October 2021 – March 2022 Half-Year Financial Report Q2/2022

1 October 2021 – 31 March 2022

Half-Year Financial Report 1 October 2021 – 31 March 2022

Solid first half – on track with the long-term targets

January – March 2022

- Group net sales totalled EUR 92.4 million (82.4 million), an increase of 12.1%.
- Like-for-like sales growth was 4.5%.
- Adjusted EBITDA was EUR 14.0 (13.1) million, up by 6.5%.
- Adjusted EBITDA margin was 15.1% (15.9%).
- Adjusted EBITA was EUR 7.0 (7.7) million, down by 9.2%.
- Adjusted EBITA margin was 7.6% (9.3%).
- Operating profit decreased by 11.0% to EUR 5.4 (6.1) million, representing 5.9% (7.4%) of net sales.
- Profit for the period totalled EUR 3.8 (3.8) million.
- Earnings per share, basic was EUR 0.11 (0.11).
- Number of stores grew to 324 (301).

October 2021 – March 2022

- Group net sales totalled EUR 193.8 million (166.7 million), an increase of 16.2%.
- Like-for-like sales growth was 6.9%.
- Adjusted EBITDA was EUR 33.8 (28.8) million, up by 17.4%.
- Adjusted EBITDA margin was 17.4% (17.3%).
- Adjusted EBITA was EUR 20.3 (18.3) million, up by 10.8%.
- Adjusted EBITA margin was 10.5% (11.0%).
- Operating profit increased by 7.7% to EUR 15.6 (14.5) million, representing 8.1% (8.7%) of net sales.
- Profit for the period totalled EUR 10.6 (11.6) million.
- Earnings per share, basic was EUR 0.32 (0.35).

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	1-3/2022	1-3/2021	Change %	10/2021-3/2022	10/2020-3/2021	Change %	FY2021
Net sales	92.4	82.4	12.1%	193.8	166.7	16.2%	340.9
Net sales growth, %	12.1%	20.5%		16.2%	20.2%		19.9%
LFL sales growth, %	4.5%	11.6%		6.9%	12.3%		11.8%
LFL store sales growth, %	1.3%	8.6%		4.1%	8.3%		8.8%
Online share, %	23.6%	24.4%		22.5%	23.0%		23.1%
Gross margin, %	46.5%	45.3%		47.0%	45.7%		45.7%
EBITDA	14.0	13.1	6.5%	32.3	28.2	14.7%	56.9
EBITDA margin, %	15.1%	15.9%		16.7%	16.9%		16.7%
Adjusted EBITDA	14.0	13.1	6.5%	33.8	28.8	17.4%	58.8
Adjusted EBITDA margin, %	15.1%	15.9%		17.4%	17.3%		17.3%
EBITA	7.0	7.7	-9.2%	18.8	17.7	6.4%	34.9
EBITA margin, %	7.6%	9.3%		9.7%	10.6%		10.2%
Adjusted EBITA	7.0	7.7	-9.2%	20.3	18.3	10.8%	36.8
Adjusted EBITA margin, %	7.6%	9.3%		10.5%	11.0%		10.8%
Operating profit	5.4	6.1	-11.0%	15.6	14.5	7.7%	28.4
Operating profit margin, %	5.9%	7.4%		8.1%	8.7%		8.3%
Profit/loss for the period	3.8	3.8	-0.4%	10.6	11.6	-8.1%	20.9
Earnings per share, basic, EUR	0.11	0.11		0.32	0.35		0.62
Net cash flow from operating activities	5.3	14.0	-62.2%	18.5	29.9	-38.1%	54.9
Investments in tangible and intangible assets	3.6	3.1	16.7%	8.2	6.2	32.6%	12.9
Net debt / LTM adjusted EBITDA	2.2	1.9	12.1%	2.2	1.9	12.1%	1.9
Number of loyal customers, thousands	1,372	1,222	12.3%	1,372	1,222	12.3%	1,297
Number of stores at the end of the period	324	301	7.6%	324	301	7.6%	312

of which directly operated	303	247	22.7%	303	247	22.7%	280

CEO's comments

Musti Group has performed well in the first half of the financial year. I am proud of the team and their proactive agility and tenacity as we face the ever-changing external circumstances; our actions ensuring that we maintain momentum in the delivery of our long-term financial targets. A very strong first quarter turned into a turbulent second quarter as, like others, we faced the fast-spreading Omicron COVID-19 variant, disruptions in global supply chains, rapidly accelerating inflation and more recently the terrible war in Ukraine.

Notwithstanding these events, Musti posted its strongest ever second quarter, supporting half-year sales growth of 16.2% to EUR 193.8 million and adjusted EBITDA growth of 17.4% to EUR 33.8 million. Store sales grew 21.3% in the first half of the financial year and have grown 27% through the first month of Q3.

It has been reported that the economy is suffering from declining consumer confidence with consumers tightening their spending. In Musti's case this impacted February and early March with the second half of March seeing a return to normal levels, continuing into April where we have seen strong sales growth of 18% over the comparison month in 2021 and 40% growth over the same period in 2020.

Our business is rather well shielded from increasing inflation. This is due to natural hedge from high portion of fixed costs, benefits of scale, relatively low dependence on scarce raw materials in the products we sell and most importantly, a high share of sales of own and exclusive products whose share increased during first half of the financial year supporting the expansion of our gross margin to 47.0% from 45.7% in the comparison period.

During the past months, Musti has increased its pace of store openings and franchise acquisitions, adding 56 directly operated stores since March 2021. This has burdened the result short-term, given the "j-curve effect" as store sales ramp, yet enabling the growth by strengthening the overall concept with services and benefits of the omnichannel further and bringing the capacity to reach our long-term financial plan as those stores mature. New stores are performing in line with expectations.

During the second quarter we reorganized our management team to reach even higher synergies in managing the business. I am confident that reorganizing and consolidating the management team duties together with the strong concept brings Musti Group possibilities both to reach scale effects and improve efficiency and to further enhance the customer focus orientation in all our markets.

Growth continued strong in the first half of the financial year:

- Group net sales increased by 16.2% to EUR 193.8 million. The increase was largely due to the increasing number of customers together with an increased number of directly operated stores. Like-for-like growth amounted to 6.9%.
- Store sales increased by 21.3% to EUR 147.6 million, driven by an increased number of stores and continued like-for-like store sales growth amounting to 4.1%.
- Online sales increased by 13.9% to EUR 43.7 million. Online sales accounted for 22.5% (23.0%) of total net sales.

The development continued good in all the main indicators supporting our profitable growth:

- We increased the number of our loyal customers by 12.3%. We continued to win more than our market share of the new puppies entering the market as loyal customers of Musti.
- Rolling 12 months average spend per loyal customer levelled to EUR 186.6 as per 31 March 2022.
- We are in good speed in the network expansion, as we added net 23 directly operated stores during the first half of the financial year to our network.
- We increased the share of own and exclusive products to 53.0% (51.4%) during the first half of the financial year leading to a very strong gross margin development.

Group's adjusted EBITA increased by 10.8% to EUR 20.3 million in the first half of the financial year. Adjusted EBITA was the best first half adjusted EBITA in Musti Group history driven by the strong first quarter. Adjusted EBITDA increased by

17.4% to EUR 33.8 million. The increase was a result of a strong season sales growth and improved gross margin. Gross margin increased to 47.0% (45.7%) mainly due to increased number of directly operated stores and favourable product mix. The positive development was slightly burdened by increasing freight costs, especially from Asia. Operating profit increased by 7.7% to EUR 15.6 million.

Overall, the momentum in our business is strong. We have proved the resilience of our business over and over again. Non-discretionary categories such as food, cat litter and veterinary services make up approximately 75% of total market spend and are characterized 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. Supported by our leading market position, strong customer focus and winning concept we remain confident and focused on the long-term strategy despite the near-term disruptions.

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 behavior. Non-discretionary categories such as food, cat litter and veterinary services make up approximately 75% of total market spend and are characterized by repeat purchasing behavior 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	1-3/2022	1-3/2021	Change %	10/2021-3/2022	10/2020-3/2021	Change %	FY2021
Net sales							
Group	92.4	82.4	12.1%	193.8	166.7	16.2%	340.9
Finland	40.5	37.1	9.1%	84.3	76.2	10.6%	152.6
Sweden	38.8	35.6	8.9%	81.8	71.3	14.7%	147.5
Norway	13.1	9.7	35.7%	27.7	19.2	43.9%	40.7

January – March 2022

Group net sales increased by 12.1% to EUR 92.4 million (EUR 82.4 million). The increase was largely due to the increasing number of customers together with an increased number of directly operated stores. Like-for-like growth amounted to 4.5% (11.6%). Weakened SEK exchange rate decreased sales by EUR 0.5 million, whereas strengthened NOK exchange rate increased sales by EUR 0,7 million.

Store sales increased by 17.4% to EUR 69.6 million (EUR 59.3 million), driven by an increased number of stores as we added net 9 directly operated stores during the quarter to our network and continued like-for-like store sales growth amounting to 1.3%. (8.6%). Online sales increased by 8.7% to EUR 21.8 million (EUR 20.1 million). Online sales accounted for 23.6% (24.4%) of total net sales.

Net sales in Finland increased by 9.1% with like-for-like growth of 0.3%. During Q2, one directly operated store was opened. Net sales in Sweden increased by 8.9% with like-for-like growth of 7.6% having a slight handbrake from weakening SEK. During Q2, two directly operated stores were opened and four franchise stores were acquired in Sweden. One franchise store left the chain. Net sales in Norway increased by 35.7% with strong like-for-like growth of 10.3% and the ramp-up of the stores opened during the latest twelve months. The strengthened NOK rate compared to Q2 FY21 had a positive impact on growth. During Q2, two directly operated stores were opened in Norway.

The number of loyal customers increased by 12.3% to 1,372 thousand (1,222 thousand on 31 March 2021). Rolling 12 months average spend per loyal customer levelled to EUR 186.6 as per 31 March 2022 (EUR 186.7 as per 31 March 2021).

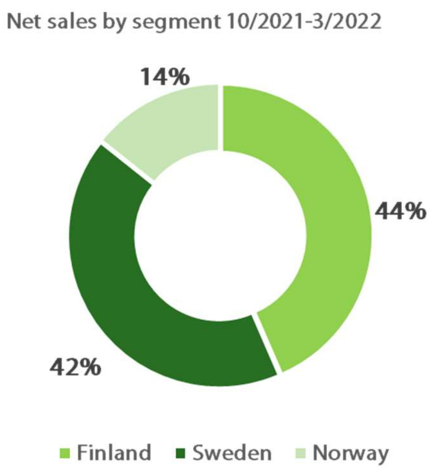
October 2021 – March 2022

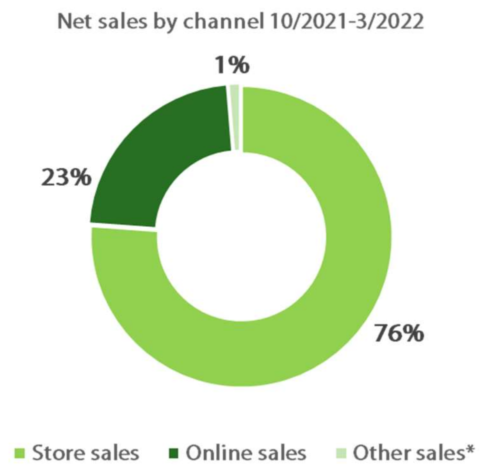
Group net sales increased by 16.2% to EUR 193.8 million (EUR 166.7 million). The increase was largely due to the increasing number of customers together with an increased number of directly operated stores. Like-for-like growth amounted to 6.9% (12.3%). Weakened SEK exchange rate decreased sales by EUR 1,1 million, whereas strengthened NOK exchange rate increased sales by EUR 1.5 million.

Store sales increased by 21.3% to EUR 147.6 million (EUR 121.7 million), driven by an increased number of stores as we added net 23 directly operated stores year to date to our network and continued like-for-like store sales growth amounting to 4.1%. (8.3%). Online sales increased by 13.9% to EUR 43.7 million (EUR 38.3 million). Online sales accounted for 22.5% (23.0%) of total net sales.

Net sales in Finland increased by 10.6% with like-for-like growth of 2.4%. During H1, six directly operated stores were opened. Net sales in Sweden increased by 14.7% with strong like-for-like growth of 9.6% considering headwind from weakening SEK. During H1, three directly operated stores were opened and nine franchise stores were acquired in Sweden. One directly operated store was closed and one franchise store left the chain. Net sales in Norway increased by 43.9% with very strong like-for-like growth of 15.6% and the ramp-up of the stores opened during the latest twelve months. The strengthened NOK rate compared to H1 FY21 had a positive impact on growth. During H1, six directly operated stores were opened in Norway.

The number of loyal customers increased by 12.3% to 1,372 thousand (1,222 thousand on 31 March 2021). Rolling 12 months average spend per loyal customer levelled to EUR 186.6 as per 31 March 2022 (EUR 186.7 as per 31 March 2021).





*Other sales include franchise fees and wholesale.

Result

January – March 2022

The Group's adjusted EBITA decreased by 9.2% to EUR 7.0 million (EUR 7.7 million). Adjusted EBITA declined slightly mainly due to periodization of volumes between first and second quarter and growing our network. Adjusted EBITA margin was 7.6% (9.3%).

Gross margin increased to 46.5% (45.3%) mainly due to increased number of directly operated stores and successful campaign pressure with higher share of own and exclusive products and mitigating inflation with some price increases. The positive development was slightly burdened by increased freight costs. Share of sales of own and exclusive brands increased to 52.2% (50.3%). The share of employee benefit and other operating expenses as percentage of sales increased to 32.1% (30.1%) driven by lower topline growth and still lower efficiency in the central warehouse in Eskilstuna that was driven by both internal and external factors, like congestion in global supply chain and filling up our inventory levels to maintain high availability.

Depreciation amounted to EUR 7.0 million (EUR 5.4 million) and amortization amounted to EUR 1.6 million (EUR 1.6 million). Main driver is the growing store network via IFRS 16 impact.

There were no adjustments to EBITA in the reported and comparison period.
Operating profit decreased by 11.0% to EUR 5.4 million (EUR 6.1 million).

Profit before taxes decreased to EUR 4.6 million (EUR 4.9 million). The impact of financial income and expenses (net) on profit before taxes was EUR 0.8 million negative (EUR 1.2 million negative), mainly due to interest expenses on loans and leases. Profit for the period was EUR 3.8 million (EUR 3.8 million) and basic earnings per share was 0.11 (0.11).

October 2021 – March 2022

The Group's adjusted EBITA increased by 10.8% to EUR 20.3 million (EUR 18.3 million). Adjusted EBITA was the best first half adjusted EBITA in Musti Group history driven by the first quarter. The increase was due to strong season sales growth and improved gross margin. Adjusted EBITA margin was 10.5% (11.0%).

Gross margin increased to 47.0% (45.7%) mainly due to increased number of directly operated stores and favorable product mix. The positive development was slightly burdened by increasing freight costs, especially from Asia. Share of sales of own and exclusive brands increased to 53.0% (51.4%). The share of employee benefit and other operating expenses as percentage of sales increased to 31.1% (29.4%) driven by focus on topline growth due to favorable market conditions and still lower efficiency in the central warehouse in Eskilstuna that was driven by both internal and external factors, like congestion in global supply chain and filling up our inventory levels to maintain high availability.

Depreciation amounted to EUR 13.5 million (EUR 10.5 million) and amortization amounted to EUR 3.2 million (EUR 3.2 million). Main driver is the growing store network via IFRS 16 impact.

Adjustments to EBITA were EUR 1.5 million (EUR 0.6 million). These were mainly related our end-to-end supply chain development project together with other non-recurring structural changes related costs.

Operating profit increased by 7.7% to EUR 15.6 million (EUR 14.5 million).

Profit before taxes decreased to EUR 13.6 million (EUR 14.4 million). The impact of financial income and expenses (net) on profit before taxes was EUR 2.0 million negative (EUR 0.1 million negative), mainly due to interest expenses on loans and leases. Profit for the period was EUR 10.6 million (EUR 11.6 million) and basic earnings per share was 0.32 (0.35).

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. Tax and increases of EUR 0.9 million were booked as a receivable and paid in November 2021. The company disagrees with the interpretation made in the tax audit. The company has been reassessed in accordance with the interpretations set out in the tax audit report but, the company has filed 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.

Financial position and cash flow

In January-March, net cash flow from operating activities totaled EUR 5.3 million (EUR 14.0 million). Compared to previous year, cash flow was burdened during the quarter as net working capital increased by EUR 19.2 million. This was mainly due to EUR 16.2 million higher inventory than in the comparison period, enabling to secure high availability of products to remain the high level of customer satisfaction despite the disruptions in global supply chain. A capital return of EUR 7.3 million was paid to the shareholders in the second quarter. Cash and cash equivalents at the end of the period amounted to EUR 4.4 million (30 September 2021: EUR 13.0 million). Total consolidated assets amounted to EUR 361.2 million (30 September 2021: EUR 337.6 million). The increase was due to increased right-of-use assets and property, plant and equipment due to increased number of stores and increased goodwill driven by business combinations, as well as inventories in stores and the central warehouse.

Equity attributable to owners of the parent company totaled EUR 152.9 million (30 September 2021: EUR 156.9 million). Equity decreased due to capital return to the shareholders. During the second quarter Musti Group acquired no own shares.

Gearing at the end of the reporting period was 90.5% (30 September 2021: 72.2%) and net debt amounted to EUR 138.5 million (30 September 2021: EUR 113.3 million). At the end of the period, the interest-bearing loans included in net debt amounted to EUR 59.9 million (30 September 2021: EUR 49.9 million).

Musti Group focuses on maintaining sufficient liquidity in the group. In addition to the cash and cash equivalents of EUR 4.4 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 uncommitted revolving credit facility.

During the first quarter of the financial year, Musti Group re-arranged its long-term financing into a new bilateral term loan, full year impact on loan margin savings is approximately EUR 0.5 million.

Investments

In January-March investments in tangible and intangible assets amounted to EUR 6.3 million (EUR 4.2 million). EUR 3.6 million were mainly related to new and relocated stores, as well as IT and digital platform development projects and warehouse development and maintenance investments. In addition, EUR 2.8 million related to business acquisitions of nine franchise stores in Sweden.

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 and stores).

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	1-3/2022	1-3/2021	Change %	10/2021-3/2022	10/2020-3/2021	Change %	FY2021
Net sales	40.5	37.1	9.1%	84.3	76.2	10.6%	152.6
Net sales growth, %	9.1%	11.9%		10.6%	12.4%		12.4%
LFL segment sales growth, %	0.3%	10.6%		2.4%	11.2%		10.6%
EBITDA	9.9	10.5	-6.0%	22.6	22.5	0.6%	44.4
EBITDA margin, %	24.3%	28.2%		26.8%	29.5%		29.1%
Adjusted EBITDA	9.9	10.5	-6.0%	22.7	22.5	0.8%	44.4
Adjusted EBITDA margin, %	24.3%	28.2%		26.9%	29.5%		29.1%
EBITA	7.3	8.4	-13.8%	17.6	18.4	-4.2%	36.0
EBITA margin, %	18.0%	22.8%		20.9%	24.2%		23.6%
Adjusted EBITA	7.3	8.4	-13.8%	17.7	18.4	-4.0%	36.1
Adjusted EBITA margin, %	18.0%	22.8%		21.0%	24.2%		23.7%
Number of stores	140	131	6.9%	140	131	6.9%	134
of which directly operated	140	115	21.7%	140	115	21.7%	134

January – March 2022

Net sales in Finland increased by 9.1% to EUR 40.5 million (EUR 37.1 million) with like-for-like growth of 0.3% against high comparable figures from Q2/21. Growth was supported by the stores opened or acquired during the latest twelve months underpinned by healthy inflow of new customers, partly offset by increased uncertainty in the economic environment affecting the consumer behavior.

EBITA decreased by 13.8% to EUR 7.3 million (EUR 8.4 million). Adjusted EBITA decreased by 13.8% to EUR 7.3 million (EUR 8.4 million). Adjusted EBITA margin was 18.0% (22.8%). Decrease in profitability was mainly due to lower topline volume growth, the large number of acquired franchise stores which created impact through topline driven internal cost allocation between group segments and somewhat increased personnel costs and weakened store efficiency.

During Q2, one directly operated store was opened.

October 2021 – March 2022

Net sales in Finland increased by 10.6% to EUR 84.3 million (EUR 76.2 million) with like-for-like growth of 2.4% against high comparable figures from the comparison period. Growth was supported by the stores opened or acquired during the latest twelve months underpinned by healthy inflow of new customers, partly offset by increased uncertainty in the economic environment affecting the consumer behavior in Q2.

EBITA decreased by 4.2% to EUR 17.6 million (EUR 18.4 million). Adjusted EBITA decreased by 4.0% to EUR 17.7 million (EUR 18.4 million). Adjusted EBITA margin was 21.0% (24.2%). Decrease in profitability was mainly due to both the large number of acquired franchise stores which created impact through topline driven internal cost allocation between group segments and somewhat increased personnel costs and weakened store efficiency in Q2.

During H1, six directly operated stores were opened.

Sweden

In Sweden, Musti Group's focus is on further expansion and increasing efficiency. Musti, through its multiple brands, is the overall market leader with a combined 31% market share (2020). Through VetZoo 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 is on enhancing presence in big cities. 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	1-3/2022	1-3/2021	Change %	10/2021-3/2022	10/2020-3/2021	Change %	FY2021
Net sales	38.8	35.6	8.9%	81.8	71.3	14.7%	147.5
Net sales growth, %	8.9%	19.6%		14.7%	19.5%		19.7%
LFL segment sales growth, %	7.6%	6.8%		9.6%	8.1%		9.2%
EBITDA	8.6	6.5	32.8%	19.1	13.6	40.2%	29.7
EBITDA margin, %	22.2%	18.2%		23.3%	19.1%		20.2%
Adjusted EBITDA	8.6	6.5	32.8%	19.1	13.9	36.6%	30.1
Adjusted EBITDA margin, %	22.2%	18.2%		23.3%	19.6%		20.4%
EBITA	6.1	4.5	36.2%	14.1	9.7	45.6%	21.4
EBITA margin, %	15.6%	12.5%		17.2%	13.6%		14.5%
Adjusted EBITA	6.1	4.5	36.2%	14.1	10.0	40.5%	21.7
Adjusted EBITA margin, %	15.6%	12.5%		17.2%	14.1%		14.7%
Number of stores	128	125	2.4%	128	125	2.4%	128
of which directly operated	107	87	23.0%	107	87	23.0%	96

January – March 2022

Net sales in Sweden increased by 8.9% to EUR 38.8 million (EUR 35.6 million) driven by improved like-for-like growth of 7.6% and new stores opened or acquired. The sales growth was good in both stores and online, driven by the increased number of customers. Weakened SEK exchange rate decreased sales by EUR 0.5 million in Q2.

EBITA increased by 36.2% to EUR 6.1 million (EUR 4.5 million). Adjusted EBITA increased by 36.2% to EUR 6.1 million (EUR 4.5 million). The increase was a result of 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 increased to 15.6% (12.5%).

During Q2, two directly operated stores were opened and four franchise stores were acquired in Sweden. One franchise store left the chain.

October 2021 – March 2022

Net sales in Sweden increased by 14.7% to EUR 81.8 million (EUR 71.3 million) driven by improved like-for-like growth of 9.6% and new stores opened or acquired. The sales growth was strong in both stores and online, driven by the increased number of customers. Weakened SEK exchange rate decreased sales by EUR 1,1 million.

EBITA increased by 45.6% to EUR 14.1 million (EUR 9.7 million). Adjusted EBITA increased by 40.5% to EUR 14.1 million (EUR 10.0 million). The increase was a result of 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 increased to 17.2% (14.1%).

During H1, three directly operated stores were opened and nine franchise stores were acquired in Sweden. One directly operated store was closed and two franchise stores left the chain.

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 2020. 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	1-3/2022	1-3/2021	Change %	10/2021-3/2022	10/2020-3/2021	Change %	FY2021
Net sales	13.1	9.7	35.7%	27.7	19.2	43.9%	40.7
Net sales growth, %	35.7%	77.6%		43.9%	70.7%		60.6%
LFL segment sales growth, %	10.3%	42.0%		15.6%	41.2%		30.0%
EBITDA	3.1	2.3	32.6%	7.1	4.8	47.1%	10.0
EBITDA margin, %	23.5%	24.0%		25.7%	25.1%		24.5%
Adjusted EBITDA	3.1	2.3	32.6%	7.1	4.9	46.3%	10.0
Adjusted EBITDA margin, %	23.5%	24.0%		25.7%	25.3%		24.6%
EBITA	1.9	1.6	25.0%	5.0	3.3	48.3%	6.7
EBITA margin, %	14.8%	16.0%		17.9%	17.4%		16.5%
Adjusted EBITA	1.9	1.6	25.0%	5.0	3.4	47.2%	6.8
Adjusted EBITA margin, %	14.8%	16.0%		17.9%	17.5%		16.6%
Number of stores	56	45	24.4%	56	45	24.4%	50
of which directly operated	56	45	24.4%	56	45	24.4%	50

January – March 2022

Net sales in Norway increased by 35.7% to EUR 13.1 million (EUR 9.7 million), driven by like-for-like growth of 10.3% in line with the trend exhibited in earlier quarters, and ramp-up of the stores opened during the latest twelve months. The strengthened NOK exchange rate in Q2 FY22 compared to Q2 FY21 had a EUR 0.7 million positive impact on net sales.

EBITA increased by 25.0% and adjusted EBITA by 25.0% to EUR 1.9 million (EUR 1.6 million). The increase 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 and latest vintages are developing faster towards maturity than before. EBITA was somewhat burdened by salary inflation and increased premise cost compared year on year. Store efficiency was on a good level. Adjusted EBITA margin was 14.8% (16.0%).

During Q2, two directly operated stores were opened in Norway.

October 2021 – March 2022

Net sales in Norway increased by 43.9% to EUR 27.7 million (EUR 19.2 million), driven by like-for-like growth of 15.6% in line with the trend exhibited in earlier quarters, and ramp-up of the stores opened during the latest twelve months. The strengthened NOK exchange rate in H1 FY22 compared to H1 FY21 had a EUR 1.5 million positive impact on net sales.

EBITA increased by 48.3% and adjusted EBITA by 47.2% to EUR 5.0 million (EUR 3.4 million). The increase 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 and latest vintages are developing faster towards maturity than before. EBITA was somewhat burdened by salary inflation and increased premise cost in Q2 compared year on year. Adjusted EBITA margin was 17.9% (17.5%).

During H1, six directly operated stores were opened in Norway.

Group functions

January – March 2022

The EBITA impact of Group functions was EUR -7.6 million (EUR -6.2 million). Adjusted EBITA was EUR -7.6 million (EUR -6.7 million). The increase was mainly due to increased headcount in the head office during 2021 and higher costs in the central warehouse. 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. Group functions cost in relation to group net sales was slightly higher than in the comparison period at 9.0% (8.2%).

October 2021 – March 2022

The EBITA impact of Group functions was EUR -17.9 million (EUR -13.8 million). Adjusted EBITA was EUR -16.5 million (EUR -13.5 million). The increase was mainly due to increased headcount in the head office during 2021 and higher costs in the central warehouse. 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. Group functions cost in relation to group net sales was in line with the comparison period at 8.5% (8.1%).

Personnel

At the end of the reporting period on 31 March 2022, the number of personnel was 1,465 (1,257), of whom 631 (573) were employed in Finland, 614 (514) in Sweden and 220 (171) in Norway.

Changes in Group composition

There were no changes in Group composition during October 2021 – March 2022.

Changes in Group management

On 16 November Musti Group announced, that Tobias Nilsson Vo, Chief Supply Officer and member of the Management Team of Musti Group, will leave the company at the end of year 2021.

On 4 March 2022 Musti Group announced changes in the Group Management Team. The following changes were announced:

Timo Tervo, member of the Group Management Team and Country Director, Finland had resigned from his position in Musti Group. Tervo's last working day at Musti Group is 30 June 2022 and he was a member of the Group Management Team until 31 March 2022.

Daniel Pettersson was appointed as Head of Sweden and Finland (previously Country Director, Sweden). In his expanded role, Pettersson is responsible for management and the ongoing development of the company's store operations in Sweden and Finland commencing 1 April 2022.

Erik Ringen Skjærstad was appointed as Head of Norway and new markets (previously Country Director, Norway). In his expanded role, Ringen Skjærstad is responsible for the continuing development of Musti Group's business in Norway as well as leading the development of new initiatives in support of Musti Group's growth aspirations commencing 1 April 2022.

Annamaija Hujala was appointed as Head of Pureplay and member of the Group Management Team (previously Managing Director, Peten Koiratarvike). In her expanded role, Hujala is responsible for the management and continuing development of the pureplay online business groupwide commencing 1 April 2022.

Governance

Annual General Meeting

Musti Group plc's Annual General Meeting was held on 27 January 2022 at 3:00 p.m. at the company's headquarters in Helsinki, Finland. Shareholders and their proxy representatives could participate in the Annual General Meeting and exercise shareholder rights only through advance voting 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 procedure for the meeting based on the legislative act concerning temporary deviations from the Finnish Companies Act approved by the Finnish Parliament.

The Annual General Meeting adopted the financial statements for the financial year 1 October 2020 – 30 September 2021, discharged the persons who have acted as members of the Board of Directors and as CEO during the financial year from liability and resolved to approve the remuneration report for governing bodies.

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, that the profit for the financial year 1 October 2020 – 30 September 2021 be added to retained earnings and that no dividend will be paid. In addition, the Annual General Meeting decided that shareholders will be paid a capital return of EUR 0.44 per share from the invested unrestricted equity reserve, and that the capital return will be paid in two instalments.

The first capital return instalment of EUR 0.22 per share was paid to the shareholders who were registered in the shareholders' register of the company maintained by Euroclear Finland Ltd on the record date of the first capital return instalment on 31 January 2022. The first capital return instalment was paid on 8 February 2022. The second capital return instalment of EUR 0.22 per share will be paid in August 2022 to shareholders who are registered in the shareholders' register of the company maintained by Euroclear Finland Ltd on the record date of the second capital return instalment on 10 August 2022. The second capital return instalment will be paid on 18 August 2022. The Annual General Meeting also authorized the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second instalment of the capital return, should the rules of Euroclear Finland Ltd or statues applicable to the Finnish book-entry system change or otherwise so require.

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors that the members of the Board of Directors be paid the following annual remuneration:

- Chairman of the Board: EUR 65,000; and
- Other members of the Board of Directors: EUR 35,000.

The Annual General Meeting also decided, in accordance with the proposal of the Board of Directors, that the annual remuneration for the members of the Board of Directors be paid in company shares and cash so that 50 percent of the annual remuneration will be used to purchase company shares in the name and on behalf of the members of the Board of Directors from the market at a price determined in public trading, and the rest of the annual remuneration will be paid in cash. The shares will be purchased within two weeks of the publication of the interim report for the period 1 October 2021–31 December 2021 or as soon as possible in accordance with applicable legislation. The company will pay any costs and transfer tax related to the purchase of company shares. In case the remuneration cannot be paid in company shares due to legal or other regulatory restrictions or due to other reasons related to the company or a member of the Board of Directors, the annual remuneration will be paid fully in cash. A member of the Board of Directors may not transfer the shares received as remuneration before his/her membership in the Board of Directors has ended.

In addition, members of the Audit Committee and the Remuneration Committee of Board of Directors will be paid the following annual remuneration:

- Chairman of the Committee: EUR 7,500; and
- Other Committee members: EUR 5,000.

The Annual General Meeting decided that the number of members of the Board of Directors shall be five (5). Jeffrey David, Ingrid Jonasson Blank and Ilkka Laurila were re-elected as members of the Board of Directors for a term of office expiring at the end of the next Annual General Meeting. In addition, Inka Mero and Johan Dettel were elected as new members of the Board of Directors for a corresponding term of office.

Ernst & Young Oy, Authorized Public Accountants, was re-elected auditor of the company for a term of office ending at the end of the next Annual General Meeting. Ernst & Young Oy has notified that Johanna Winqvist-Ilkka, Authorized Public Accountant, will act as the auditor with principal responsibility. It was decided that the remuneration to the auditor shall be paid against a reasonable invoice approved by the Audit Committee.

Shares and shareholders

Share capital

At the end of the reporting period on 31 March 2022, 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 30.98 on the first trading day of the second quarter on 3 January 2022. The closing price of the share on the last trading day of the reporting period on 31 March 2022 was EUR 23.96. The highest price of the share during January – March 2022 was EUR 31.84; the lowest EUR 19.06 and the average closing price was EUR 25.25. Share turnover on Nasdaq Helsinki during January 2022 – March 2022 was approximately 4.68 million shares.

Musti Group's market capitalization was EUR 804 million on 31 March 2022.

Own shares

On 31 March 2022 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 did not purchase own shares.

Authorizations of the Board of Directors

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's own shares and/or on the acceptance as pledge of the company's own shares as follows. The number 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 the shares in the company. 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 in the company.

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 cancelled the authorization given by the Annual General Meeting held on 21 January 2021 to decide on the 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 27 July 2023.

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 number 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 the shares in the company. The authorization covers both the issuance of new shares as well as the transfer of treasury 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 cancelled the authorization given by the Annual General Meeting held on 21 January 2021 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 27 July 2023.

Shareholders and flagging notifications

At the end of the reporting period, the number of registered shareholders was 11,640. The proportion of nominee-registered shareholders was 69.63% of the company's shares. The 20 largest shareholders registered in the book-entry register maintained by Euroclear Finland Oy held a total of 22.36% of Musti Group's shares and votes at the end of the reporting period.

During October 2021 - March 2022, Musti Group received the following announcements under Chapter 9, Section 5 of the Securities Markets Act:

- On 9 December 2021 Musti Group plc received a notification in accordance with Chapter 9, Section 10 of the Finnish Securities Market Act, according to which the total direct and indirect holdings of Ameriprise Financial, Inc. had on 9 December 2021 increased above 5 percent of the company's shares and votes. According to the notification, the shares are held in portfolios and funds managed on a discretionary basis by Threadneedle Asset Management Limited, and the shares are held through certain nominee companies.

- On 15 February 2022 Musti Group plc received a notification in accordance with Chapter 9, Section 10 of the Finnish Securities Market Act, according to which the total direct and indirect holdings of Grandeur Peak Global Advisors, LLC had on 15 February 2022 increased above 5 percent of the company's shares and votes.

- On 9 March 2022 Musti Group plc received a notification in accordance with Chapter 9, Section 10 of the Finnish Securities Market Act, according to which the total direct and indirect holdings of Ameriprise Financial, Inc. had on 9 March 2022 decreased below 5 percent of the company's shares and votes. According to the notification, the shares are held in portfolios and funds managed on a discretionary basis by Threadneedle Asset Management Limited, and the shares are held through certain nominee companies.

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 https://www.mustigroup.com/releases-and-publications/.

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 presented 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 2022, 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 29 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 130,000 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 FY2021-2023 will be paid out during autumn of 2023.

In the performance period FY2022-2024, the plan has 37 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 FY2022-2024 is approximately 104,400 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 FY2022-2024 will be paid out during autumn of 2024.

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 has built a strong responsibility foundation and key performance indicators to measure the results and revises responsibility program and targets regularly as part of a continuous improvement to stay relevant in the responsibility work.

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, reducing 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 is conducting visits to the supplier sites in Europe, also the BSCI visits the company's supplier sites in high-risk countries. 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 in high-risk countries 100 % of our tier one suppliers have been audited.

Musti Group's Non-Financial Information Report for the financial year 2021 was be published on 17 December 2021 together with the Financial Statements and the Board of Directors' report and is available at https://www.mustigroup.com/investors/reports-and-presentations/.

Risk 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.

Musti Group's risk management and risks related to the company's operations are described in more detail in the Board of Directors' Report published on 17 December 2021 which is available at https://www.mustigroup.com/investors/reports-andpresentations/.

Seasonality

Musti Group's business is characterized 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 significant events after the reporting period.

Financial calendar

Musti Group's Interim Report for October 2021 – June 2022 will be published on 9 August 2022.

Webcast for analysts and media

A live webcast for analysts and media will be arranged on 10 May 2022 at 14:00 EEST. 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/2022-q2-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: 55729733#

Helsinki, 10 May 2022

Board of Directors

The information in this Half-Year Financial Report is unaudited.

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Distribution:

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Condensed financial information

Condensed consolidated statement of income

EUR thousand	1-3/2022	1-3/2021	10/2021-3/2022	10/2020-3/2021	FY2021
Net sales	92,424	84,438	**193,773**	**166,738**	**340,856**
Other operating income	744	546	1,382	964	2,270
Share of profit of a joint venture	-37	0	90	0	30
Materials and services	-49,469	-45,099	-102,674	-90,498	-185,239
Employee benefit expenses	-18,530	-15,304	-36,442	-30,208	-61,828
Other operating expenses	-11,180	-9,484	-23,812	-18,828	-39,147
Depreciation, amortization and impairment	-8,537	-7,015	-16,698	-13,669	-28,565
Operating profit	**5,415**	**6,082**	**15,619**	**14,499**	**28,377**
Financial income and expenses, net	-825	-1,199	-2,024	-148	-1,495
Profit before taxes	**4,591**	**4,883**	**13,595**	**14,351**	**26,882**
Income tax expense	-790	-1,067	-2,962	-2,779	-5,988
Profit/loss for the period	**3,800**	**3,816**	**10,634**	**11,572**	**20,895**
Attributable to:					
Owners of the parent	3,794	3,806	10,621	11,561	20,872
Non-controlling interest	7	10	13	11	23
Earnings per share (EUR) for profit attributable to owners of the parent					
Basic EPS (EUR)	0.11	0.11	0.32	0.35	0.62
Diluted EPS (EUR)	0.11	0.11	0.32	0.34	0.62

Consolidated statement of comprehensive income

EUR thousand	1-3/2022	1-3/2021	10/2021-3/2022	10/2020-3/2021	10/2020-9/2021
Profit/loss for the period	3,800	3,816	10,634	11,572	20,895
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation differences	-416	-565	-748	966	1,138
Other comprehensive income, net of tax	-416	-565	-748	966	1,138

Total comprehensive income	**3,385**	**3,251**	**9,886**	**12,538**	**22,033**
Attributable to:					
Owners of the parent	3,378	3,241	9,874	12,527	22,006
Non-controlling interest	7	10	13	11	27

Consolidated statement of financial position

EUR thousand	31 Mar 2022	31 Mar 2021	30 Sep 2021
ASSETS			
Non-current assets			
Goodwill	165,140	149,360	157,831
Other intangible assets	18,029	19,792	18,705
Right-of-use assets	78,416	69,085	71,745
Property, plant and equipment	18,468	13,723	15,759
Investments in joint ventures	1,080	960	990
Deferred tax assets	4,432	6,901	5,008
Other non-current receivables	109	128	109
Total non-current assets	**285,675**	**259,950**	**270,148**
Current assets			
Inventories	58,034	41,812	44,297
Trade and other receivables	10,077	7,213	9,322
Loan receivables	0	2	0
Derivative financial instruments	384	529	484
Income tax receivables	2,662	297	281
Cash and cash equivalents	4,411	17,604	13,013
Total current assets	**75,568**	**67,457**	**67,397**
TOTAL ASSETS	**361,242**	**327,407**	**337,545**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	11,002	11,002	11,002
Other reserves	139,936	154,691	154,691
Own shares	-6,910	-3,046	-6,910
Translation differences	228	803	975
Retained earnings	8,623	-13,124	-2,891
Total equity attributable to owners of the parent	**152,878**	**150,326**	**156,867**
Equity attributable to non-controlling interest	134	99	110
Total equity	**153,012**	**150,425**	**156,997**
Non-current liabilities			
Loans from credit institutions	59,880	49,826	49,872
Lease liability	60,457	56,407	56,713
Deferred tax liabilities	2,653	2,146	2,684
Other liabilities	0	41	14

Total non-current liabilities	**122,990**	**108,420**	**109,283**
Current liabilities			
Lease liability	22,701	17,430	19,759
Trade and other payables	53,970	46,842	46,827
Derivative financial instruments	240	717	441
Income tax liabilities	8,279	3,573	4,257
Provisions	50	0	0
Total current liabilities	**85,240**	**68,563**	**71,285**
Total liabilities	**208,230**	**176,982**	**180,567**
TOTAL EQUITY AND LIABILITIES	**361,242**	**327,407**	**337,545**

Consolidated statement of 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 as 1 Oct 2021	**11,002**	**154,691**	**-6,910**	**975**	**-2,890**	**156,867**	**110**	**156,977**
Profit/loss for the period					10,621	10,621	13	10,634
Translation differences				-747		-747	-1	-748
Total comprehensive income	**0**	**0**	**0**	**-747**	**10,621**	**9,874**	**12**	**9,886**
Capital returns		-14,756				-14,756		-14,756
Share-based incentive plan					893	893		893
Other changes							12	12
Equity as 31 Mar 2022	**11,002**	**139,936**	**-6,910**	**228**	**8,623**	**152,878**	**134**	**153,012**

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 as 1 Oct 2020	**11,002**	**167,412**	**0**	**-159**	**-25,132**	**153,122**	**157**	**153,279**
Profit/loss for the period					11,561	11,561	11	11,572
Translation differences				962		962	4	966
Total comprehensive income	**0**	**0**	**0**	**962**	**11,561**	**12,523**	**15**	**12,538**
Capital returns		-12,720						-12,720
Dividends							-74	-74
Acquisition of own shares			-3,046			-3,046		-3,046
Share-based incentive plan					448	448		448
Equity as 31 Mar 2021	**11,002**	**154,691**	**-3,046**	**803**	**-13,123**	**150,326**	**99**	**150,425**

Consolidated statement of cash flows

EUR thousand	1-3/2022	1-3/2021	10/2021-3/2022	10/2020-3/2021	FY2021
Cash flows from operating activities					
Profit before taxes	4,591	4,883	13,595	14,351	26,882
Adjustments					
Depreciation, amortization and impairment	8,537	7,015	16,698	13,669	28,565
Financial income and expenses, net	825	1,199	2,024	148	1,495
Other adjustments	308	-545	1,114	8	1,466
Cash flows before changes in working capital	14,261	12,552	33,431	28,176	58,409
Change in working capital					
Increase (-) / decrease (+) in trade and other receivables	1,244	-189	-755	-655	-2,782
Increase (-) / decrease (+) in inventories	-5,422	-4,052	-13,393	-5,107	-6,653
Increase (+) / decrease (-) in trade and other payables	-4,749	5,784	-175	6,541	5,269
Cash flows from operating activities before financial items and taxes	5,334	14,095	19,107	28,955	54,243
Income taxes paid	-50	-103	-603	934	706
Net cash flow from operating activities	**5,284**	**13,992**	**18,504**	**29,889**	**54,950**
Cash flows from investing activities					
Investments in tangible and intangible assets	-3,566	-3,056	-8,224	-6,202	-12,878
Acquisition of subsidiaries and business acquisitions, net of cash acquired	-2,768	-1,154	-8,935	-2,431	-10,330
Decrease (+) / increase (-) in non-current receivables	0	40	0	222	230
Decrease (+) / increase (-) in loan receivables	0	8	0	10	10
Net cash flow from investing activities	**-6,334**	**-4,161**	**-17,159**	**-8,402**	**-22,969**
Cash flows from financing activities					
Capital returns paid	-7,316	-12,720	-7,316	-12,720	-12,720
Dividends paid	0	-75	0	-75	-75
Acquisition of own shares	0	-1,720	0	-3,046	-6,910
Proceeds from non-current loans	5,000	0	60,000	0	0
Repayments of non-current loans	0	0	-50,000	0	0
Repayments of lease liabilities	-5,447	-4,217	-10,547	-8,174	-17,297
Interest and other financial expenses paid	-1,684	-1,215	-3,398	-2,770	-5,190
Interest and other finance income received	844	219	1,312	1,297	1,620
Net cash flow from financing activities	**-8,603**	**-19,728**	**9,948**	**-25,489**	**-40,573**
Net change in cash and cash equivalents	**-9,653**	**-9,897**	**-8,602**	**-4,001**	**-8,592**

Cash and cash equivalents at beginning of the period	14,064	27,502	13,013	21,606	21,606
Cash and cash equivalents at end of the period	**4,411**	**17,604**	**4,411**	**17,604**	**13,013**

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 interim report of 1 October 2021 – 31 March 2022 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 of 2021. The translation differences arising from subsidiary net investments and non-current subsidiary loans without agreed settlement dates are recognized through Other Comprehensive Income (OCI) to cumulative translation adjustments under equity. The Group classified certain intercompany loans as net investments in the second quarter of financial year 2022 and the translation differences arising from them are recorded in OCI.

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 interim report 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 and the war in Ukraine

The Group's management has assessed the impacts of COVID-19 and the war in Ukraine in the business. The war does not have a direct impact on the business as the Group does not have business or suppliers in Russia or in Ukraine. The indirect impacts of the war include turbulence in global supply chain and risk on inbound delivery times as well as declining consumer confidence.
The management has also reviewed 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
1/2022-3/2022					
Net sales *	40,481	38,798	13,146	0	92,424
% split of net sales between segments	44%	42%	14%	0%	100%
EBITDA	**9,851**	**8,607**	**3,084**	**-7,589**	**13,953**
Adjustments	0	0	0	0	0
Adjusted EBITDA	**9,851**	**8,607**	**3,084**	**-7,589**	**13,953**
Depreciation and impairment of right-of-use assets and tangible assets	-2,568	-2,593	-1,143	-715	-6,964
EBITA	**7,283**	**6,068**	**1,941**	**-8,304**	**6,988**
Adjustments	0	0	0	0	0
Adjusted EBITA	**7,283**	**6,068**	**-1,941**	**-8,304**	**6,988**
Amortization and impairment of intangible assets					-1,573
Operating profit					**5,415**
Financial income and expenses, net					-825
Profit before taxes					**4,591**
Income tax expense					-790
Profit/loss for the period					**3,800**

* 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
1/2021-3/2021					
Net sales *	37,121	35,630	9,688	0	82,438
% split of net sales between segments	45%	43%	12%	0%	100%
EBITDA	**10,483**	**6,481**	**2,326**	**-6,193**	**13,097**
Adjustments	0	0	0	0	0
Adjusted EBITDA	**10,483**	**6,481**	**3,326**	**-6,193**	**13,097**
Depreciation and impairment of right-of-use assets and tangible assets	-2,035	-2,026	-773	-567	-5,401
EBITA	**8,448**	**4,455**	**1,553**	**-6,759**	**7,696**
Adjustments	0	0	0	0	0
Adjusted EBITA	**8,448**	**4,455**	**1,553**	**-6,759**	**7,969**
Amortization and impairment of intangible assets					-1,614
Operating profit					**6,082**
Financial income and expenses, net					-1,199
Profit before taxes					**4,883**
Income tax expense					-1,067
Profit/loss for the period					**3,816**

* 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
10/2021-3/2022					
Net sales *	84,298	81,775	27,701	0	193,773
% split of net sales between segments	44%	42%	14%	0%	100%
EBITDA	**22,616**	**19,052**	**7,115**	**-16,466**	**32,317**
Adjustments	39	0	0	1,424	1,463
Adjusted EBITDA	**22,655**	**19,052**	**7,115**	**-15,042**	**33,780**
Depreciation and impairment of right-of-use assets and tangible assets	-4,966	-4,951	-2,147	-1,423	-13,487
EBITA	**17,649**	**14,101**	**4,968**	**-17,889**	**18,830**
Adjustments	39	0	0	1,424	1,463
Adjusted EBITA	**17,688**	**14,101**	**4,968**	**-16,465**	**20,293**
Amortization and impairment of intangible assets					-3,212
Operating profit					**15,619**
Financial income and expenses, net					-2,024
Profit before taxes					**13,595**
Income tax expense					-2,962
Profit/loss for the period					**10,634**

* 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
10/2020-3/2021					
Net sales *	76,194	71,299	19,245	0	166,738
% split of net sales between segments	46%	43%	12%	0%	100%
EBITDA	**22,485**	**13,593**	**4,838**	**-12,747**	**28,168**
Adjustments	0	355	26	225	607
Adjusted EBITDA	**22,485**	**13,948**	**4,864**	**-12,522**	**28,775**
Depreciation and impairment of right-of-use assets and tangible assets	-4,053	-3,911	-1,489	-1,013	-10,465
EBITA	**18,432**	**9,682**	**3,349**	**-13,760**	**17,703**
Adjustments	0	355	26	225	607
Adjusted EBITA	**18,432**	**10,037**	**3,375**	**-13,535**	**18,310**
Amortization and impairment of intangible assets					-3,204
Operating profit					**14,499**
Financial income and expenses, net					-148
Profit before taxes					**14,351**
Income tax expense					-2,779
Profit/loss for the period					**11,572**

* 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**
FY2021					
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**
Amortization 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					

Business combinations and changes in Group composition

During the reporting period Musti Group acquired nine (9) pet stores in Sweden as business acquisitions. The total purchase price of the stores was approximately EUR 8.4 million and the resulting goodwill EUR 8.2 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 3.3 million and increased operating profit by EUR 0.6 million for the period October 1, 2021 - March 31, 2022. The effect on the Group's net sales would have been approximately EUR 5.4 million and on the operating profit EUR 0.9 million for the period ended March 31, 2022, if the acquisitions had been consolidated from the beginning of the financial year.

Personnel on average and at the end of the reporting period

Personnel	31 Mar 2022	31 Mar 2021	30 Sep 2021
Personnel on average	1,446	1,241	1,283
Personnel at the end of period	1,465	1,257	1,397

Goodwill, intangible assets and property, plant and equipment

EUR thousand	31 Mar 2022	31 Mar 2021	30 Sep 2021
Acquisition cost at beginning of reporting period	**192,294**	**177,218**	**177,218**

Amortization and depreciation	-6,211	-5,247	-10,931
Additions	16,445	9,197	23,509
Disposals and closing of stores	0	0	-124
Exchange differences	-893	1,707	2,621
Acquisition cost at end of reporting period	**201,636**	**182,876**	**192,294**

Leases

Right-of-use assets

EUR thousand	Buildings and structures	Machinery and equipment	Total
31 Mar 2022			
Net book value at 1 Oct 2021	**71,225**	**520**	**71,145**
New contracts	13,577	104	13,680
Contracts terminated prematurely	243	20	263
Revaluations and modifications	3,438	-35	3,403
Exchange rate differences	-65	-6	-71
Depreciation	-10,458	-145	-10,603
Net book value at 31 Mar 2022	**77,960**	**456**	**78,416**
31 Mar 2021			
Net book value at 1 Oct 2020	**61,516**	**498**	**62,014**
New contracts	3,667	191	3,858
Contracts terminated prematurely	-1,030	-2	-1,031
Revaluations and modifications	8,744	10	8,755
Exchange rate differences	1,834	15	1,849
Depreciation	-8,306	-117	-8,422
Net book value at 31 Mar 2021	**68,485**	**599**	**69,085**
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**

Lease liability

EUR thousand	31 Mar 2022	31 Mar 2021	30 Sep 2021
Lease liability at beginning of reporting period	**76,472**	**66,494**	**66,494**
Net increases	17,238	15,602	27,385
Rent expenses	-11,680	-9,385	-19,679
Interest expense	1,128	1,125	2,272
Lease liability at end of reporting period	**83,158**	**73,837**	**76,472**

Non-current lease liability	60,457	56,407	56,713
Current lease liability	22,701	17,430	19,759
Total	**83,158**	**73,837**	**76,472**

Lease contracts in the income statement

EUR thousand	10/2021-3/2022	10/2020-3/2021	FY2021
Expenses from short-term rental agreements, leasing agreements with minor value and variable rental costs, that are not included in the lease liability	-603	-811	-1,470
Depreciation of right-of-use assets	-10,603	-8,422	-17,620
Interest expenses from lease liability	-1,128	-1,125	-2,272
Total	**-12,335**	**-10,359**	**-21,362**

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 amortized cost	Book value	Fair value	Fair value hierarchy
31 Mar 2022						
Non-current assets						
Other non-current assets			109	109	109	Level 2
Total			**109**	**109**	**109**	
Current assets						
Trade and other receivables *)			3,035	3,035	3,035	Level 2
Loan receivables			0	0	0	Level 2
Derivative financial instruments	384		0	384	384	Level 2
Cash and cash equivalents			4,411	4,411	4,411	Level 2
Total	**384**		**7,446**	**7,830**	**7,830**	
Financial assets, total	**384**		**7,555**	**7,939**	**7,939**	
31 Mar 2021						
Non-current assets						
Other non-current assets			129	129	129	Level 2
Total			**129**	**129**	**129**	
Current assets						
Trade and other receivables *)			3,458	3,458	3,458	Level 2
Loan receivables			2	2	2	Level 2
Derivative financial instruments	529			529	529	Level 2

Cash and cash equivalents			17,604	17,604	17,604	Level 2
Total	**529**		**21,064**	**21,592**	**21,592**	
Financial assets, total	**529**		**21,192**	**21,721**	**21,721**	
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**	

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 amortized cost	Book value	Fair value	Fair value hierarchy
31 Mar 2022						
Non-current liabilities						
Loans from credit institutions			59,880	59,880	59,880	Level 2
Lease liability			60,457	60,457	60,457	Level 2
Total			**120,337**	**120,337**	**120,337**	
Current liabilities						
Lease liability			22,701	22,701	22,701	Level 2
Trade and other payables *)			21,596	21,596	21,596	Level 2
Derivative financial instruments	240			240	240	Level 2
Total	**240**		**44,297**	**44,538**	**44,538**	
Financial liabilities, total	**240**		**164,635**	**164,875**	**164,875**	
31 Mar 2021						
Non-current liabilities						
Loans from credit institutions			49,826	49,826	49,826	Level 2
Lease liability			56,407	56,407	56,407	Level 2
Other non-current liabilities			41	41	41	Level 2
Total			**106,274**	**106,274**	**106,274**	

Current liabilities						
Lease liability			17,430	17,430	17,430	Level 2
Trade and other payables *)			24,517	24,517	24,517	Level 2
Derivative financial instruments	717			717	717	Level 2
Total	**717**		**41,948**	**42,664**	**42,664**	
Financial liabilities, total	**717**		**148,181**	**148,938**	**148,938**	
30 Sep 2021						
Non-current liabilities						
Loans from credit institutions			49,872	49,872	49,872	Level 2
Lease liability			56,713	56,713	56,713	Level 2
Total			**106,586**	**106,586**	**106,586**	
Current liabilities						
Lease liability			19,759	19,759	15,957	Level 2
Trade and other payables *)			23,794	23,794	23,759	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**	

*) Other receivables and other payables include 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
31 Mar 2022				
Forward exchange contracts	16,027	384	-240	143
Total	**16,027**	**384**	**-240**	**143**
31 Mar 2021				
Forward exchange contracts	17,308	529	-717	-188
Total	**17,308**	**529**	**-717**	**-188**
30 Sep 2021				

Forward exchange contracts	20,332	484	-441	42
Total	**20,332**	**484**	**-441**	**42**

Group commitments

EUR thousand	31 Mar 2022	31 Mar 2021	30 Sep 2021
Pledges given on behalf of Group companies and joint ventures			
Guarantees relating to rental payments	3,060	4,205	4,619
Other commitments	86	177	129
Total	**3,145**	**4,382**	**4,748**
Other commitments			
Other guarantees	2,891	3,000	2,929
Lease liabilities for leases not recognised in the balance sheet	6,188	6,103	4,984
Total	**9,079**	**9,103**	**7,913**

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. Tax and increases of EUR 0,9 million paid in November 2021. The company disagrees with the interpretation made in the tax audit. The company has been reassessed in accordance with the interpretations set out in the tax audit report but, the company has filed 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.

Other related party transactions

EUR thousand	31 Mar 2022	31 Mar 2021	30 Sep 2021
Purchases of goods and services	1,990	1,524	3,476
Receivables	76	76	76
Payables	-286	127	160
Other receivables	150	0	150
Guarantees given on behalf of joint ventures	2,891	3,000	2,929

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	1-3/2022	1-3/2021	Change %	10/2021-3/2022	10/2020-3/2021	Change %	FY2021
Net sales	92.4	82.4	12.1%	193.8	166.7	16.2%	340.9
Net sales growth, %	12.1%	20.5%		16.2%	20.2%		19.9%
LFL sales growth, %	4.5%	11.6%		6.9%	12.3%		11.8%
LFL store sales growth, %	1.3%	8.6%		4.1%	8.3%		8.8%
Online share of net sales, %	23.6%	24.4%		22.5%	23.0%		23.1%
Gross margin, %	46.5%	45.3%		47.0%	45.7%		45.7%
EBITDA	14.0	13.1	6.5%	32.3	28.2	14.7%	56.9
EBITDA margin	15.1%	15.9%		16.7%	16.9%		16.7%
Adjusted EBITDA	14.0	13.1	6.5%	33.8	28.8	17.4%	58.8
Adjusted EBITDA margin, %	15.1%	15.9%		17.4%	17.3%		17.3%
EBITA	7.0	7.7	-9.2%	18.8	17.7	6.4%	34.9
EBITA margin	7.6%	9.3%		9.7%	10.6%		10.2%
Adjusted EBITA	7.0	7.7	-9.2%	20.3	18.3	10.8%	36.8
Adjusted EBITA margin, %	7.6%	9.3%		10.5%	11.0%		10.8%
Operating profit	5.4	6.1	-11.0%	15.6	14.5	7.7%	28.4
Operating profit margin, %	5.9%	7.4%		8.1%	8.7%		8.3%
Profit/loss for the period	3.8	3.8	-0.4%	10.6	11.6	-8.1%	20.9
Earnings per share, basic, EUR	0.11	0.11		0.32	0.35		0.62
Earnings per share, diluted, EUR	0.11	0.11		0.32	0.34		0.62
Cash flows from operating activities	5.3	14.0	-62.2%	18.5	29.9	-38.1%	54.9
Investments in tangible and intangible assets	3.6	3.1	16.7%	8.2	6.2	32.6%	12.9
Net debt	138.5	106.3	30.3%	138.5	106.3	30.3%	113.3
Gearing, %	90.5%	70.7%		90.5%	70.7%		72.2%
Net debt / LTM Adjusted EBITDA	2.2	1.9	12.1%	2.2	1.9	12.1%	1.9
Equity ratio, %	42.4%	46.0%		42.4%	46.0%		46.5%
Number of loyal customers, thousands	1,372	1,222	12.3%	1,372	1,222	12.3%	1,297
Number of stores at end of period	324	301	7.6%	324	301	7.6%	312
of which directly operated	303	247	22.7%	303	247	22.7%	280
Own & Exclusive share, %	52.2%	50.3%		53.0%	51.4%		51.0%

EUR million or as indicated	1-3/2022	1-3/2021	Change %	10/2021-3/2022	10/2020-3/2021	Change %	FY2021
Finland							
Net sales	40.5	37.1	9.1%	84.3	76.2	10.6%	152.6
Net sales growth, %	9.1%	11.9%		10.6%	12.4%		12.4%
LFL sales growth, %	0.3%	10.6%		2.4%	11.2%		10.6%
EBITDA	9.9	10.5	-6.0%	22.6	22.5	0.6%	44.4
EBITDA margin, %	24.3%	28.2%		26.8%	29.5%		29.1%
Adjusted EBITDA	9.9	10.5	-6.0%	22.7	22.5	0.8%	44.4
Adjusted EBITDA margin, %	24.3%	22.8%		26.9%	29.5%		29.1%
EBITA	7.3	8.4	-13.8%	17.6	18.4	-4.2%	36.0
EBITA margin, %	18.0%	28.8%		20.9%	24.2%		23.6%
Adjusted EBITA	7.3	8.4	-13.8%	17.7	18.4	-4.0%	36.1
Adjusted EBITA margin, %	18.0%	22.8%		21.0%	24.2%		23.7%
Number of stores at end of period	140	131	6.9%	140	131	6.9%	134
of which directly operated	140	115	21.7%	140	115	21.7%	134
Sweden							
Net sales	38.8	35.6	8.9%	81.8	71.3	14.7%	147.5
Net sales growth, %	8.9%	19.6%		14.7%	19.5%		19.7%
LFL sales growth, %	7.6%	6.8%		9.6%	8.1%		9.2%
EBITDA	8.6	6.5	32.8%	19.1	13.6	40.2%	29.7
EBITDA margin, %	22.2%	18.2%		23.3%	19.1%		20.2%
Adjusted EBITDA	8.6	6.5	32.8%	19.1	13.9	36.6%	30.1
Adjusted EBITDA margin, %	22.2%	18.2%		23.3%	19.6%		20.4%
EBITA	6.1	4.5	36.2%	14.1	9.7	45.6%	21.4
EBITA margin, %	15.6%	12.5%		17.2%	13.6%		14.5%
Adjusted EBITA	6.1	4.5	36.2%	14.1	10.0	40.5%	21.7
Adjusted EBITA margin, %	15.6%	12.5%		17.2%	14.1%		14.7%
Number of stores at end of period	128	125	2.4%	128	125	2.4%	128
of which directly operated	107	87	23.0%	107	87	23.0%	96
Norway							
Net sales	13.1	9.7	35.7%	27.7	19.2	43.9%	40.7
Net sales growth, %	35.7%	77.6%		43.9%	70.7%		60.6%
LFL sales growth, %	10.3%	42.0%		15.6%	41.2%		30.0%
EBITDA	3.1	2.3	32.6%	7.1	4.8	47.1%	10.0
EBITDA margin, %	23.5%	24.0%		25.7%	25.1%		24.5%
Adjusted EBITDA	3.1	2.3	32.6%	7.1	4.9	46.3%	10.0
Adjusted EBITDA margin, %	23.5%	24.0%		25.7%	25.3%		24.6%
EBITA	1.9	1.6	25.0%	5.0	3.3	48.3%	6.7

EBITA margin, %	14.8%	16.0%		17.9%	25.3%		16.5%
Adjusted EBITA	1.9	1.6	25.0%	5.0	3.4	47.2%	6.8
Adjusted EBITA margin, %	14.8%	16.0%		17.9%	17.5%		16.6%
Number of stores at end of period	56	45	24.4%	56	45	24.4%	50
of which directly operated	56	45	24.4%	56	45	24.4%	50

Calculation of financial ratios and alternative performance measures

Measure	Calculation
Gross profit	Net sales - Materials and services
Earnings before interest, taxes, depreciation and amortization (EBITDA)	Operating profit + Depreciation, amortization and impairment
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)	Operating profit + Depreciation, amortization and impairment + Adjustments
Earnings before interest, taxes and amortization (EBITA)	Operating profit + Amortization and impairment of intangible assets
Adjusted earnings before interest, taxes and amortization (Adjusted EBITA)	Operating profit + Amortization and impairment of intangible assets + Adjustments
Net Debt	Interest bearing liabilities - Loan receivables +/- Derivative financial instruments - Cash and cash equivalents
Gearing, %	$\frac{\text{Net debt}}{\text{Equity}}$
Net debt/LTM (last twelve months) Adjusted EBITDA	$\frac{\text{Net Debt}}{\text{LTM adjusted EBITDA}}$
Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets - Advances received}}$
LFL (Like-for-like) sales growth, %	$\frac{\text{Sales of online channels and stores that have been open more than 13 months}}{\text{Sales from corresponding online channels and stores in the same time period in the previous reporting period}}$
Own & Exclusive share, %	$\frac{\text{Sales of own and exclusive product sales}}{\text{Product sales in own channels}}$
Online share, %	$\frac{\text{Online sales}}{\text{Net sales}}$
Earnings per share, basic	$\frac{\text{Profit/loss for the period – Non-controlling interests}}{\text{Average number of shares}}$
Earnings per share, diluted	$\frac{\text{Profit/loss for the period – Non-controlling interests}}{\text{Average diluted number of shares}}$

Reconciliation of key performance indicators

EUR million or as indicated	1-3/2022	1-3/2021	10/2021-3/2022	10/2020-3/2021	FY2021
Gross profit					
Net sales	92.4	82.4	193.8	166.7	340.9
Material and services	-49.5	-45.1	-102,7	-90.5	-185.2
Gross profit	**43.0**	**37.3**	**91.1**	**76.2**	**155.6**
Gross margin, %	**46.5%**	**45.3%**	**47.0%**	**45.7%**	**45.7%**
Earnings before interest, taxes, depreciation and amortization (EBITDA)					
Operating profit	5.4	6.1	15.6	14.5	28.4
Depreciation, amortization and impairment	8.5	7.0	16.7	13.7	28.6
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**14.0**	**13.1**	**32.3**	**28.2**	**56.9**
EBITDA margin, %	**15.1%**	**15.9%**	**16.7%**	**16.9%**	**16.7%**
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)					
Operating profit	5.4	6.1	15.6	14.5	28.4
Depreciation, amortization and impairment	8.5	7.0	16.7	13.7	28.6
Adjustments	0.0	0.0	1.5	0.6	1.9
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)	**14.0**	**13.1**	**33.8**	**28.8**	**58.8**
Adjusted EBITDA margin, %	**15.1%**	**15.9%**	**17.4%**	**17.3%**	**17.3%**
Adjustments (EBITDA)					
Restructuring related expenses	0.0	0.0	0.0	0.0	0.0
Acquisition/IPO related expenses	0.0	0.0	0.0	0.0	0.0
Other items affecting comparability	0.0	0.0	1.5	0.6	1.9
Adjustments (EBITDA)	**0.0**	**0.0**	**1.5**	**0.6**	**1.9**
Earnings before interest, taxes and amortization (EBITA)					
Operating profit	5.4	6.1	15.6	14.5	28.4
Amortization and impairment of intangible assets	1.6	1.6	3.2	3.2	6.5
Earnings before interest, taxes and amortization (EBITA)	**7.0**	**7.7**	**18.8**	**17.7**	**34.9**
EBITA margin, %	**7.6%**	**9.3%**	**9.7%**	**10.6%**	**10.2%**
Adjusted earnings before interest, taxes and amortization (Adjusted EBITA)					
Operating profit	5.4	6.1	15.6	14.5	28.4

Amortization and impairment of intangible assets	1.6	1.6	3.2	3.2	6.5
Adjustments total	0.0	0.0	1.5	0.6	1.9
Adjusted earnings before interest, taxes and amortization (Adjusted EBITA)	**7.0**	**7.7**	**20.3**	**18.3**	**36.8**
Adjusted EBITA margin, %	**7.6%**	**9.3%**	**10.5%**	**11.0%**	**10.8%**
Adjustments (Operating profit)					
Restructuring related expenses	0.0	0.0	0.0	0.0	0.0
Acquisition/IPO related expenses	0.0	0.0	0.0	0.0	0.0
Other items affecting comparability	0.0	0.0	1.5	0.6	1.9
Adjustments (Operating profit)	**0.0**	**0.0**	**1.5**	**0.6**	**1.9**
Net debt					
Interest bearing liabilities	143.0	123.7	143.0	123.7	126.3
Loan receivables	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	-0.1	0.2	-0.1	0.2	0.0
Cash and cash equivalents	4.4	17.6	4.4	17.6	13.0
Net debt	**138.5**	**106.3**	**138.5**	**106.3**	**113.3**
Gearing, %					
Net Debt	138.5	106.3	138.5	106.3	113.3
Equity	153.0	150.4	153.0	150.4	157.0
Gearing, %	**90.5%**	**70.7%**	**90.5%**	**70.7%**	**72.2%**
Net debt/LTM Adjusted EBITDA					
Net debt	138.5	106.3	138.5	106.3	113.3
LTM adjusted EBITDA	63.8	54.9	63.8	54.9	58.8
Net debt/LTM Adjusted EBITDA	**2.2**	**1.9**	**2.2**	**1.9**	**1.9**
Equity ratio, %					
Total equity	153.0	150.4	153.0	150.4	157.0
Total assets	361.2	327.4	361.2	324.7	337.5
Advances received	0.4	0.3	0.4	0.3	0.3
Equity ratio, %	**42.4%**	**46.0%**	**42.4%**	**46.0%**	**46.5%**
LFL sales growth, %					
Net sales	92.4	82.4	193.8	166.7	340.9
Net sales growth, %	12.1%	20.5%	16.2%	20.2%	19.9%
Other growth, %	7.6%	8.9%	9.3%	7.9%	8.1%
LFL sales growth, %	**4.5%**	**11.6%**	**6.9%**	**12.3%**	**11.8%**
LFL store sales growth, %					
Store sales	69.6	59.3	147.6	121.7	250.1
Store sales total growth, %	17.6%	21.5%	21.3%	19.5%	21.1%
Other growth, %	16.1%	13.0%	17.1%	11.2%	12.3%
LFL store sales growth, %	**1.3%**	**8.6%**	**4.1%**	**8.3%**	**8.8%**

Net sales					
Store sales	69.6	59.3	147.6	121.7	250.1
Online sales	21.8	20.1	43.7	38.3	78.7
Other sales	1.0	3.0	2.6	6.7	12.1
Net sales	**92.4**	**82.4**	**193.8**	**166.7**	**340.9**
Online share, %					
Net sales	92.4	82.4	193.8	166.7	340.9
Online sales	21.8	20.1	43.7	38.3	78.7
Online share, %	**23.6%**	**24.4%**	**22.5%**	**23.0%**	**23.1%**
Earnings per share, basic					
Profit/loss for the period	3.8	3.8	10.6	11.6	20.9
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Average number of shares *)	33.3	33.4	33.3	33.5	33.4
Earnings per share. basic	**0.11**	**0.11**	**0.32**	**0.35**	**0.62**
Earnings per share, diluted					
Profit/loss for the period	3.8	3.8	10.6	11.6	20.9
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Average number of shares *)	33.6	33.7	33.6	33.7	33.7
Earnings per share. diluted	**0.11**	**0.11**	**0.32**	**0.34**	**0.62**
*) Includes shares from Performance Share Plan (PSP).					