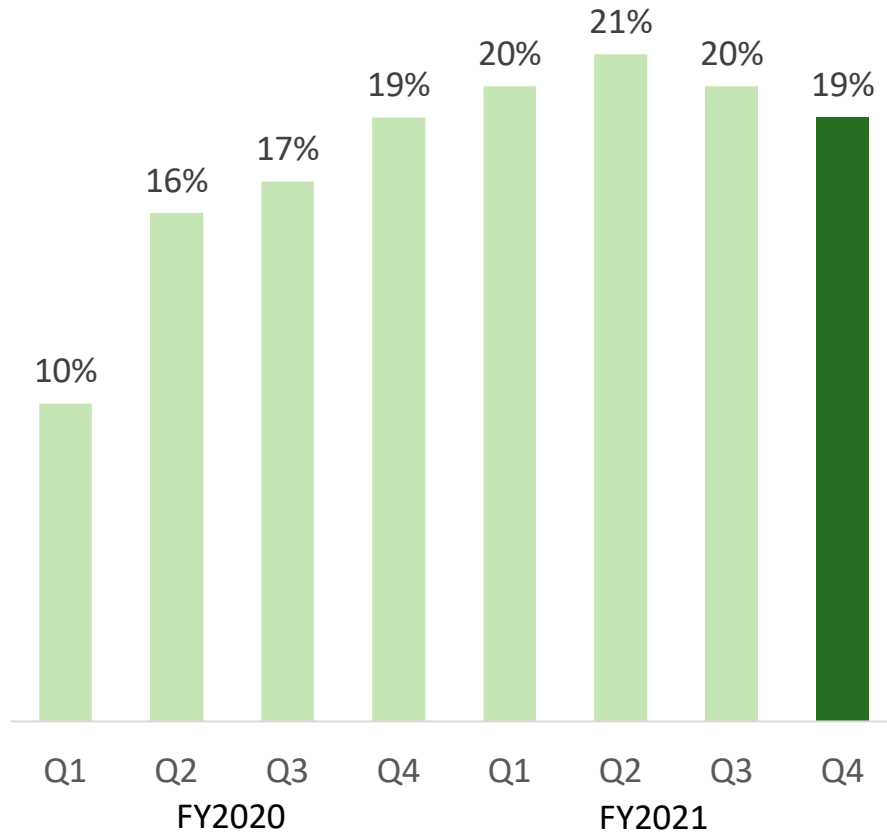


Net sales by segment in Q4/2020

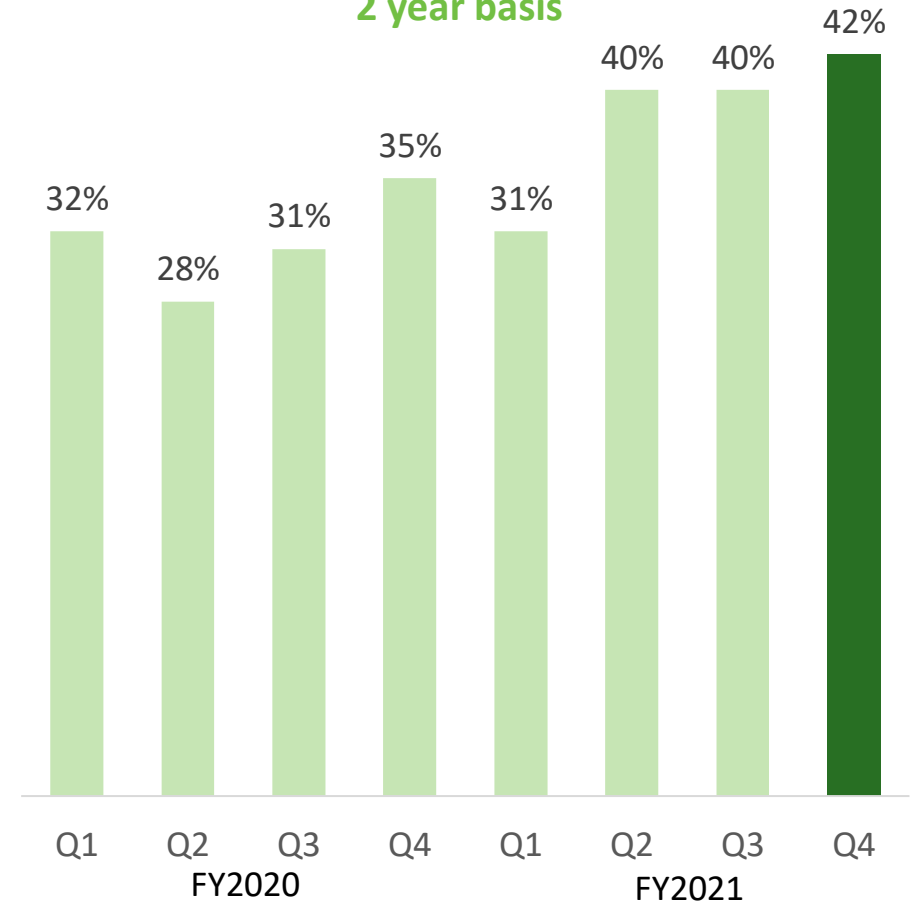


Growth is 19%, equivalent to 42% on a 2-year basis

Group net sales growth,
1 year basis

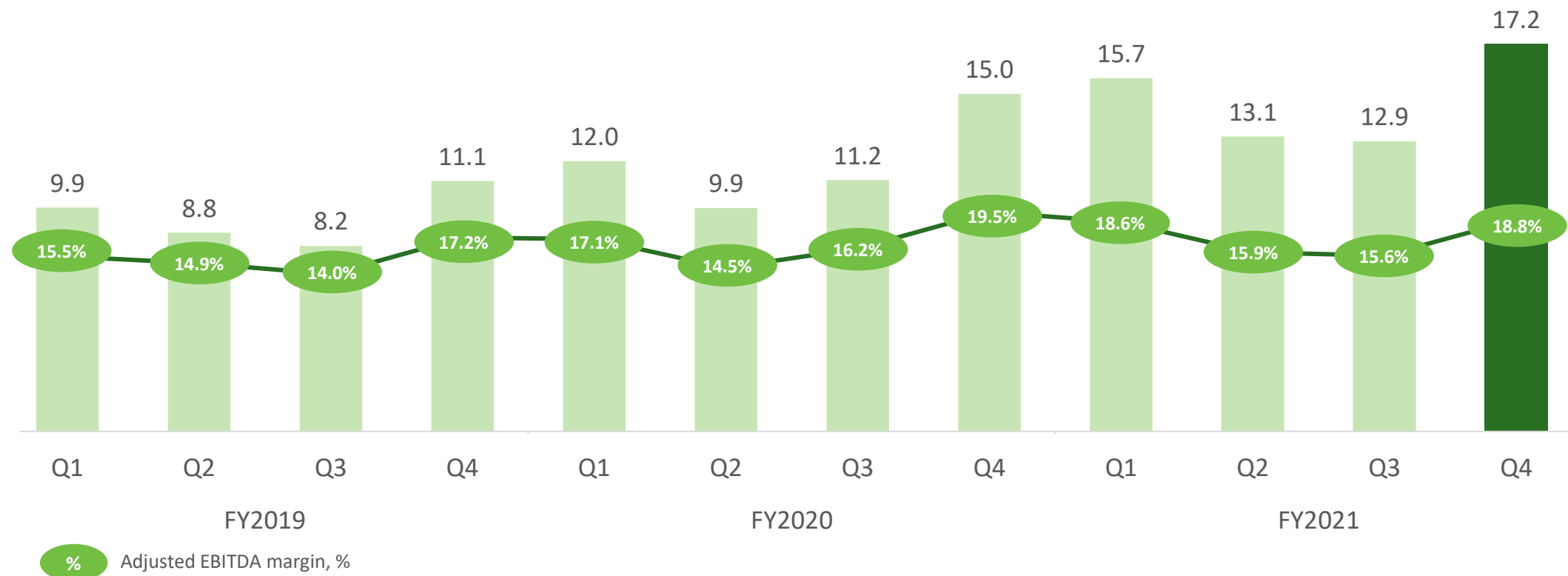


Group net sales growth,
2 year basis



Best quarterly EBITDA in Musti Group history

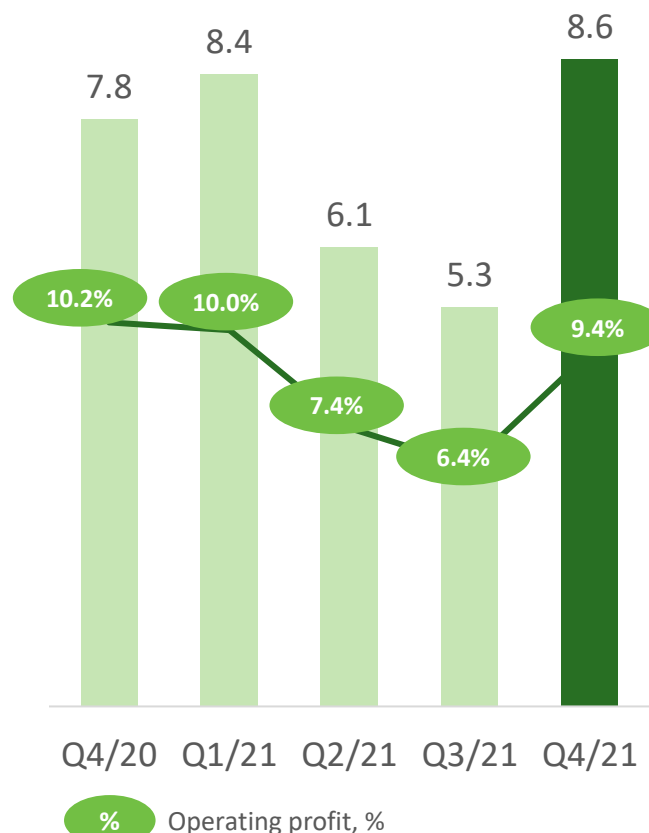
Full year 58.8 EURm, warehouse adjusted 60.3 EURm



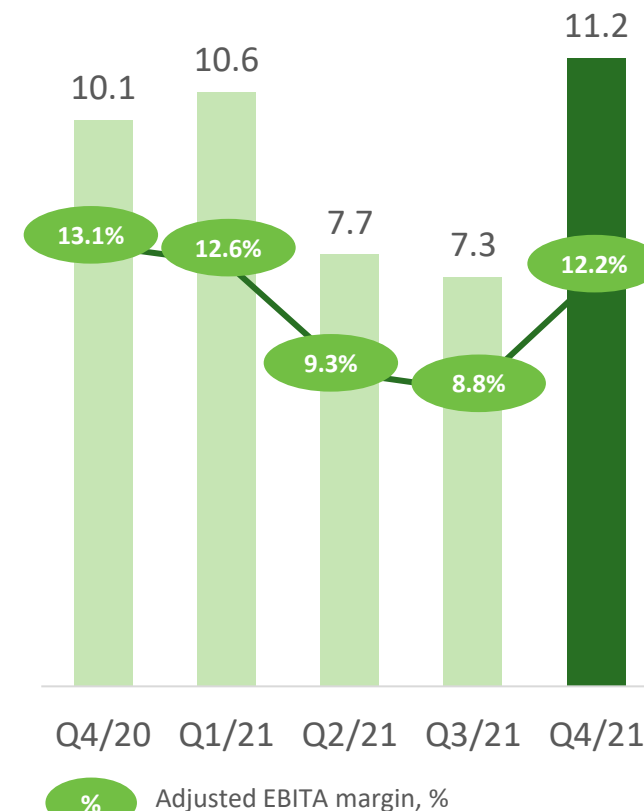
Best quarterly EBITA in Musti Group's history

- The Group's adjusted EBITA increased by 11.2% to EUR 11.2 million (EUR 10.1 million) and was the best quarterly EBITA in Musti Group history. Adjusted EBITA included EUR 0.4 million short-term negative impact relating to central warehouse consolidation project finalized in Q1. 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.
- Gross margin increased to 45.7% (44.0%) supported by favorable product mix and efficient category management.
- Adjustments to EBITA were EUR 0.9 million (EUR 0.7 million). These were mainly restructuring costs.
- Operating profit increased by 10.0% to EUR 8.6 million (EUR 7.8 million).

Operating profit¹, EUR million



Adjusted EBITA, EUR million

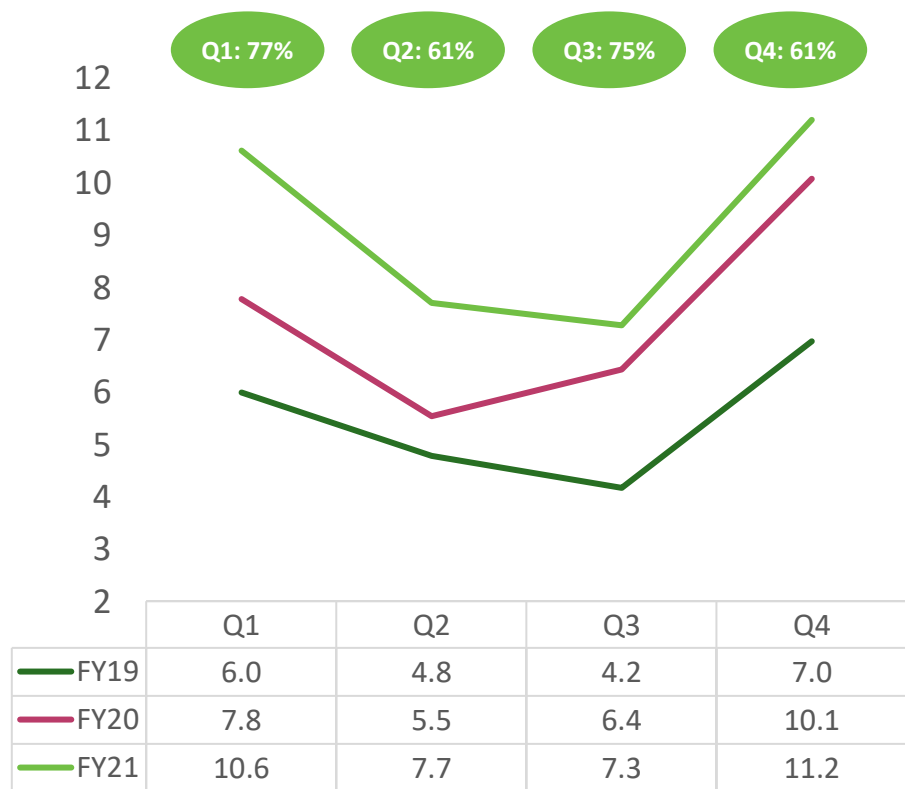


¹ Operating profit = Profit before financial income and expenses, net, and income tax expense.

Q4 EBITA margin development continued in line with pre-pandemic

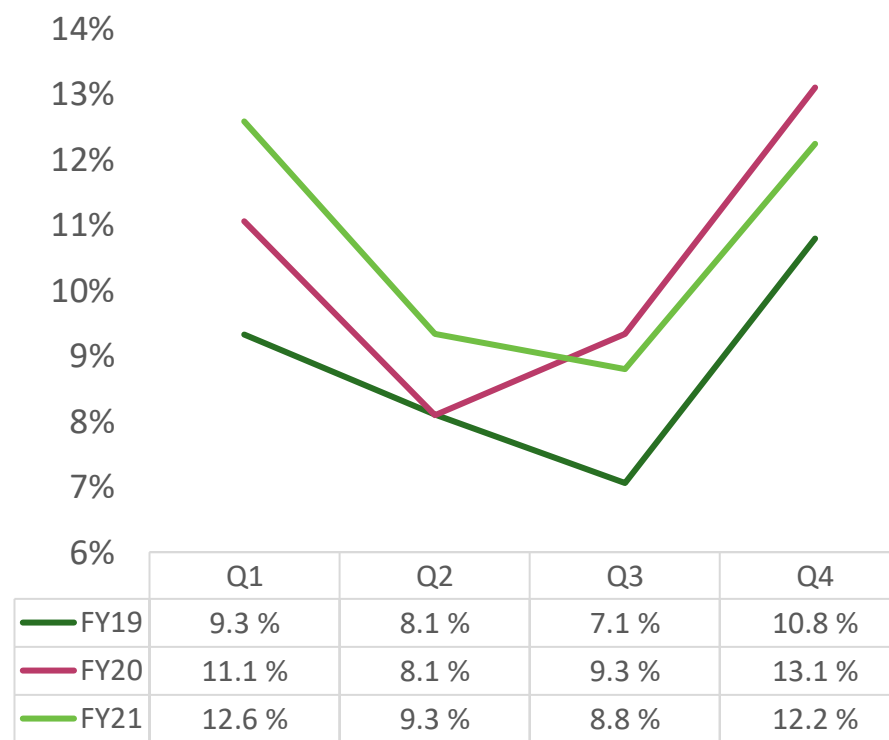
FY2020 was positively impacted by COVID-19 related exceptional cost savings

Adjusted EBITA, EUR million



— FY19 — FY20 — FY21 % Adj. EBITA growth
FY21 vs. FY19

Adjusted EBITA margin, %



— FY19 — FY20 — FY21

Adjusted EBITA margin, %

FY19: 8.9%
FY20: 10.5%
FY21: 10.8%

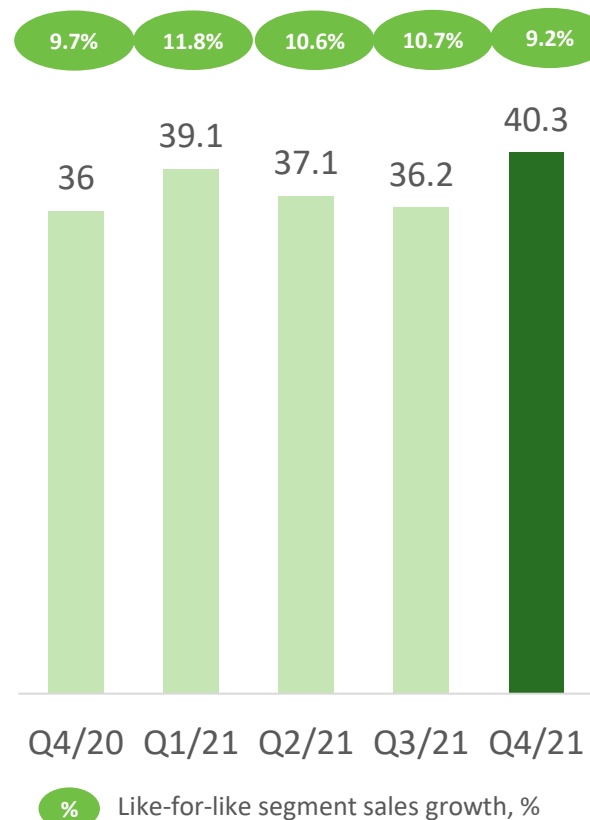


Segments

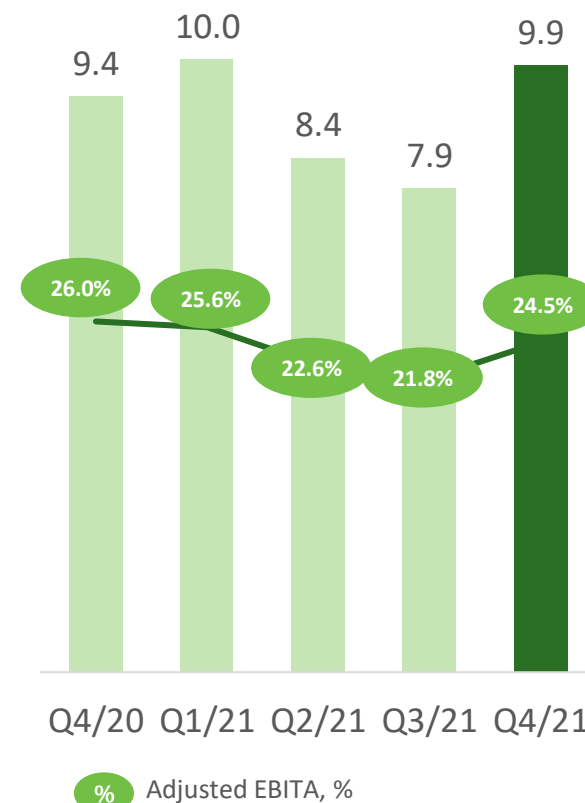
Finland: Net sales increased by 12.0% to EUR 40.3 million

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

Net sales, EUR million,



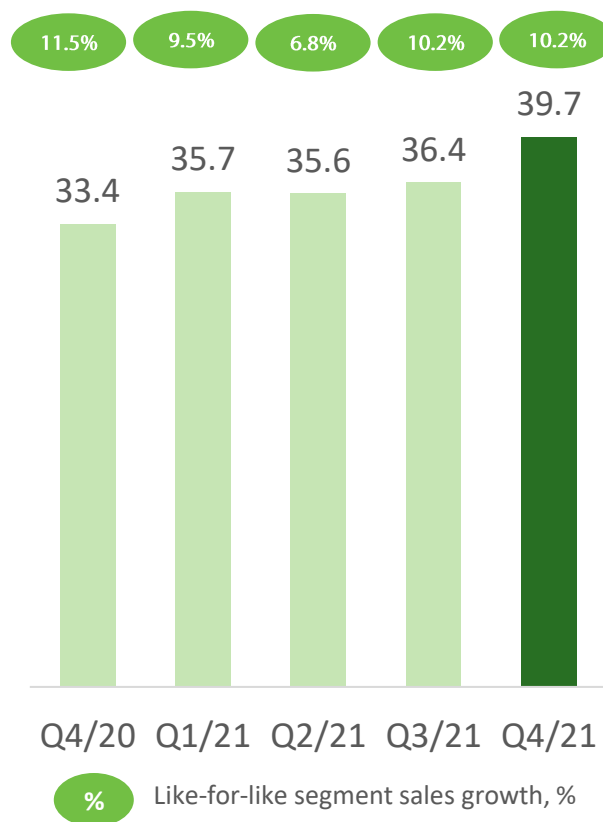
Adjusted EBITA, EUR million



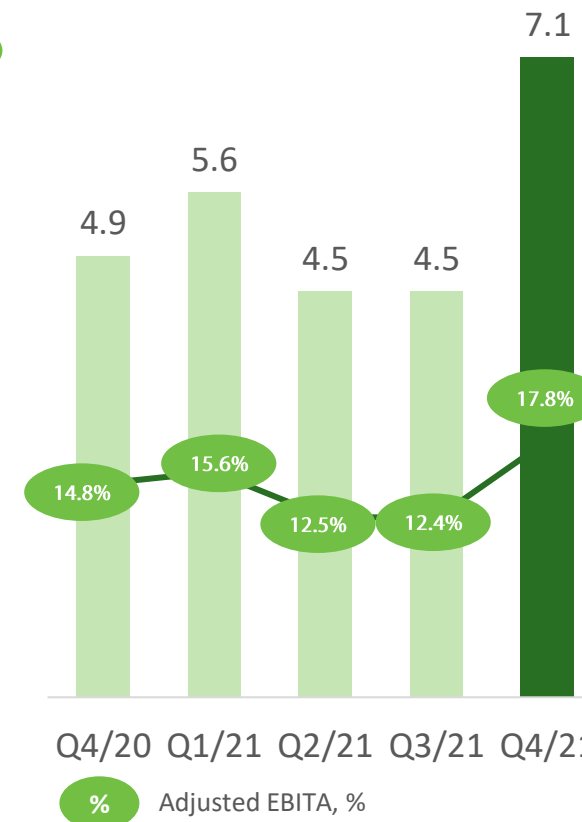
Sweden: Strong growth and excellent profitability

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

Net sales, EUR million,



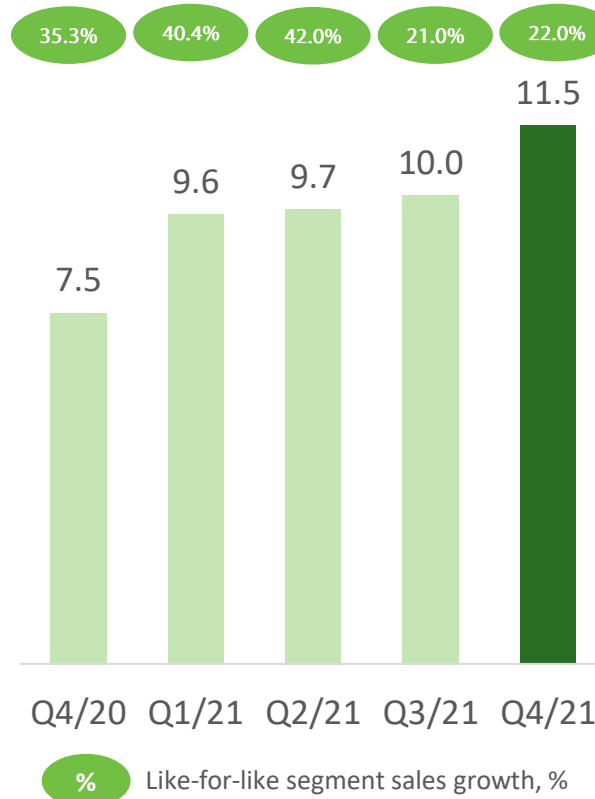
Adjusted EBITA, EUR million



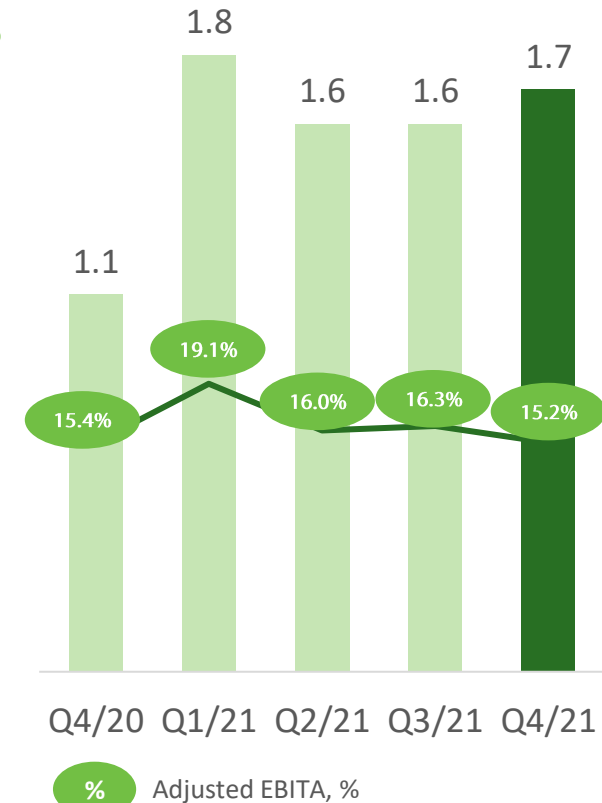
Norway: Net sales increased by 53.2% to EUR 11.5 million

- 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.
- Adjusted EBITA increased 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. Store efficiency continued to be on a high level.
- During Q4, one directly operated store was opened and one store was acquired in Norway.

Net sales, EUR million



Adjusted EBITA, EUR million



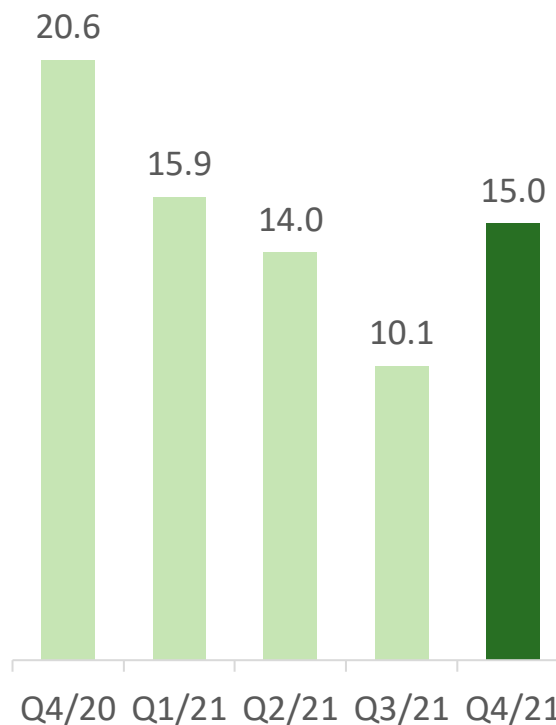


Financial position

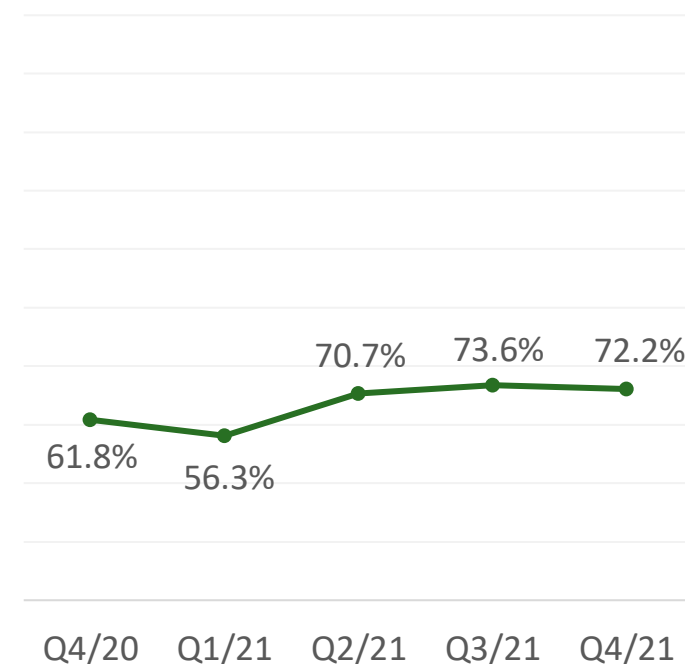
Net cash flow from operating activities totaled EUR 15.0 million in Q4

- In Q4, net cash flow from operating activities totaled EUR 15.0 million (EUR 20.4 million).
- For the financial year 2021, net cash flow increased to EUR 54.1 million (EUR 41.9 million)
- Gearing at the end of the reporting period was 72.2% (30 September 2020: 61.8%).
- Net debt amounted to EUR 113.3 million (30 September 2020: EUR 94.7 million).
- Net debt in relation to LTM adjusted EBITDA was 1.9.
- Cash and cash equivalents at the end of the period amounted to EUR 13.0 million (30 September 2020: EUR 21.6 million).
- In Q4, investments in tangible and intangible assets amounted to EUR 3.2 million (EUR 1.9 million).

Cash flow from operating activities, EUR million



Gearing, %



Musti Group ecosystem – All you need is Musti

 **LOYALTY CLUB**

 **BREEDER CLUB**

 **PUPPY CLUB**

 **PUPPY DATES**

 **PET SPA**

 **TRAINING**

 **VET CARE**

 **INSURANCE**



PREMIUM FOOD 

ACCESSORIES 

CONVENIENT SHOPPING 

FAST DELIVERIES 

TRUSTED EXPERT ADVISE

Trusty

The Musti responsibility approach



Group long-term financial targets

Musti Group is well on track to reach the updated net sales and margin targets set in May 2021.

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.

Summary

- Net sales increased by 18.9% to EUR 91.5 million in Q4 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.
- Online sales increased by 20.4% to EUR 20.4 million. Online sales accounted for 22.3% of total net sales in the quarter.
- Group adjusted EBITA increased by 11.2% to EUR 11.2 million and was the best quarterly EBITA in Musti Group's history.
- Adjusted EBITA was still negatively impacted by EUR 0.4 million due to the warehouse consolidation project that was executed in the beginning of the financial year. Slower recovery was due to high sales volumes and high volatility in inbound flows caused by global supply chain congestion.
- Adjusted EBITA margin was 12.2%. Adjusted EBITA margin increased to 17.8% in Sweden. In Finland, adjusted EBITA margin decreased slightly from the comparison period to 24.4% and in Norway to 15.2%. However, especially in Finland, the comparison period was somewhat positively impacted by cost savings in relation to the COVID-19 pandemic.
- Gross margin was strong and increased to 45.7% even though slightly burdened by increasing freight costs from Asia, supported by the favorable product mix and efficient category management.
- The Board of Directors proposes to the AGM that shareholders will be paid a capital return of EUR 0.44 per share.



More information

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



Thank you!



Appendix

Musti Group – the leading Nordic pet care specialist



Leading Nordic pet care specialist
#1 in Nordics,
25% market share¹



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



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



Stable business model
Pet food represents approx. 50% of product sales in own channels in FY20
– food is non-discretionary and sticky in nature, with recurring purchasing habits



Omnichannel business model²
312 stores, 22.3% of net sales generated through online channel in Q4/21



High quality O&E assortment
Strong O&E brand portfolio,
51% of product sales in own channels in FY21

Source: Company information, a study ordered by the company from an international consulting company. Note: Financial Year Ended 30 September. ¹2020 market share for Nordic pet food and products market; Musti's market share is based on FY21 consumer sales (including sales from franchisees). ²Omnichannel represents physical stores and online.

Strategic focus on Pet Parents across the Nordic countries

We know pets. Pets know us.

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



Musti offers the winning concept geared towards modern Pet Parents



Trusted expert advice

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



High quality offering

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



Omnichannel business model

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

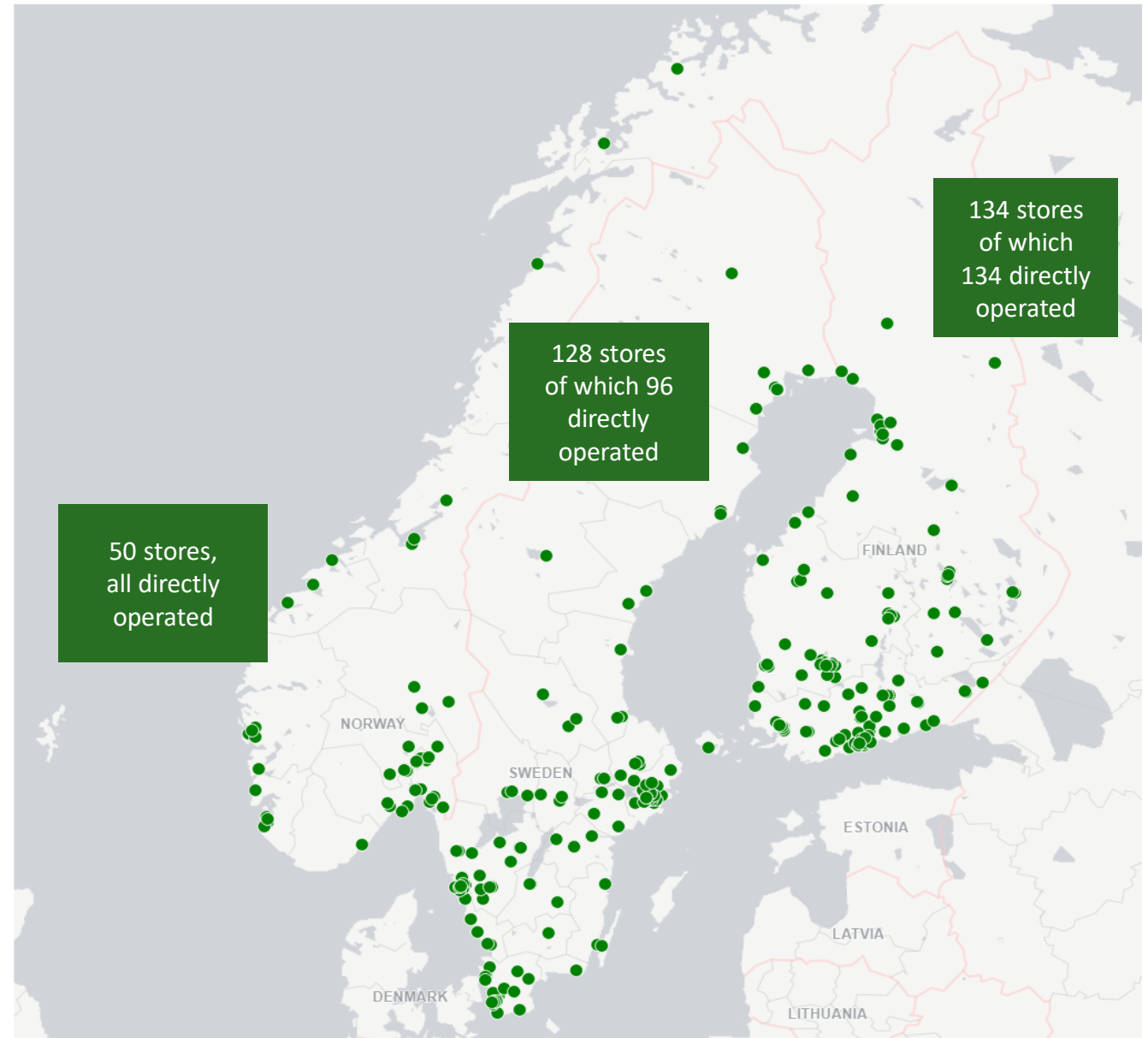


Growing suite of services

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

Musti Group has 1.3 million loyal customers

- Number of loyal customers grew to 1,297 thousand by 30 September 2021 (1,151 thousand on 30 September 2020).
- On 30 September 2021 Musti had 312 stores, of which 280 were directly operated.
- In October 2020 – September 2021, share of online sales was 23.1%.



Key figures

EUR millions or as indicated	Q4 7–9/21	Q4 7-9/20	Change%	FY2020	FY2020	Change%
Net sales	91.5	76.9	18.9	340.9	284.4	19.9
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%	
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%	
Earnings per share, basic, EUR	0.16	0.18	-12.2	0.63	0.37	69.0
Net cash flow from operating activities	14.2	20.4	-30.5	54.1	41.9	29.2
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

Responsibility at Musti Group

Trusty

The Musti responsibility approach

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

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



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

