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

10 May 2022

CEO David Rönnberg
CFO Toni Rannikko

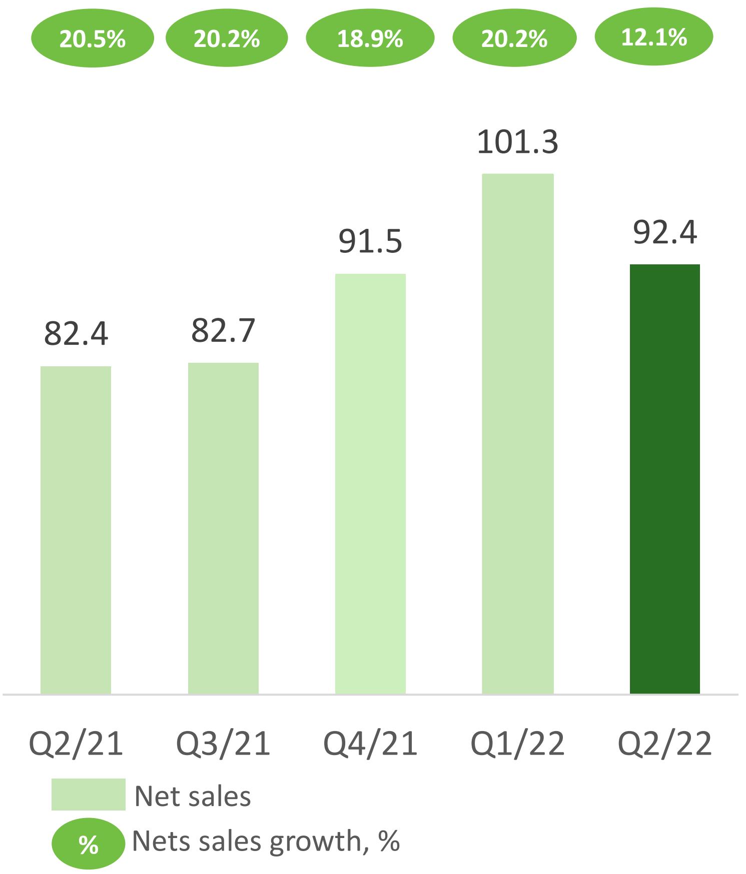
Solid first half – on track with the long-term targets

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

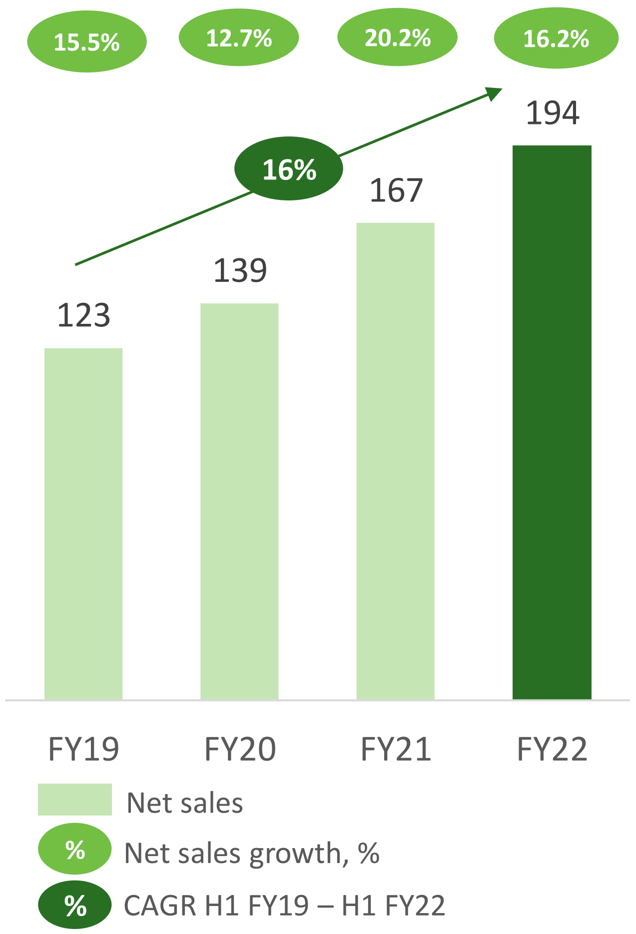
- Group net sales increased 16.2% in H1 to EUR 193.8 million (166.7 million). In Q2, group net sales totaled EUR 92.4 million (82.4 million), an increase of 12.1%.
- Like-for-like sales growth was 6.9% in H1 and 4.5% in Q2.
- In H1 adjusted EBITDA increased by 17.4% to EUR 33.8 (28.8). In Q2 adjusted EBITDA was EUR 14.0 (13.1) million, up by 6.5%. Adjusted EBITDA margin was 17.4% (17.3%) in H1 and 15.1% (15.9%) in Q2.
- Number of loyal customers increased by 12.3% to 1,372 thousand (1,222 thousand on 31 March 2021).
- Adjusted EBITA increased to EUR 20.3 (18.3) million in H1, up by 10.8%. In Q2, adjusted EBITA decreased 9.2% to EUR 7.0 (7.7), mainly due to periodization of volumes between first and second quarter and growing our network. Adjusted EBITA margin was 10.5% (11.0%) in H1 and 7.6% (9.3%) in Q2.
- Net cash flow from operating activities totaled EUR 18.5 million (EUR 29.9 million) in H1 and EUR 5.3 million (EUR 14.0 million) in Q2. Cash flow was burdened during the quarter by net working capital increasing by EUR 19.2 million mainly due to EUR 16.2 million higher inventory than in the comparison period. Higher inventory enabled 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 paid to the shareholders in the quarter.

Musti growth trend is steady

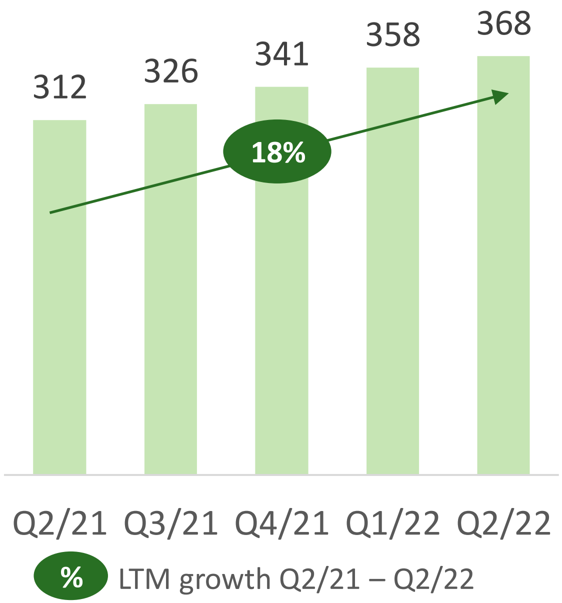
Quarterly net sales, EUR million



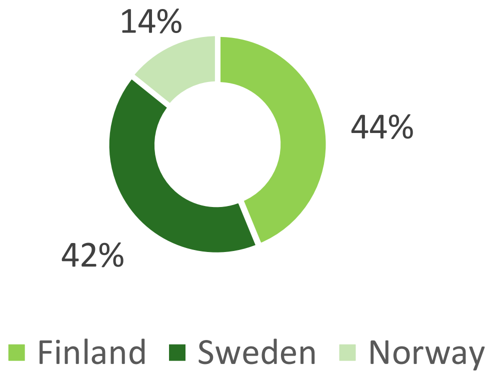
H1 net sales, EUR million



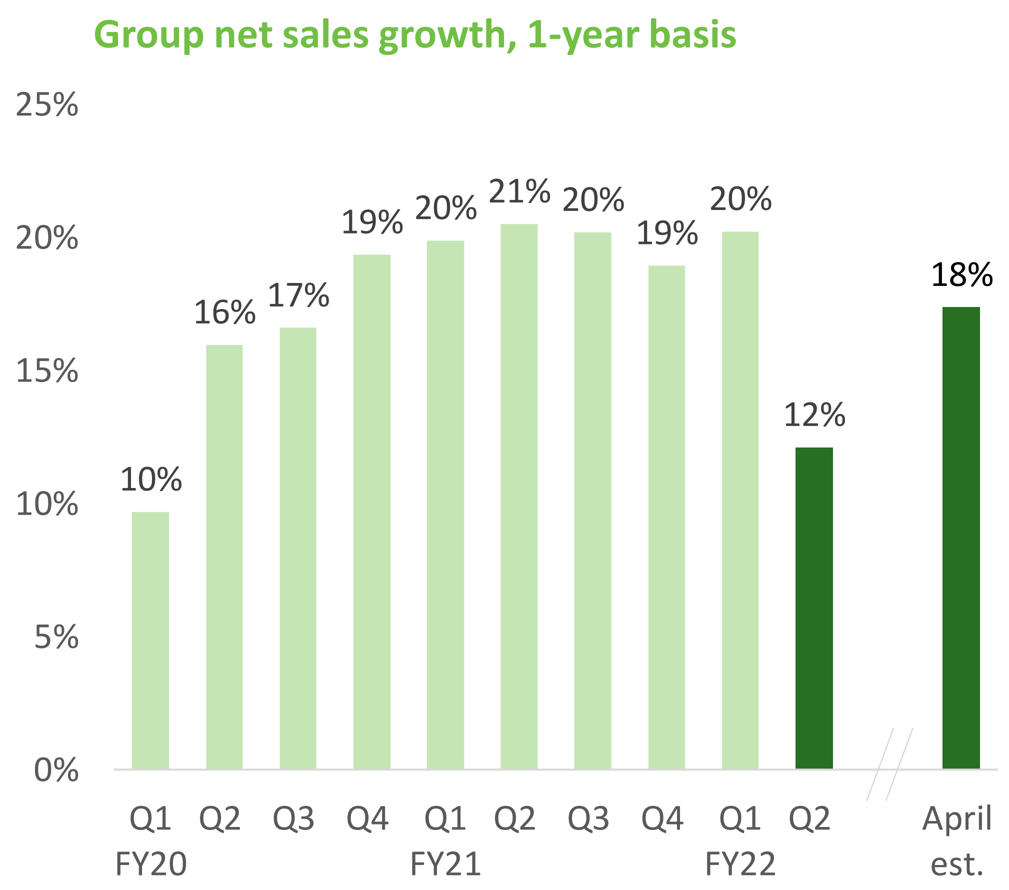
Net sales: rolling 12 months

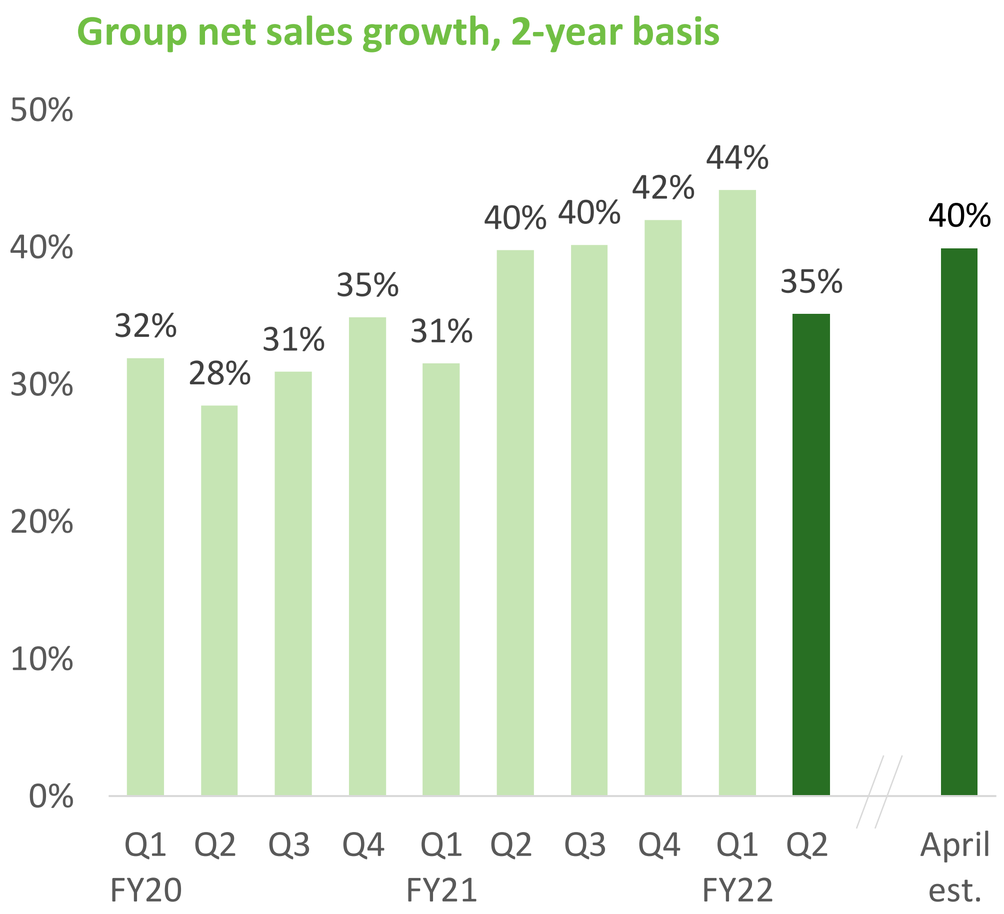


Net sales by segment in Q2/2022



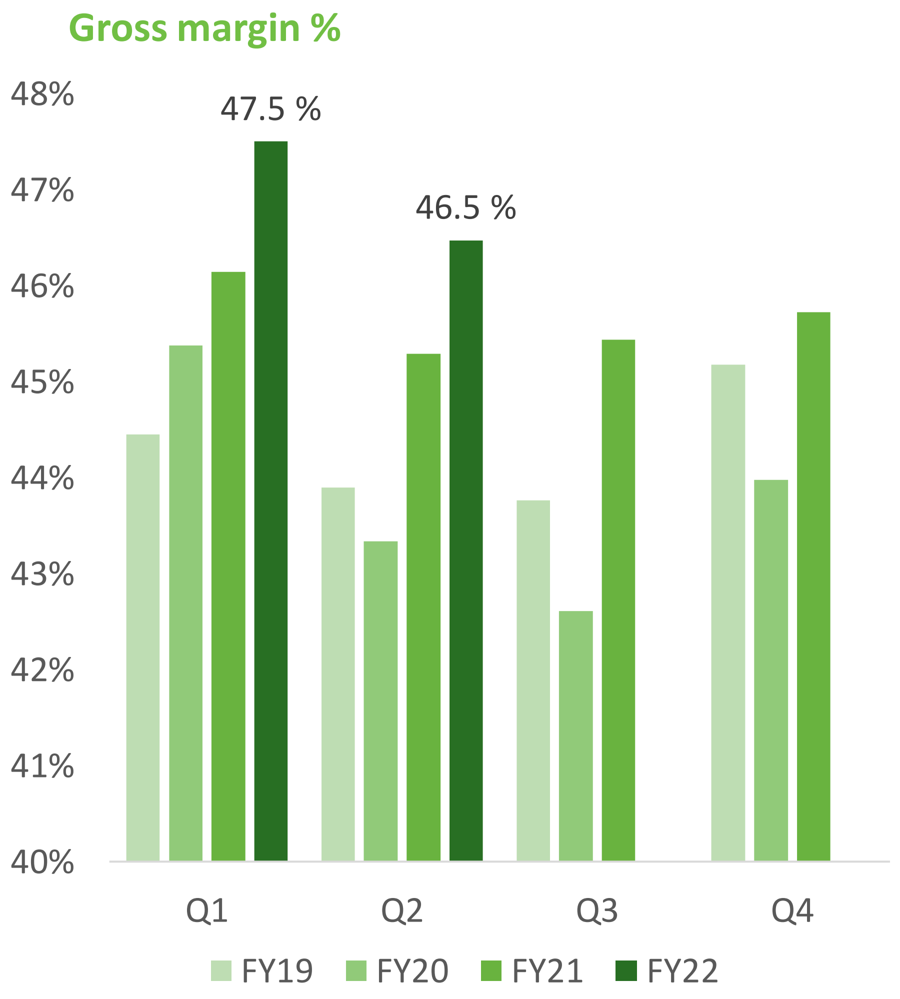
Weaker consumer confidence affected Q2 demand temporarily, from mid-March saw a return to normal levels

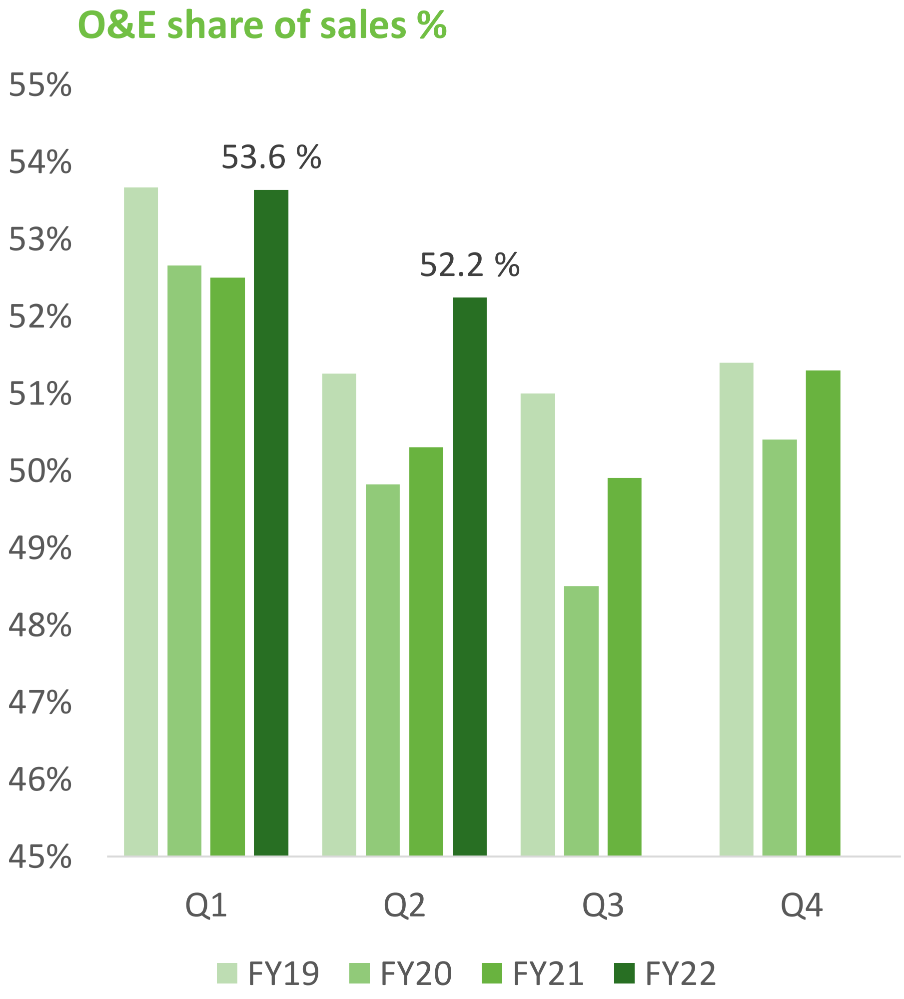




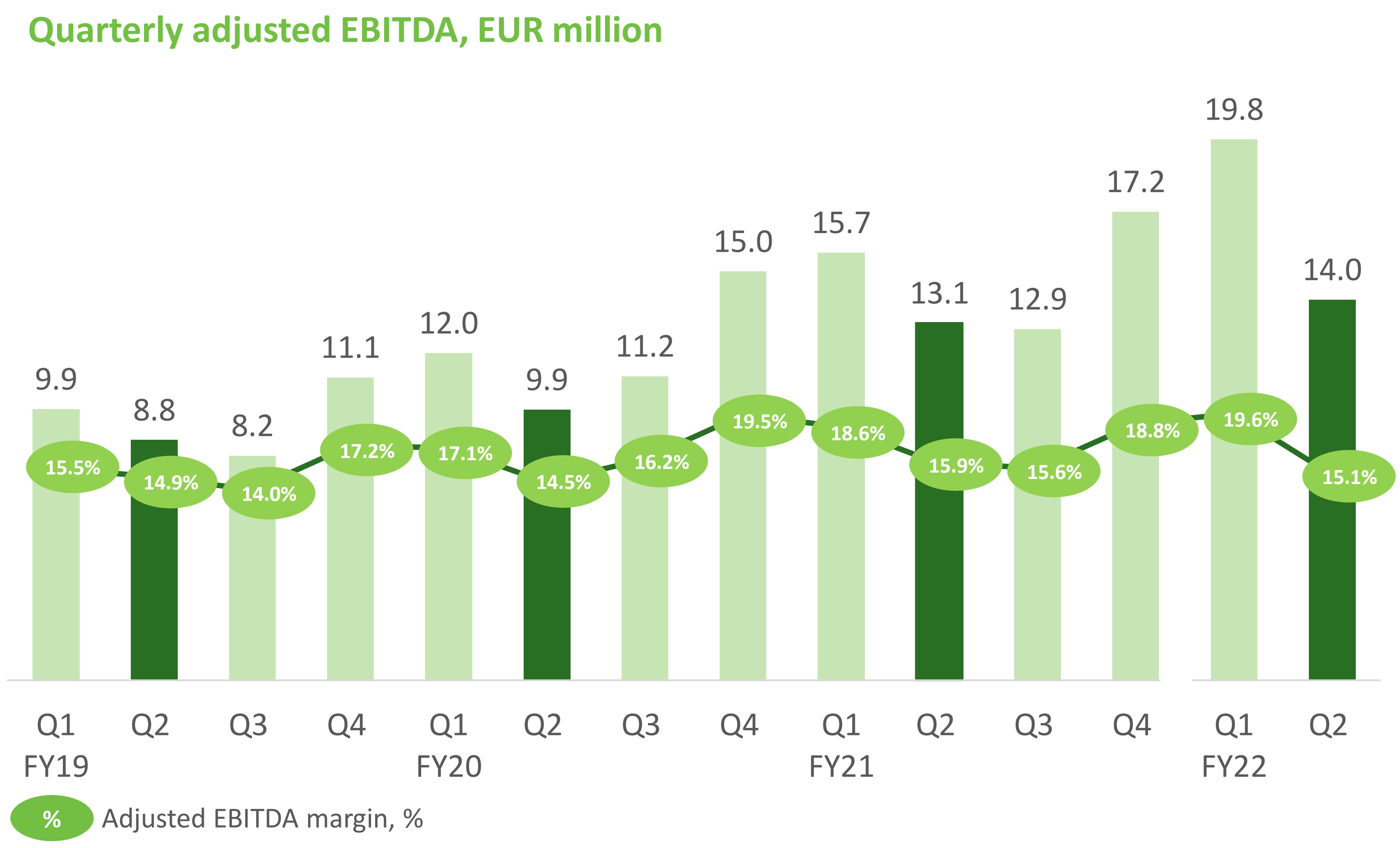
Gross margin and share of O&E products are strong

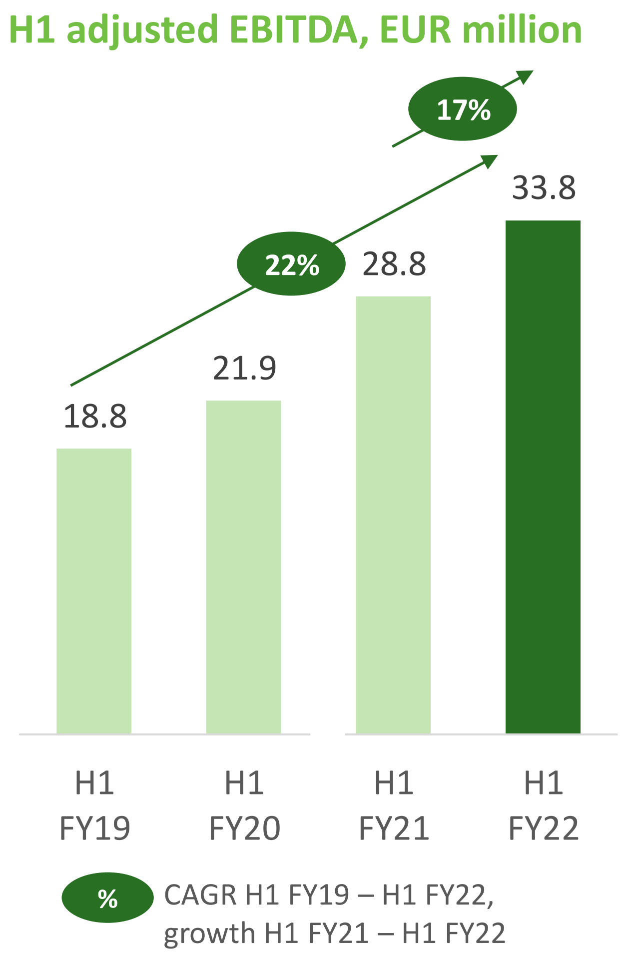
- Gross margin increased to 46.5% (45.3%) in Q2
- Growth in gross margin was a result of:
  - Increased share of sales of O&E products
  - Successful campaign pressure
  - Increased gross margin in the pureplay
  - Net effect of price adjustments
- The positive development was slightly burdened by increased freight costs.





Group adjusted EBITDA increased to EUR 33.8 million in H1/22

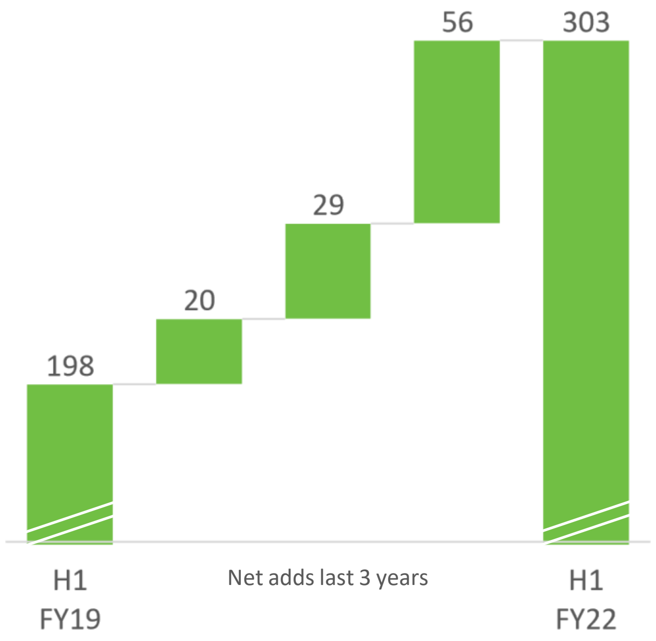




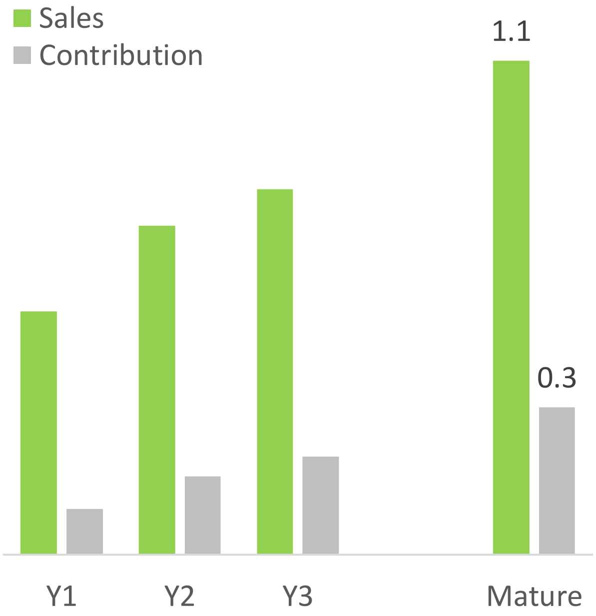
Building future growth

Omnichannel business model: 105x new stores in 3 years combined with 23% of sales generated online

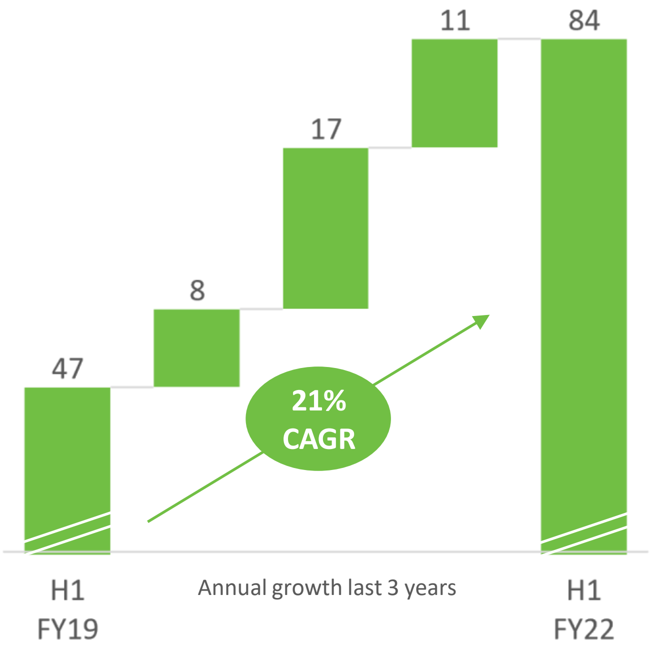
Directly operated store count



Greenfield stores ramp-up, €m



Online sales LTM €m



Network expansion of 105x over 3 years
with accelerated pace over last 12 months.
67 greenfield + 42 acquisitions – 4 mergers.

67 stores in ramp-up stage <3 years,
burdening cost and depreciation short-term
supporting long-term targets as they mature

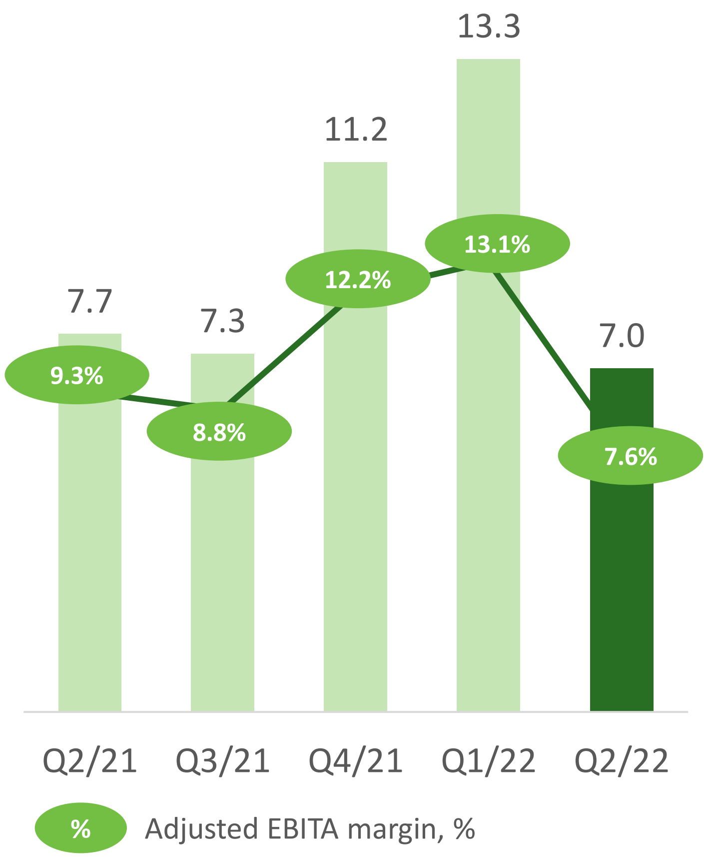
23% of sales online
Steady long term growth trend boosted
by channel shift over covid-period

Note: Ramp-up analysis is a sample including all 64 greenfield stores opened FY18 to 3/2021. Different scope from 67 post H1 FY19 as latest have not reached full 12 months and none have reached full 3 years. Mature store base includes all greenfield stores with over 4 years history and all acquisitions over 2 years.

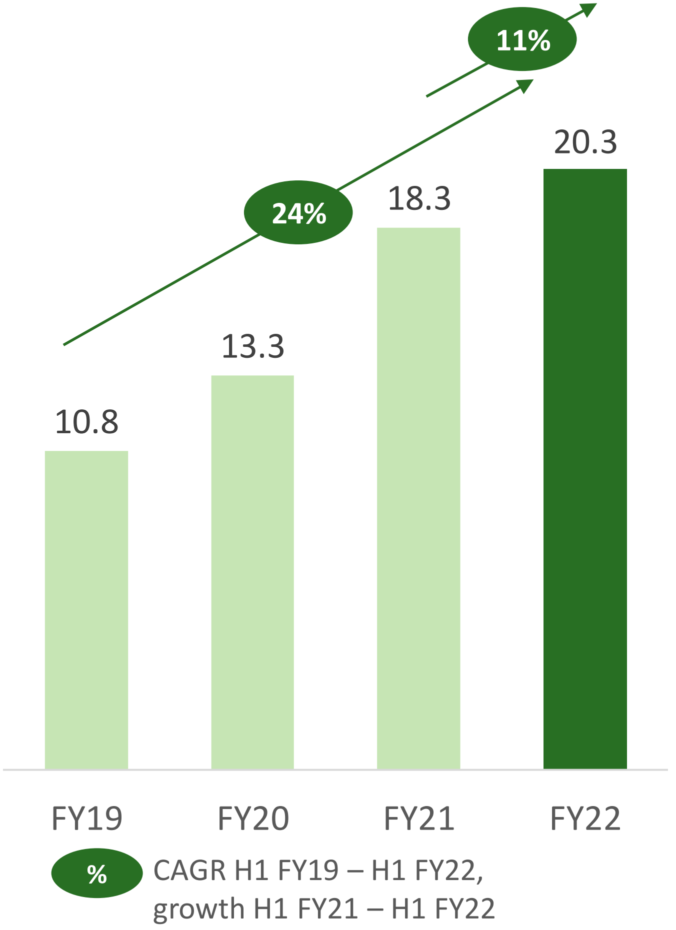
Group adjusted EBITA increased to EUR 20.3 million in H1/22

- Group's adjusted EBITA decreased by 9.2% to EUR 7.0 million (EUR 7.7 million) in Q2, mainly due to periodization of volumes between first and second quarter and growing our network.
- There were no adjustments to EBITA in Q2.
- Group's adjusted EBITA increased by 10.8% to EUR 20.3 million (EUR 18.3 million) in H1
- Increased pace of store openings and franchise acquisitions, adding 56 directly operated stores since March 2021, has burdened the result short-term.

Quarterly adjusted EBITA, EUR million

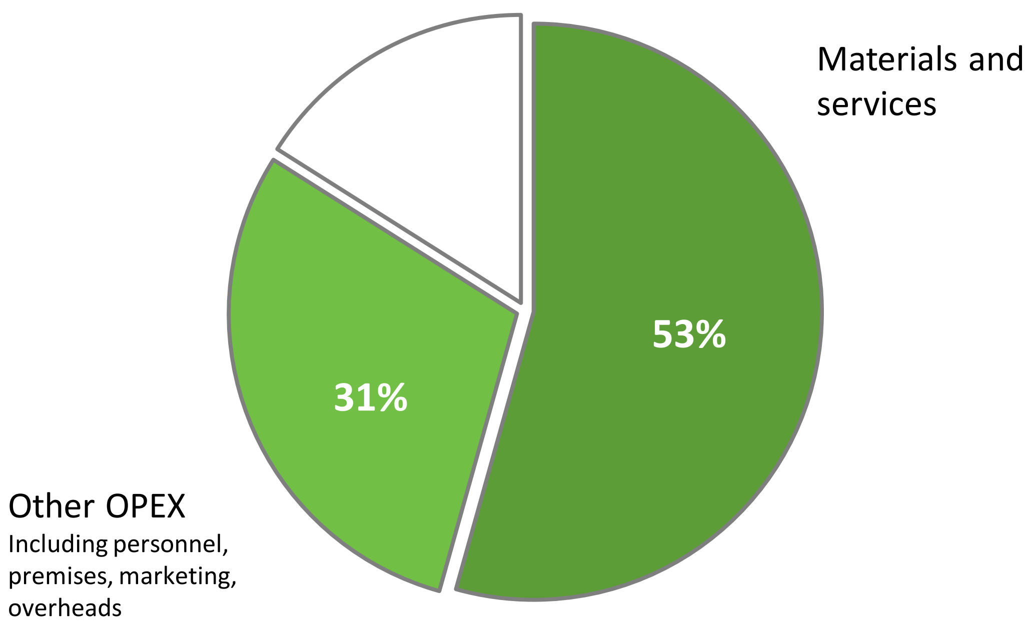


H1 adjusted EBITA, EUR million



Musti cost base provides natural hedge against inflation

Operating expenses as % of net sales H1 FY22



Dynamics in an inflationary macro environment

Pet business has proved resilient

- Large share of non-discretionary staples, >50% food and cat litter where consumers are brand loyal

Purchases supported by GM and O&E

- Musti scale provides leverage in price re-negotiations
- High share of own and exclusive products provides pricing power

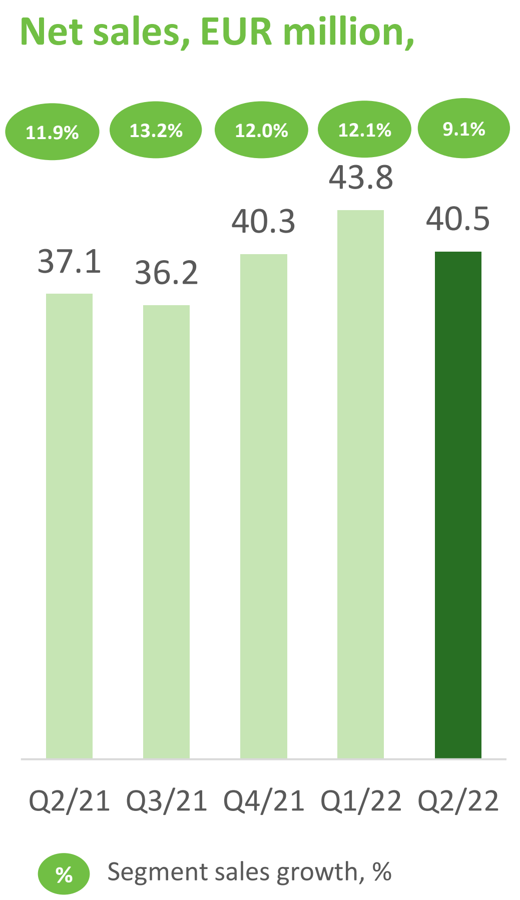
Fixed cost provides hedge

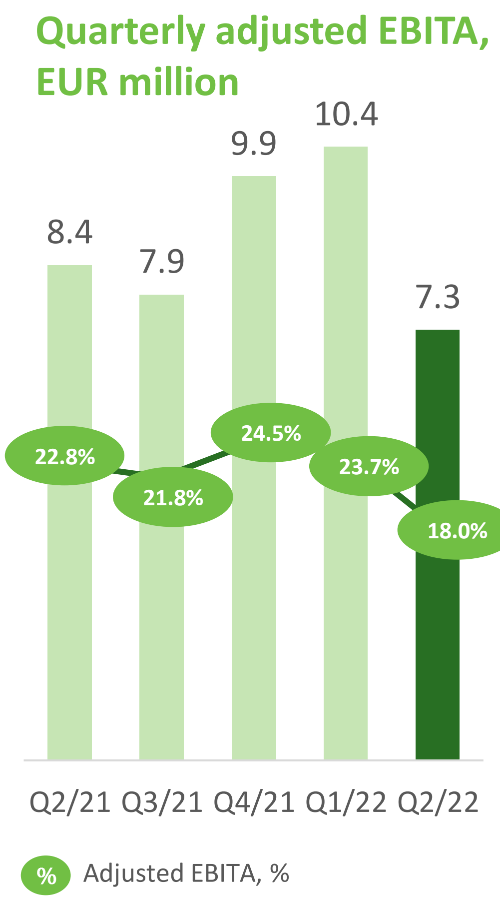
- Approximately 1/3 of the cost structure is fixed in nature, providing shield against product inflation
- Personnel and premise costs in Nordics have had lower inflation

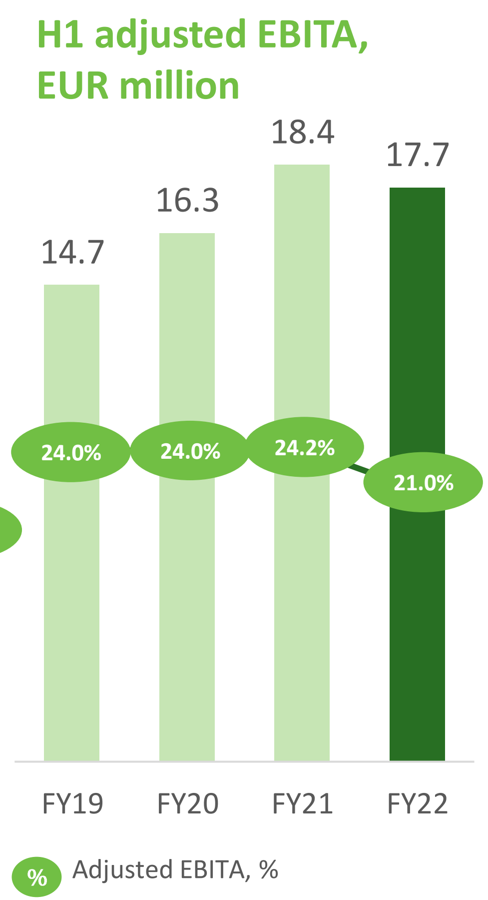
Segments

Finland: Net sales in Finland increased by 9.1% to EUR 40.5 million in Q2

- Net sales in Finland increased by 9.1% to EUR 40.5 million (EUR 37.1 million) in Q2 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, offset by increased uncertainty in the economic environment affecting the consumer behavior.
- Adjusted EBITA decreased by 13.8% to EUR 7.3 million (EUR 8.4 million) in Q2. 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.
- Adjusted EBITA margin was 18.0% (22.8%).
- During Q2, one directly operated store was opened in Finland and during H1, six directly operated stores were opened.







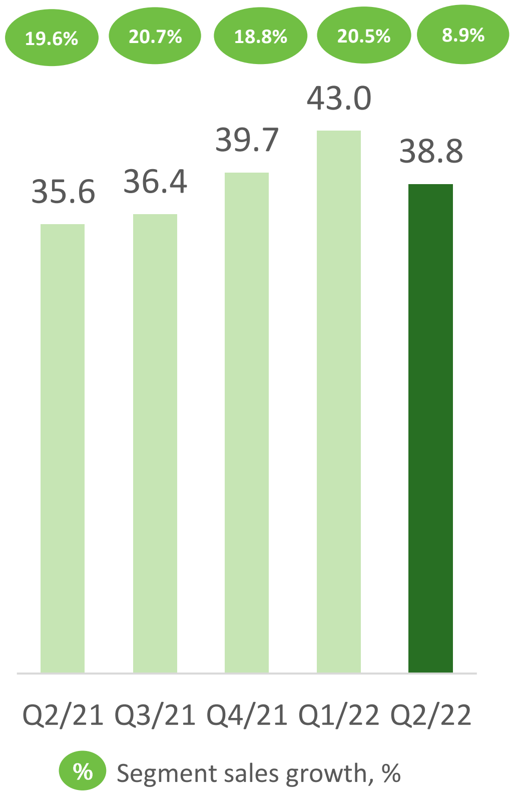
Adjusted EBITDA %	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22
Finland	28.2 %	27.5 %	30.0 %	29.2 %	24.3 %

H1/19	H1/20	H1/21	H1/22
29.5 %	29.5 %	29.5 %	26.9 %

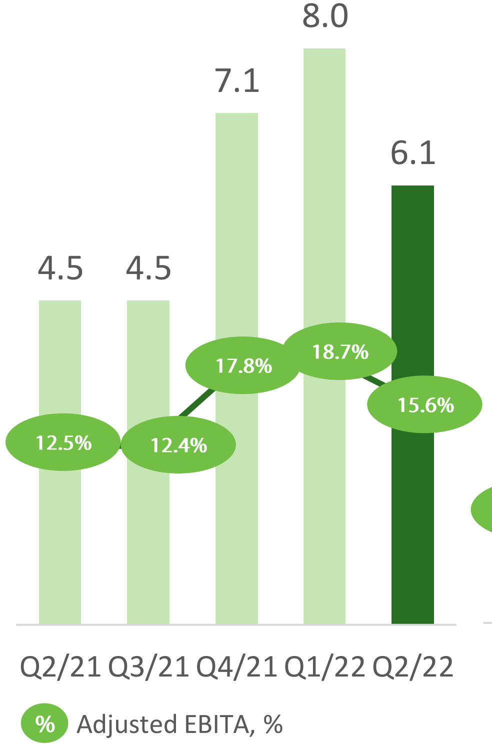
Sweden: Strong sales and profitability

- Net sales in Sweden increased by 8.9% to EUR 38.8 million (EUR 35.6 million) in Q2 driven by improved like-for-like growth of 7.6% and new stores opened and 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.
- 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. 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.

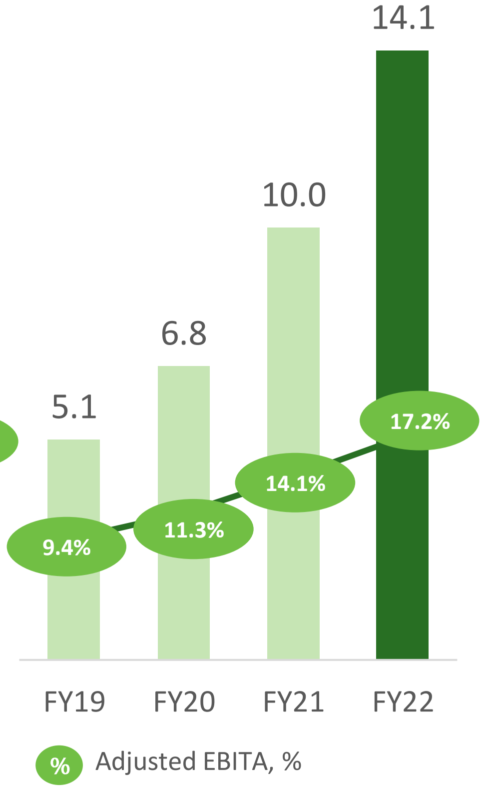
Net sales, EUR million,



Quarterly adjusted EBITA, EUR million



H1 adjusted EBITA, EUR million



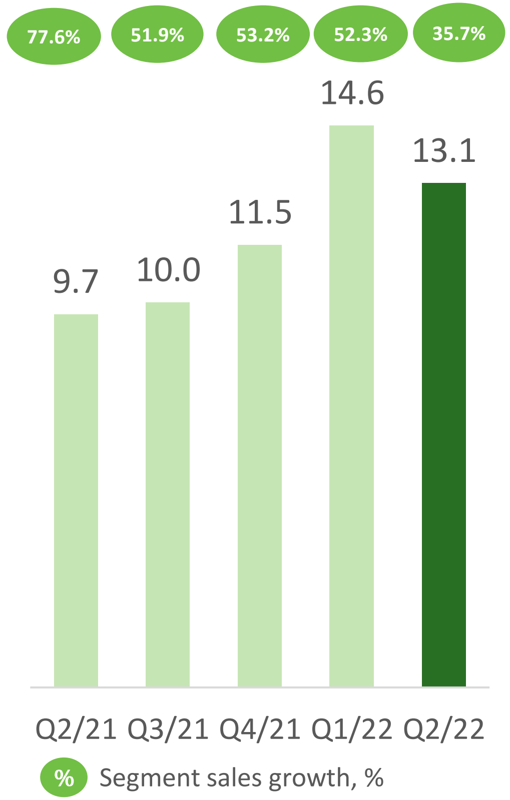
Adjusted EBITDA %	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22
Sweden	18.2 %	18.7 %	23.3 %	24.3 %	22.2 %

H1/19	H1/20	H1/21	H1/22
15.1 %	16.4 %	19.6 %	23.3 %

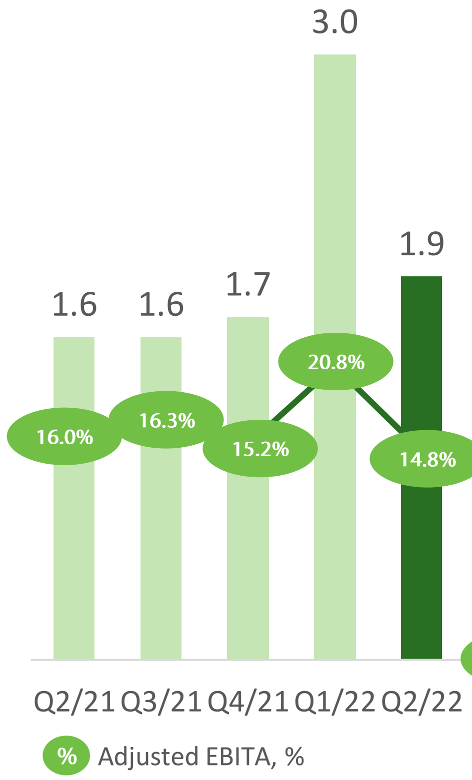
Norway: Net sales in Norway increased by 35.7% to EUR 13.1 million in Q2

- Net sales in Norway increased by 35.7% to EUR 13.1 million (EUR 9.7 million) in Q2, 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.
- Strengthened NOK exchange rate in Q2 compared to Q2 FY21 had a EUR 0.7 million positive impact on sales.
- Adjusted EBITA increased by 25.0% to EUR 1.9 million (EUR 1.6 million) driven by operating leverage and increased store efficiency. EBITA was somewhat burdened by salary inflation and increased premise cost compared year on year.
- Adjusted EBITA margin was 14.8% (16.0%).
- During Q2, two directly operated stores were opened and during H1, six directly operated stores were opened in Norway.

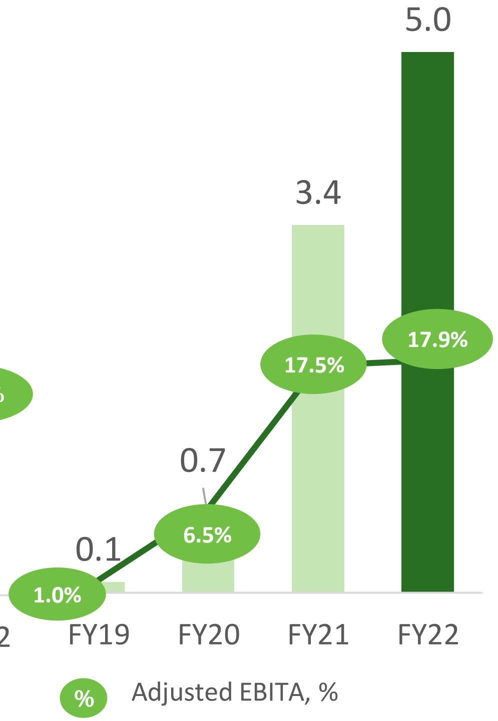
Net sales, EUR million



Quarterly adjusted EBITA, EUR million



H1 adjusted EBITA, EUR million



Adjusted EBITDA %	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22
Norway	24.0 %	24.7 %	23.2 %	27.7 %	23.5 %

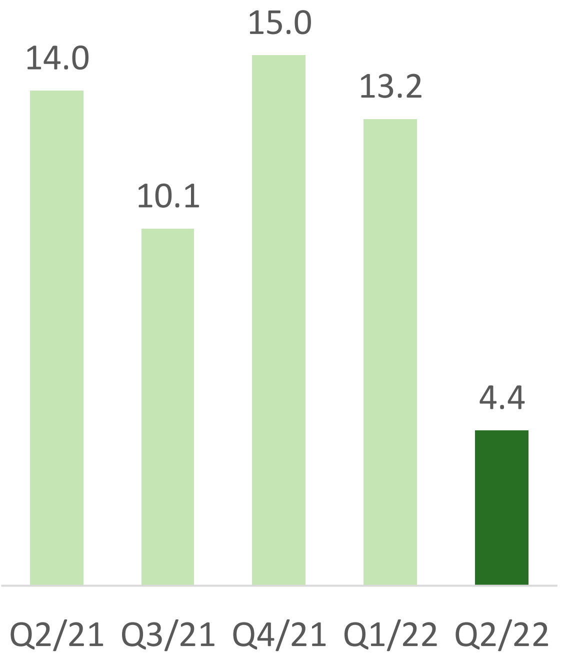
H1/19	H1/20	H1/21	H1/22
12.0 %	16.5 %	25.3 %	25.7 %

Financial position

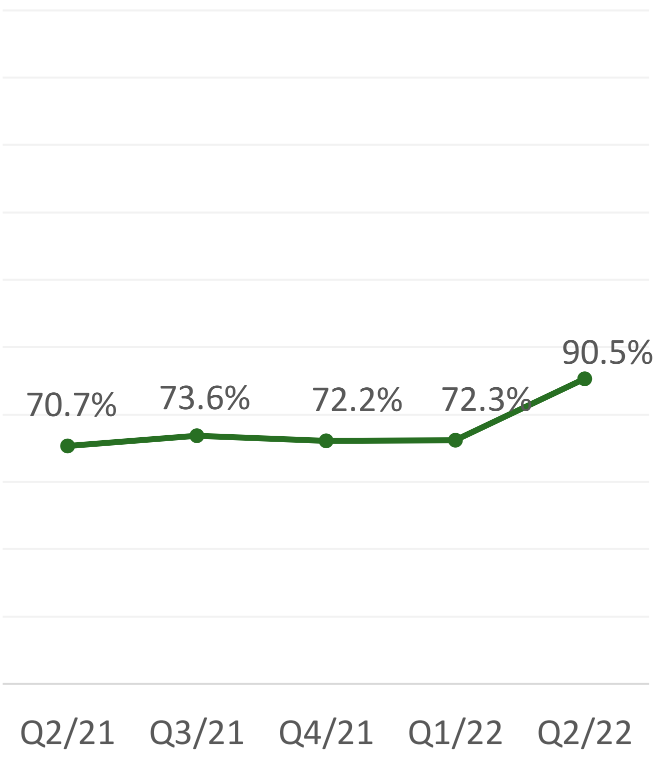
Cash flow was temporarily affected due to securing availability and paying capital returns

- In Q2, net cash flow from operating activities totaled EUR 5.3 million (EUR 14.0 million). Cash flow was burdened during the quarter by net working capital increasing by EUR 19.2 million mainly due to EUR 16.2 million higher inventory than in the comparison period. Higher inventory enabled 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 paid to the shareholders in the quarter.
- Gearing at the end of the reporting period was 90.5% (30 September 2021: 72.2%)
- Net debt amounted to EUR 138.5 million (30 September 2021: EUR 113.3 million).
- Net debt in relation to LTM adjusted EBITDA was 2.2x.
- Cash and cash equivalents at the end of the period amounted to EUR 4.4 million (30 September 2021: EUR 13.0 million).
- In Q2, investments amounted to EUR 6.3 million (EUR 4.2 million).

Cash flow from operating activities, EUR million



Gearing, %



Group long-term financial targets unchanged

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

Growth	**Net sales to reach at least EUR 500 million** by the financial year 2024 **by continuation of strong customer acquisition momentum and increasing share of wallet.**
Profitability	Mid- to long-term **adjusted EBITA margin of at least 13 per cent with steadily improving profile.** Margin increase is expected to be realised through steady gross margin and improving operating leverage.
Capital structure	**Maintain net debt in relation to adjusted EBITDA below 2.5x** in the long term.
Dividend policy	**To pay a dividend corresponding to 60-80 per cent of net profit.** Any potential dividend shall take into account acquisitions, the company's financial position, cash flow and future growth opportunities.

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

Summary

- Solid first half of Musti for financial year 2022: Net sales growth 16% and EBITDA growth 17%.
- Strong and seasonally important first quarter turned into a turbulent second quarter.
- April top-line growth continues the momentum seen since 2020 with a 2-year growth of 40%.
- Strong expansion pace burdens short-term profitability yet supports reaching long term targets as those stores mature.
- Continuously improving gross margin, supported by O&E strategy.
- Pet sector has proved resilient in tougher times, momentum continues strong,
- On track with the long-term financial targets.

More information

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Twitter **@MustiGroup**

Interim Report for October 2021 – June 2022 will be published on **9 August 2022**.

Thank you!

Appendix

Musti Group – the leading Nordic pet care specialist

Leading Nordic pet care specialist
#1 in Nordics,
25% market share[1]

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

Omnichannel business model[2]
324 stores, 23.6% of net sales generated through online channel in Q2/22

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

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

High quality O&E assortment
Strong O&E brand portfolio,
52% of product sales in own channels in Q2/22

Source: Company information, a study ordered by the company from an international consulting company. Note: Financial Year Ended 30 September. [1]2020 market share for Nordic pet food and products market; Musti's market share is based on FY21 consumer sales (including sales from franchisees). [2]Omnichannel represents physical stores and online.

Strategic focus on Pet Parents across the Nordic countries

We know pets. Pets know us.

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

	Finland	Sweden	Norway
	Stable development as the most mature country	Further expansion and convergence in efficiency towards Finnish levels	Store rollout with strong ramp up and increasing country profitability
	140 stores	128 stores	56 stores
Store Banner	Musti ja Mirri	ARKEN ZOO	Musti
Omni Banner	Musti ja Mirri	ARKEN ZOO	Musti.NO
Online Banner	PetenKoiratarvike.com	VetZoo	VetZoo

Musti offers the winning concept geared towards modern Pet Parents

Trusted expert advice

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

High quality offering

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

Omnichannel business model

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

Growing suite of services

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

Musti Group ecosystem – All you need is Musti

LOYALTY CLUB

BREEDER CLUB · PUPPY CLUB · PUPPY DATES

PET SPA
TRAINING
VET CARE
INSURANCE

PET EXPERTISE

1.3 million Friends of Musti

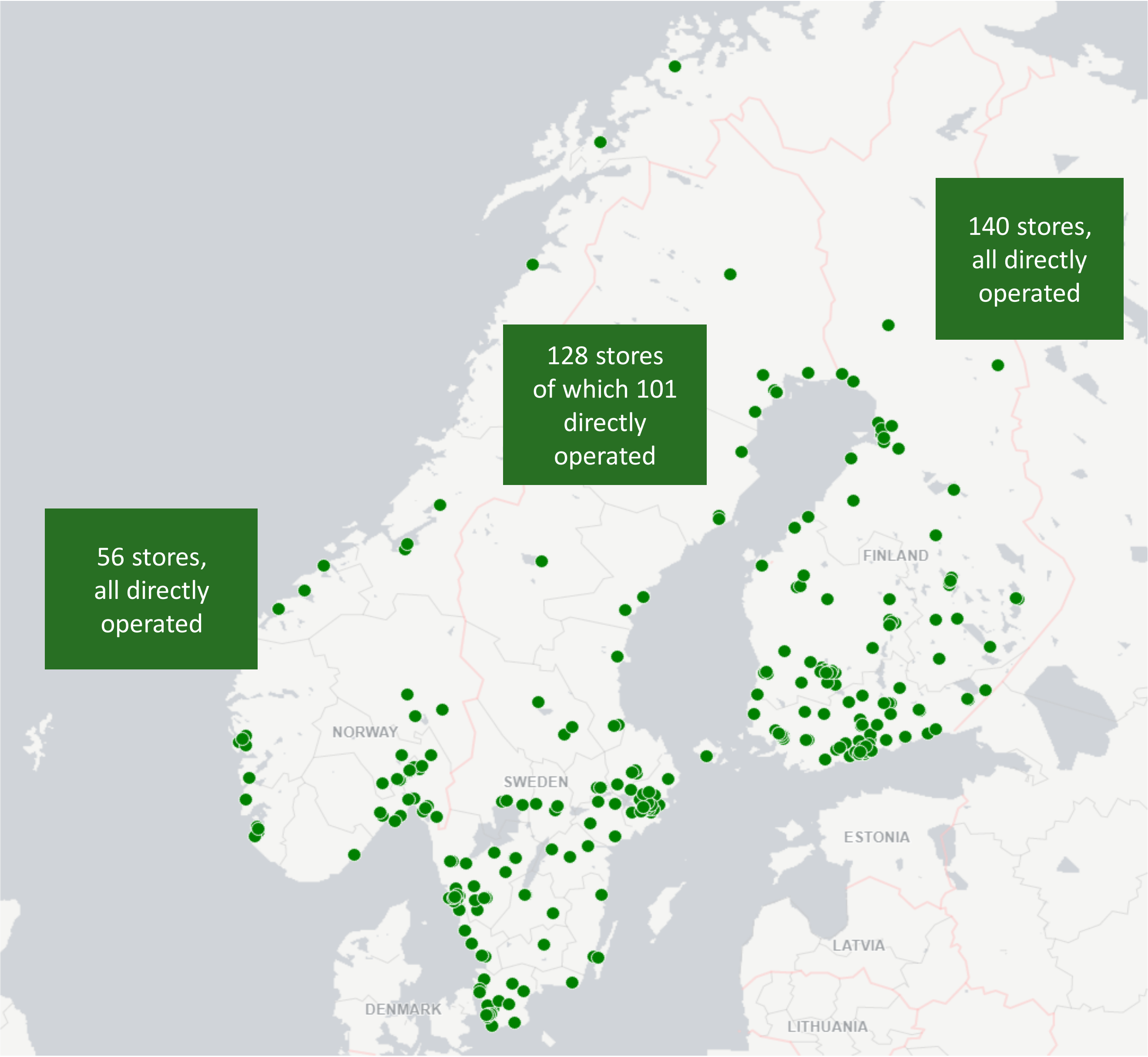
PREMIUM FOOD
ACCESSORIES
CONVENIENT SHOPPING
FAST DELIVERIES

TRUSTED EXPERT ADVISE

Trusty
The Musti responsibility approach

Musti Group has 1.4 million loyal customers

- Number of loyal customers grew to 1,372 thousand by 31 March 2022 (1,222 thousand on 31 March 2021).
- On 31 March 2022 Musti Group had 324 stores, of which 303 directly operated.
- In October 2021 – March 2022, share of online sales was 22.5%.



Key figures

EUR millions or as indicated	Q2 1-3/22	Q2 1-3/21	Change%	FY2021
Net sales	92.4	82.4	12.1%	340.9
LFL sales growth, %	4.5%	11.6%		11.8%
LFL store sales growth, %	1.3%	8.6%		8.8%
Online share, %	23.6%	24.4%		23.1%
Adjusted EBITA	7.0	7.7	-9.2%	36.8
Adjusted EBITA margin, %	7.6%	9.3%		10.8%
Adjusted EBITDA	14.0	13.1	6.5%	58.8
Adjusted EBITDA margin, %	15.1%	15.9%		17.3%
Operating profit	5.4	6.1	-11.0%	28.4
Operating profit margin, %	5.9%	7.4%		8.3%
Earnings per share, basic, EUR	0.11	0.11		0.63
Net cash flow from operating activities	5.3	14.0	-62.2%	54.9
Investments in tangible and intangible assets	3.6	3.1	16.7%	12.9
Net debt / LTM adjusted EBITDA	2.2	1.9	12.1%	1.9
Number of loyal customers, thousands	1,372	1,222	12.3%	1,297
Number of stores at the end of the period	324	301	7.6%	312

Responsibility at Musti Group

Trusty

The Musti responsibility approach

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

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

THEMES

Pets and their parents	Employees	Communities
High quality and safe products and services + Satisfied and loyal customers	Thriving experts + Well-being at work	Working for the common good + Openness for new inventions

BASIS

Responsible supply chain	+	Reducing environmental impact	+	Good governance and high ethics
Suppliers committed to Musti´s requirements on responsible business practices		CO_2 emissions and energy management + Recycling and waste management		Compliance with policies and principles

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