



Half-Year Financial Report

1 October 2022–31 March 2023

4 May 2023

CEO David Rönnerberg

CFO Toni Rannikko





Solid first half of the financial year

Summary of the first half of the financial year 2023



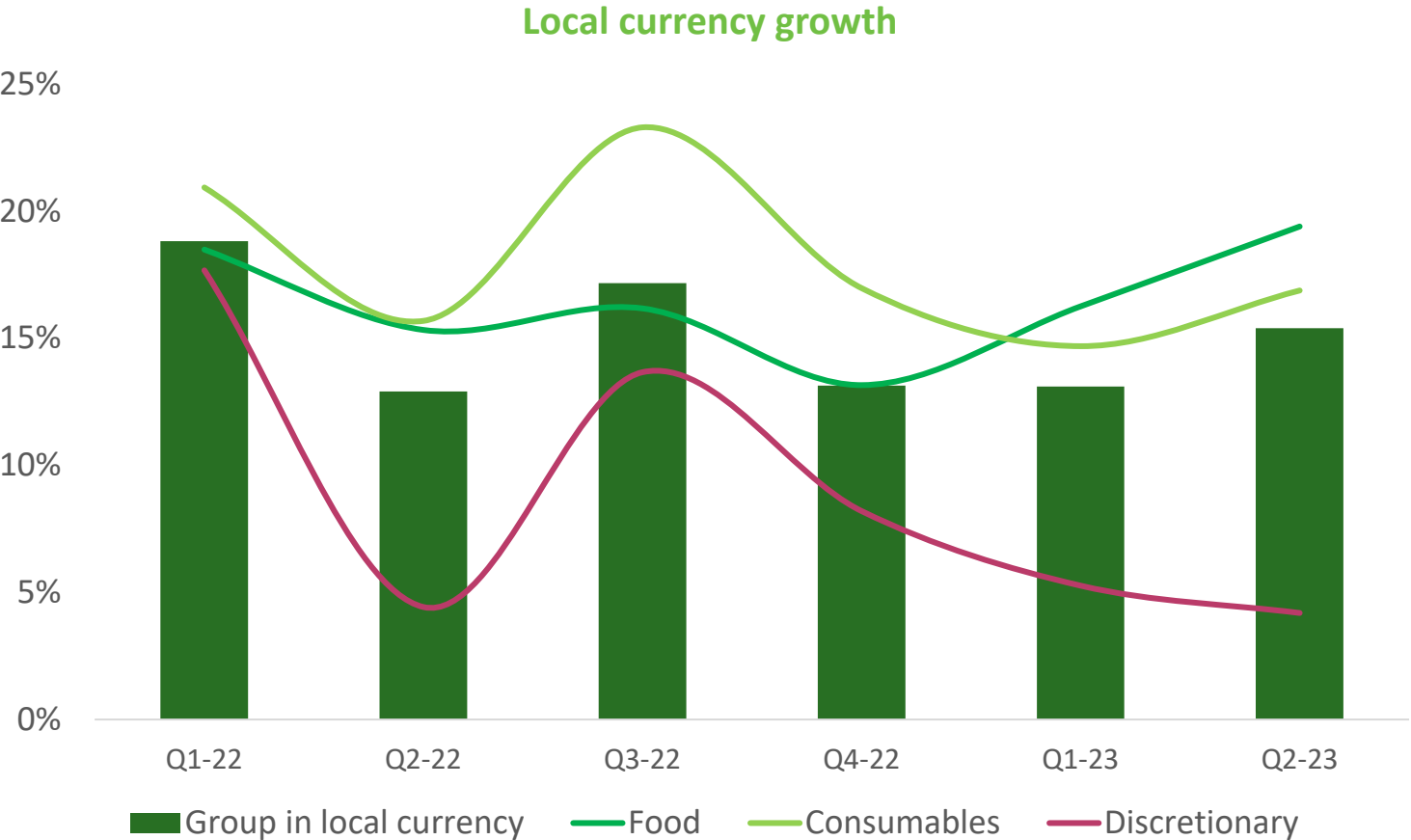
Highlights Q2/23

- Group net sales totaled EUR 101.7 (92.4) million, an increase of 10.0%.
- Group net sales growth excluding the changes in the currency exchange rates was 15.4%.
- Like-for-like growth, which is calculated in local currencies, amounted to 10.8% (4.5%).
- Adjusted EBITDA increased 19.3% to EUR 16.6 (14.0) million. The increase was due to good traffic, price increases mitigating the inflation and tight cost control, despite the inflationary environment.
- Adjusted EBITDA margin was 16.4% (15.1%).
- Adjusted EBITA increased by 27.1% to EUR 8.9 (7.0) million.
- Recent movements of the local currencies SEK and NOK had a negative impact of EUR 0.6 million on adjusted EBITA.
- Adjusted EBITA margin was 8.7% (7.6%).
- The number of loyal customers increased by 10.1% to 1,511 thousand (1,372 thousand on 31 March 2022).
- Net cash flow from operating activities was EUR 9.7 (5.3) million, up by 83.9%.

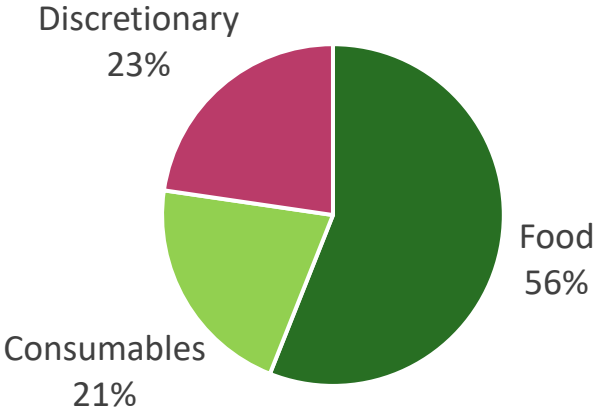


Double digit growth continues in resilient food and consumables

Discretionary categories deliver lower yet positive growth in tougher market conditions

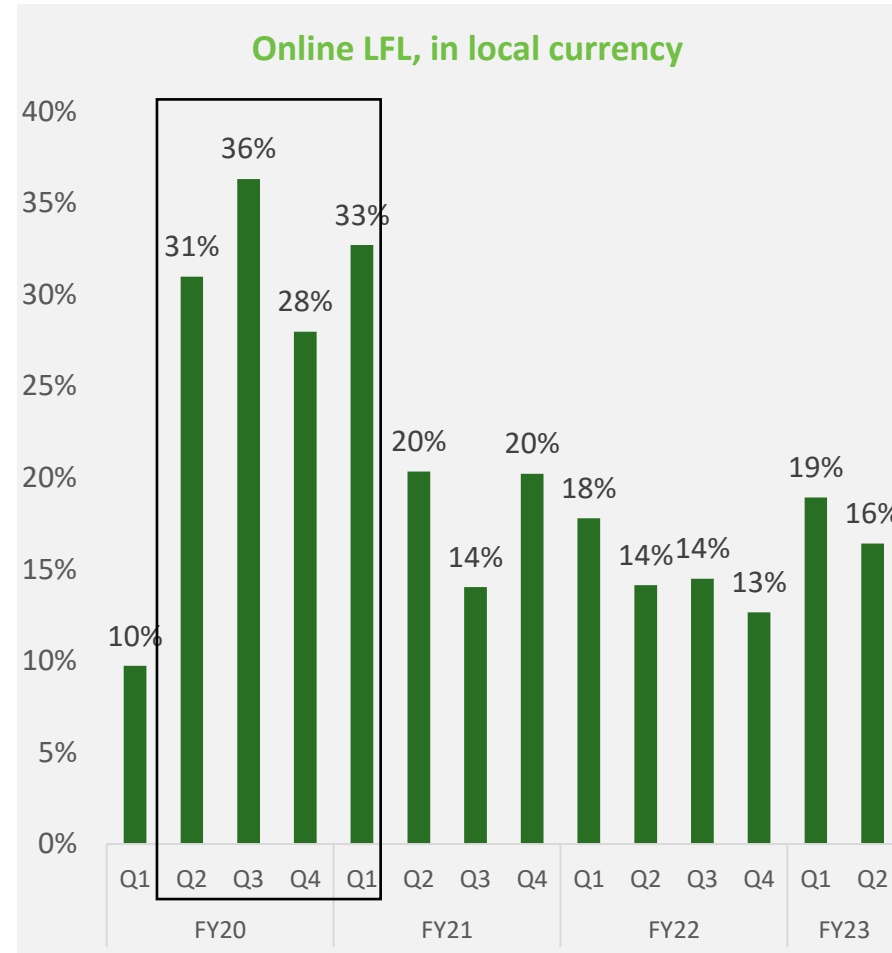
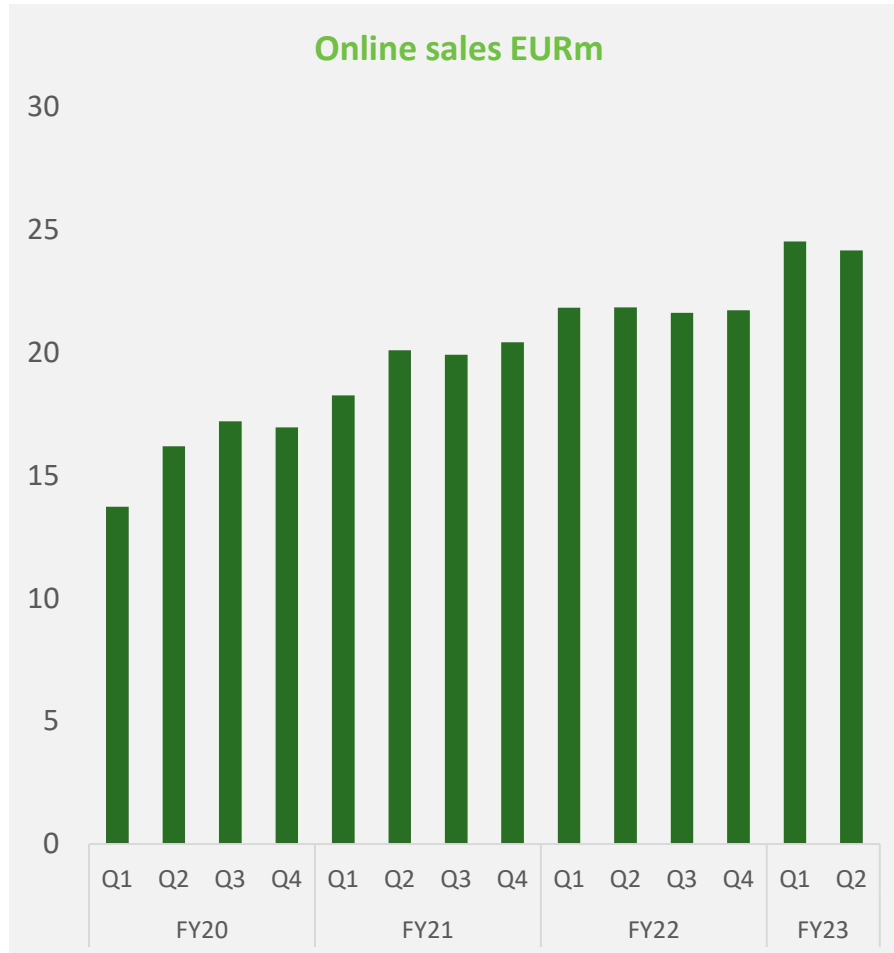


Q2/23 product sales mix



- Food represents >50% of product sales with recurring purchasing habits.
- Consumables categories including treats and hygiene have relatively steady growth.
- Discretionary accessories categories growth remains positive, against volatile comparables.

Online double digit growth continues after covid period

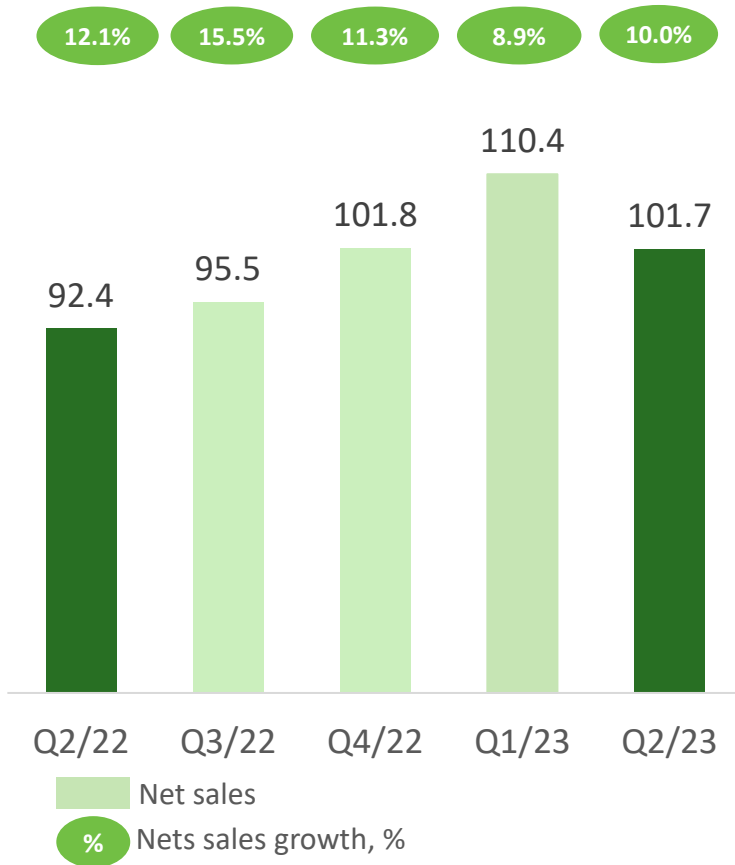


☐ 4 quarters from covid – driven channel shift

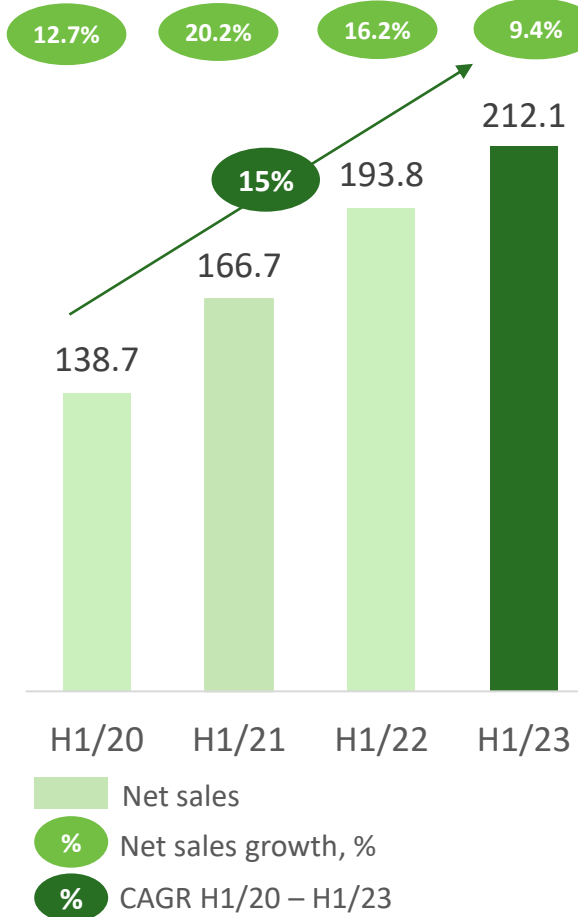
- Online channels represent 23% of sales in H1
- Strong covid channel shift from Q2 FY20
- Double digit online growth has continued after the covid period, against high comparables
- Continuous improvement in online channel profitability

Q2 net sales grew 10.0% to EUR 101.7 million, FX neutral growth 15.4%

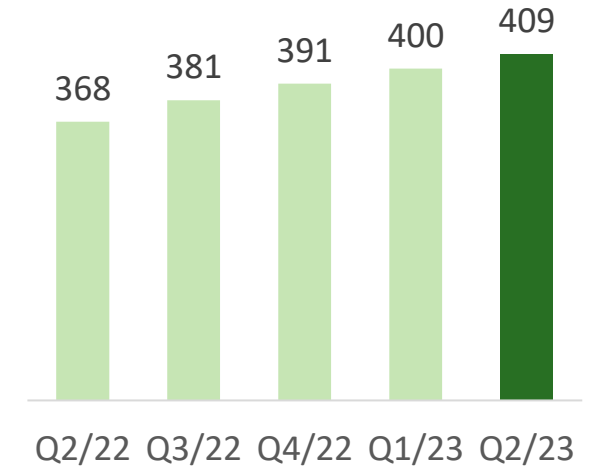
Quarterly net sales, EUR million



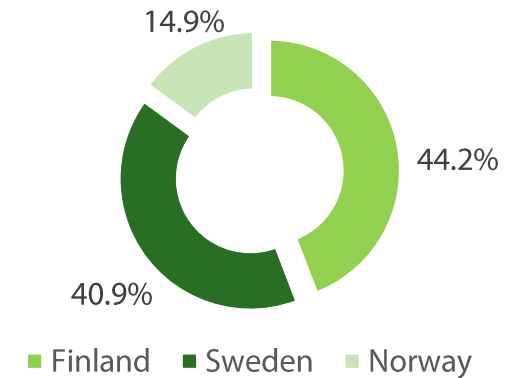
H1 net sales, EUR million



Net sales: rolling 12 months

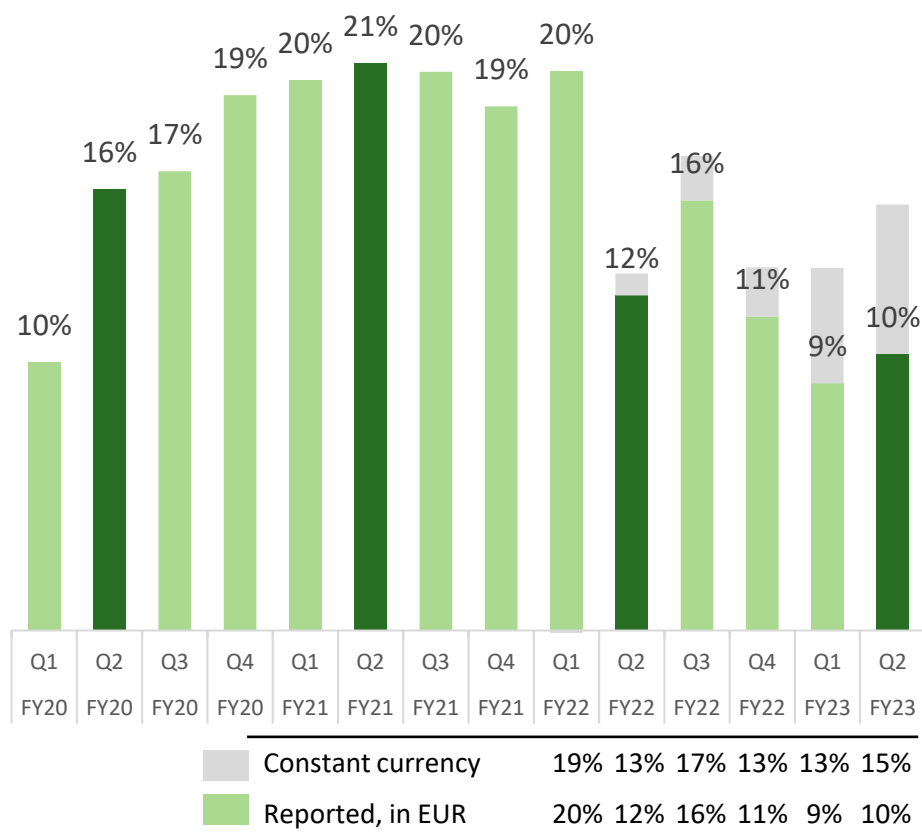


Net sales by segment in Q2/2023

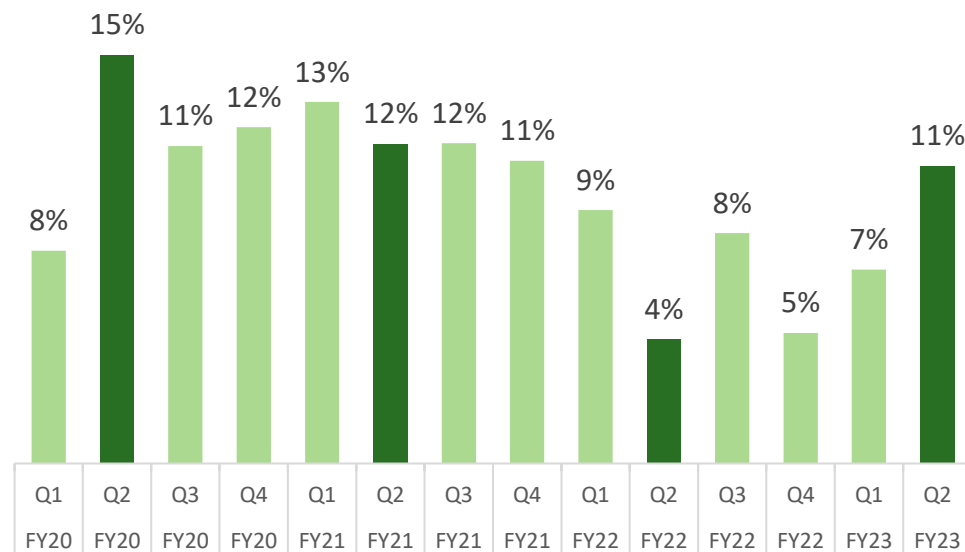


Growth 10% equivalent to 15% in constant currency, with 11% LFL

1Y growth



LFL growth (local currency)

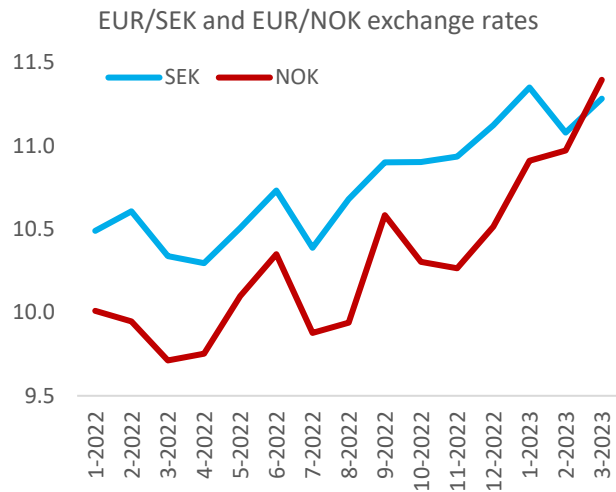


FX rate impact on EUR sales growth, Q2 [H1]

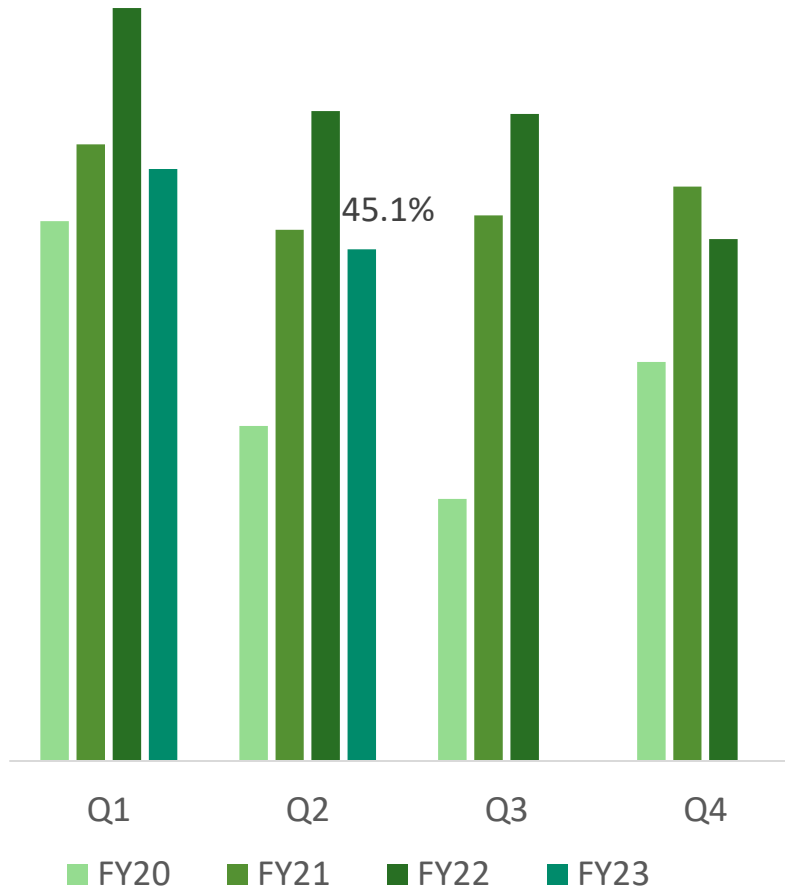
- Group: -5% [-5%]
- Sweden: -8% [-8%]
- Norway: -15% [-9%]
- Both SEK and NOK are at historically weak levels against EUR

Share of O&E products remained on a good level in Q2

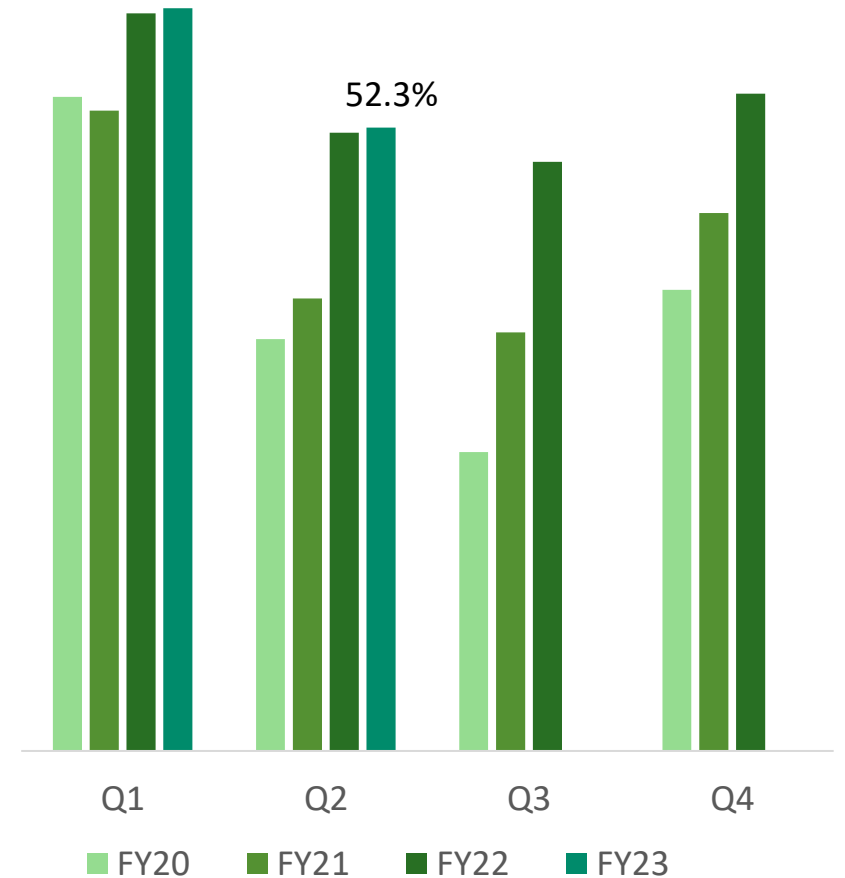
- The share of sales of own and exclusive brands remained at a good level of 52.3% (52.2%).
- Gross margin decreased to 45.1% (46.5%).
- Gross margin was severely hit by unfavorable currency exchange rate development.



Gross margin %



O&E %



Source: ECB, monthly closing rate



Acquisition of Premium Pet Food – Musti responds to increased demand for locally and sustainably produced pet food



Transaction

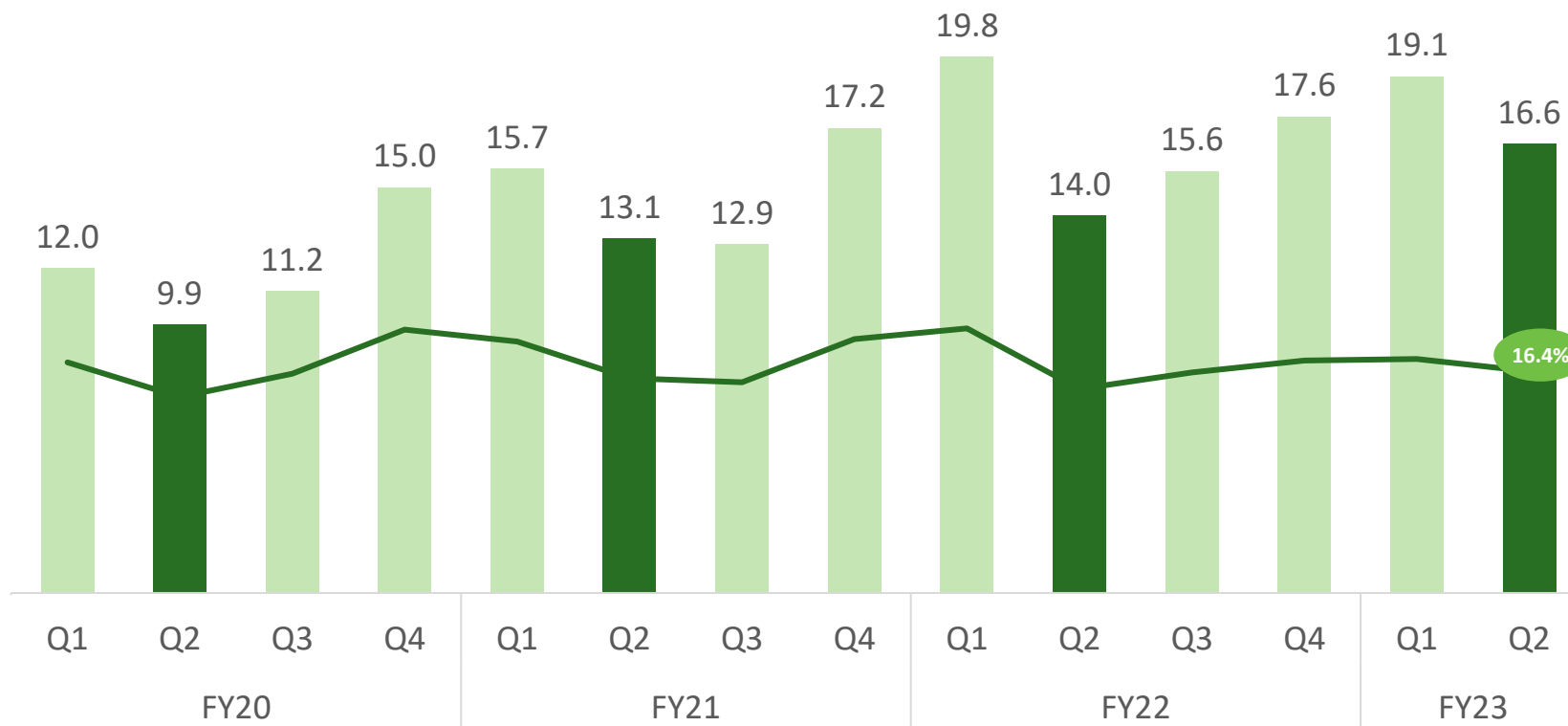
- Full ownership of the petfood factory Premium Pet Food in Lieto, Finland from 3rd April 2023. Prior to the transaction, Musti Group held 49.2% of the shares.
- Expected annualized result implication estimated approximately EUR 3 million positive with current volumes

Supportive to our strategy

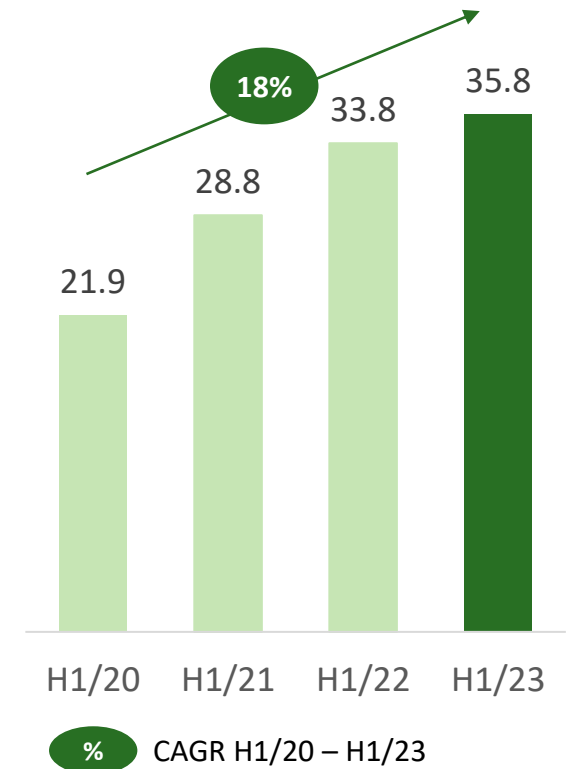
- Strengthens Musti Groups' own food brand development with integrated innovation and production
- Sustainability, all energy used in the manufacturing process is fully renewable and factory is equipped with solar panels
- Answers to increasing demand for local production as ingredients are mainly locally sourced and supply chain is transparent

Group adjusted EBITDA increased 19.3% to EUR 16.6 million in Q2/23

Quarterly adjusted EBITDA, EUR million



H1 adjusted EBITDA, EUR million



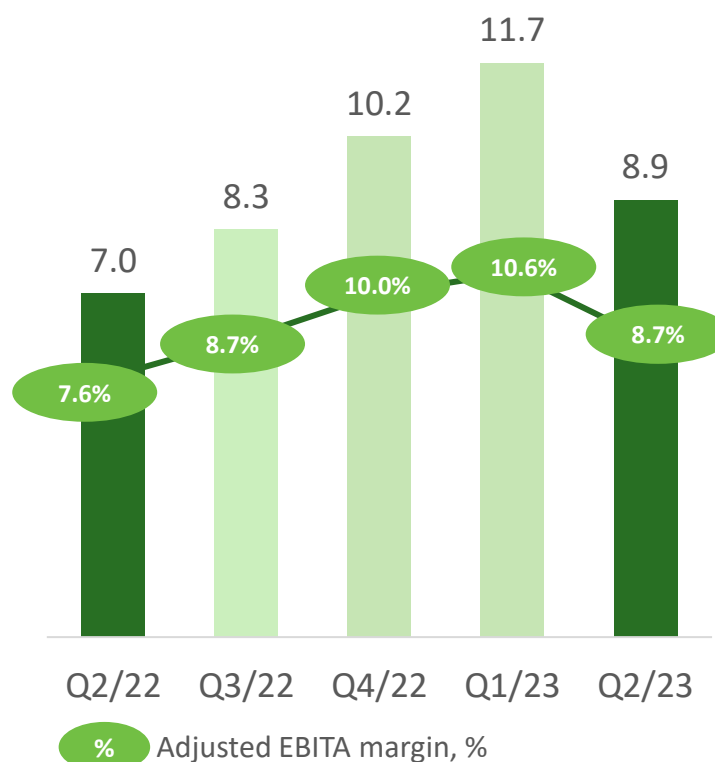
— Adjusted EBITDA margin, %



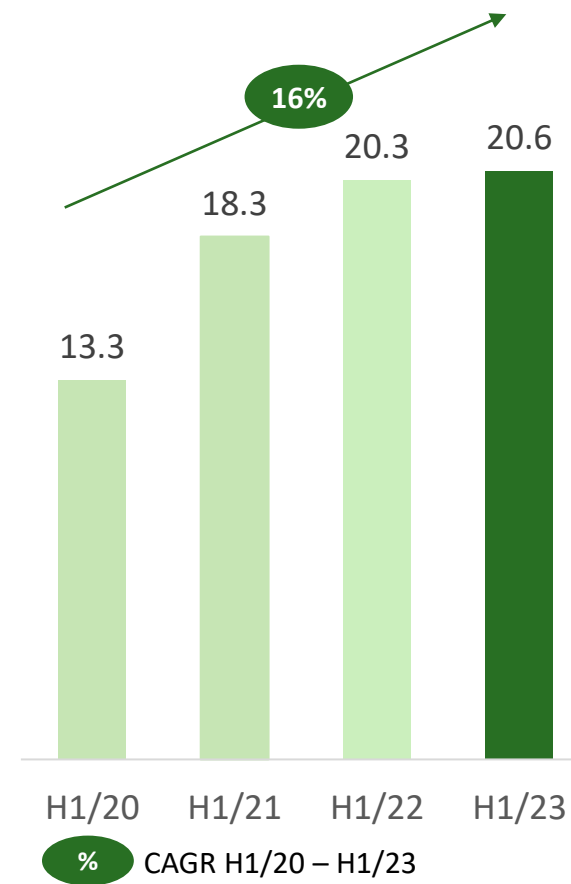
Group adjusted EBITA increased 27.1% to EUR 8.9 million in Q2/23

- Group adjusted EBITA increased by 27.1% to EUR 8.9 (7.0) million.
- The increase was due to good traffic, price increases mitigating the inflation and tight cost control, despite the inflationary environment.
- Recent movements of the local currencies SEK and NOK had a negative impact of EUR 0.6 million on adjusted EBITA.
- Inflation was mitigated by net price increases of 8% in the quarter.
- Adjusted EBITA margin increased to 8.7% (7.6%).
- Group functions cost in relation to group net sales improved to 8.0% (9.0%). The improvement was driven by the scalability achieved in the Group head office and the improved efficiency in the central warehouse.

Quarterly adjusted EBITA, EUR million



H1 adjusted EBITA, EUR million



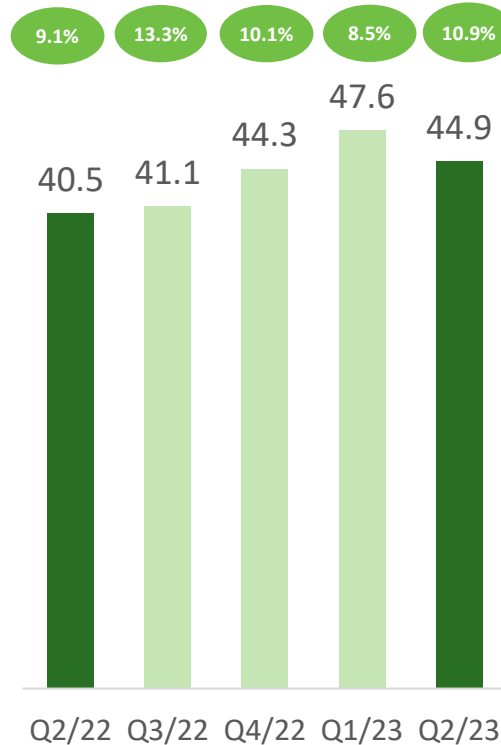


Segments

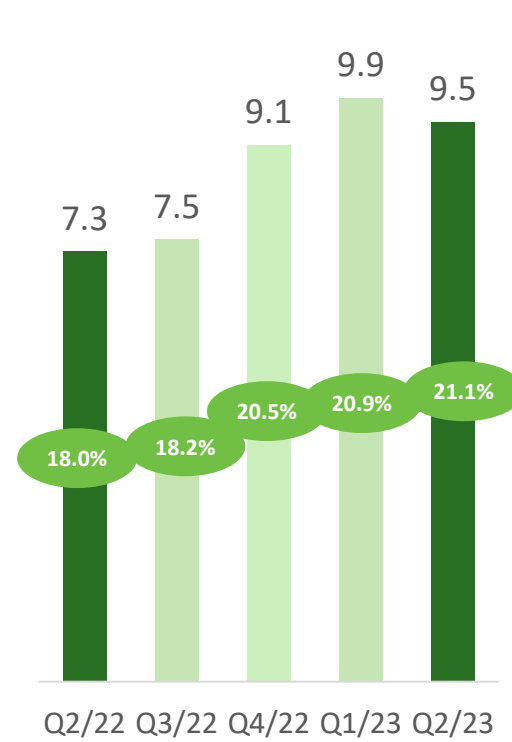
Net sales in Finland increased by 10.9% to EUR 44.9 million in Q2

- Net sales in Finland increased by 10.9% to EUR 44.9 (40.5) million.
- Sales growth was a result of strong growth in both online channels and stores underpinned by good traffic and price increases.
- Like-for-like growth was 11.8%.
- Adjusted EBITA increased by 30.1% to EUR 9.5 (7.3) million.
- Adjusted EBITA margin was 21.1% (18.0%).
- The increase in profitability was mainly due to healthy gross margin development and cost control, despite the inflationary environment.
- There were no changes in the store network during Q2.

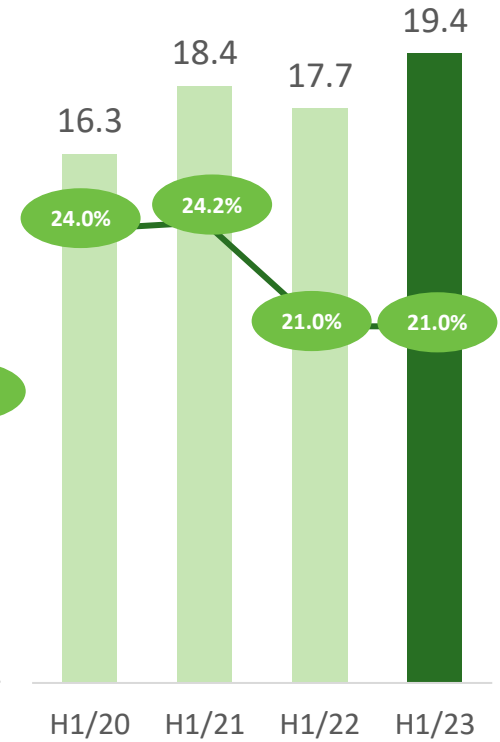
Net sales, EUR million



Quarterly adjusted EBITA, EUR million



H1 adjusted EBITA, EUR million



• Segment sales growth, %

• Adjusted EBITA, %

• Adjusted EBITA, %

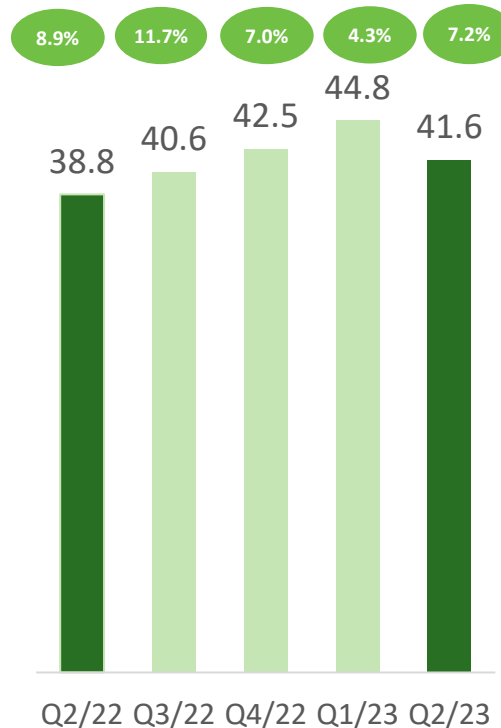
Adjusted EBITDA %	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Finland	24.3 %	24.6 %	26.5 %	26.5 %	27.3 %



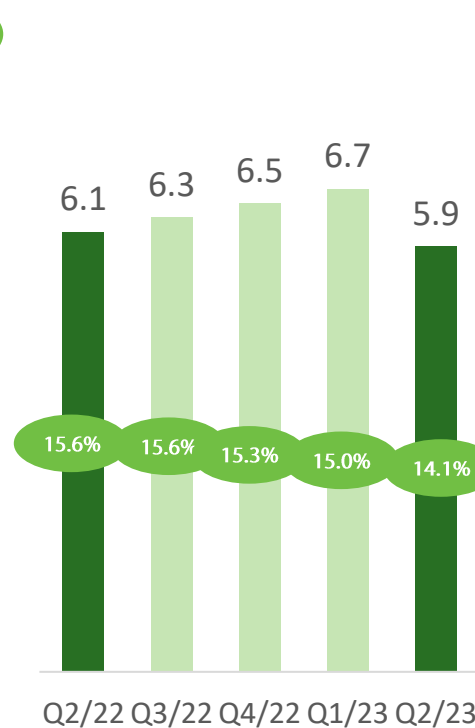
Net sales in Sweden increased by 7.2% to EUR 41.6 million in Q2, FX neutral growth 14.8%

- Net sales in Sweden increased by 7.2% to EUR 41.6 (38.8) million.
- The weakened SEK exchange rate decreased sales by EUR 3.2 million in Q2. The growth excluding the adverse effect from the currency exchange rate change was 14.8%.
- The like-for-like growth, which is calculated in local currencies, was 9.5%.
- Adjusted EBITA decreased by 3.5% to EUR 5.9 (6.1) million. The decrease was due to negative gross margin development caused by currency exchange rates.
- Adjusted EBITA margin decreased to 14.1% (15.6%).
- There were no changes in the store network during Q2.

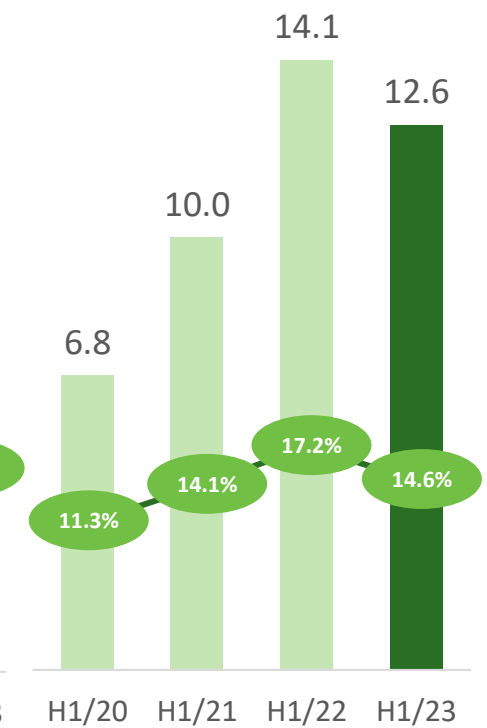
Net sales, EUR million



Quarterly adjusted EBITA, EUR million



H1 adjusted EBITA, EUR million



Segment sales growth, %

Adjusted EBITA, %

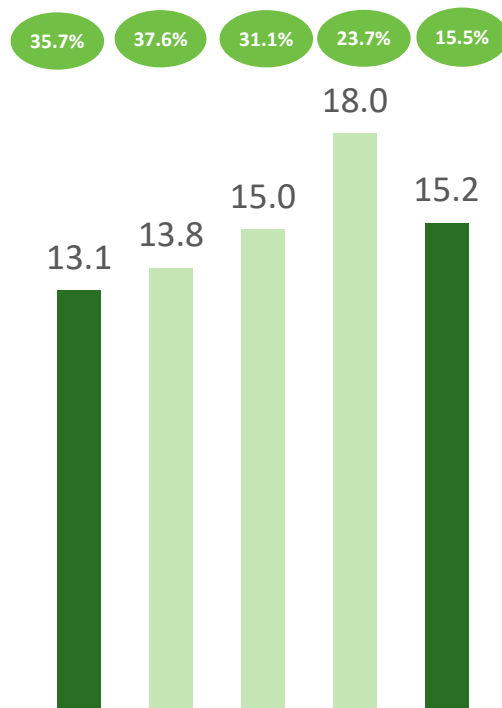
Adjusted EBITA, %

Adjusted EBITDA %	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Sweden	22.2 %	22.2 %	21.6 %	21.0 %	20.8 %

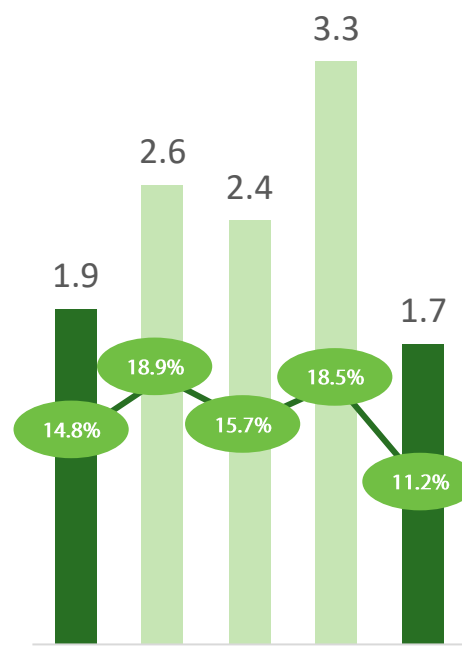
Net sales in Norway increased by 15.5% to EUR 15.2 million, FX neutral growth 30.5%

- Net sales in Norway increased by 15.5% to EUR 15.2 (13.1) million, driven by like-for-like growth and ramp-up of the stores opened during the latest twelve months.
- The NOK exchange rate in Q2 had a EUR 1.2 million negative impact on net sales. The growth excluding the adverse effect from the currency exchange rate change was 30.5%.
- Like-for-like growth, which is calculated in local currencies, was 11.2%.
- Adjusted EBITA decreased by 12.4% to EUR 1.7 (1.9) million. The decrease was mainly driven by a negative gross margin development caused by currency exchange rates.
- Adjusted EBITA margin was 11.2% (14.8%).
- During Q2, two directly operated stores were opened in Norway.

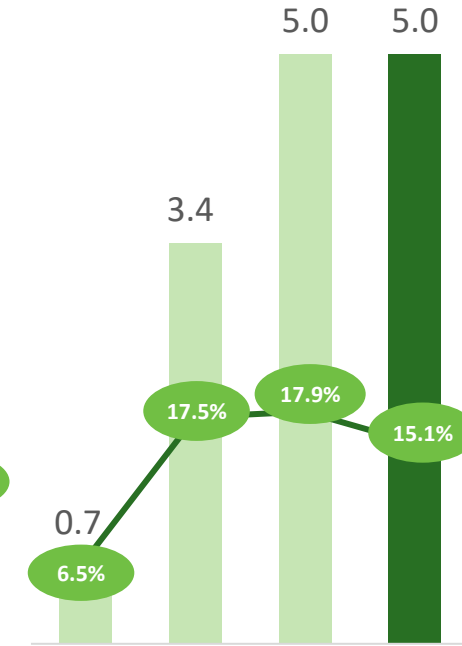
Net sales, EUR million



Quarterly adjusted EBITA, EUR million



H1 adjusted EBITA, EUR million



Q2/22 Q3/22 Q4/22 Q1/23 Q2/23

% Segment sales growth, %

Q2/22 Q3/22 Q4/22 Q1/23 Q2/23

% Adjusted EBITA, %

H1/20 H1/21 H1/22 H1/23

% Adjusted EBITA, %

Adjusted EBITDA %	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Norway	23.5 %	27.6 %	24.4 %	26.1 %	20.8 %

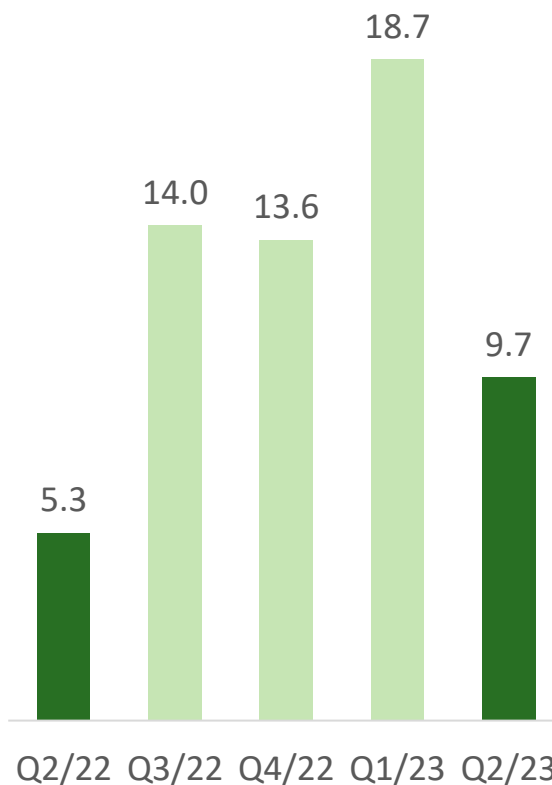


Financial position

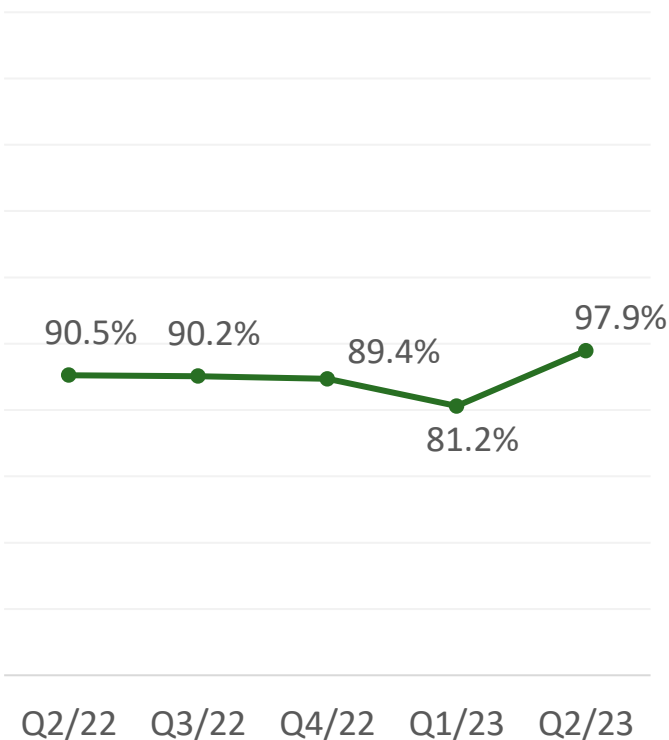
Cash flow from operating activities increased to EUR 9.7 million in Q2

- In Q2, the net cash flow from operating activities totaled EUR 9.7 (5.3) million. Increase in net working capital had an impact of EUR -2.8 (-8.9) million to the cash flow during the quarter.
- In October 2022 - March 2023, the net cash flow from operating activities totaled EUR 28.4 (18.5) million.
- Gearing at the end of the reporting period was 97.9% (30 September 2022: 89.4%).
- Net debt amounted to EUR 147.9 million (30 September 2022: EUR 143.4 million). At the end of the period:
 - interest-bearing loans and commercial papers included in net debt amounted to EUR 78.3 million (30 September 2022: EUR 74.8 million)
 - lease liabilities EUR 81.4 million (30 September 2022: EUR 80.7 million).
- Net debt in relation to LTM adjusted EBITDA was 2.1x.
- Cash and cash equivalents at the end of the period amounted to EUR 11.5 million (30 September 2022: EUR 10.0 million).
- In Q2, investments in tangible and intangible assets amounted to EUR 3.1 (3.6) 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

- We increased sales in local currencies by 15.4% in the quarter. Like-for-like sales growth was 10.8%.
- Food and consumables, that make up over 70% of our sales, remained strong sales pillars throughout the quarter.
- We continue succeeding in winning new customers and increasing the stickiness of the existing customers by strengthening our ecosystem.
- EBITDA for the last 12 months increased to EUR 69 million.
- Despite the headwinds from the challenging economic environment, we increased the adjusted EBITA by 27.1% in the second quarter, supported by strong traffic and cost control.
- Group functions cost in relation to group net sales continued to improve, driven by the scalability achieved in the company head office and the central warehouse.
- Cash flow remained strong in the quarter.
- We are on track to reach the long-term financial targets.



More information

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Interim Report for October
2022 – June 2023 will be
published on
10 August 2023.



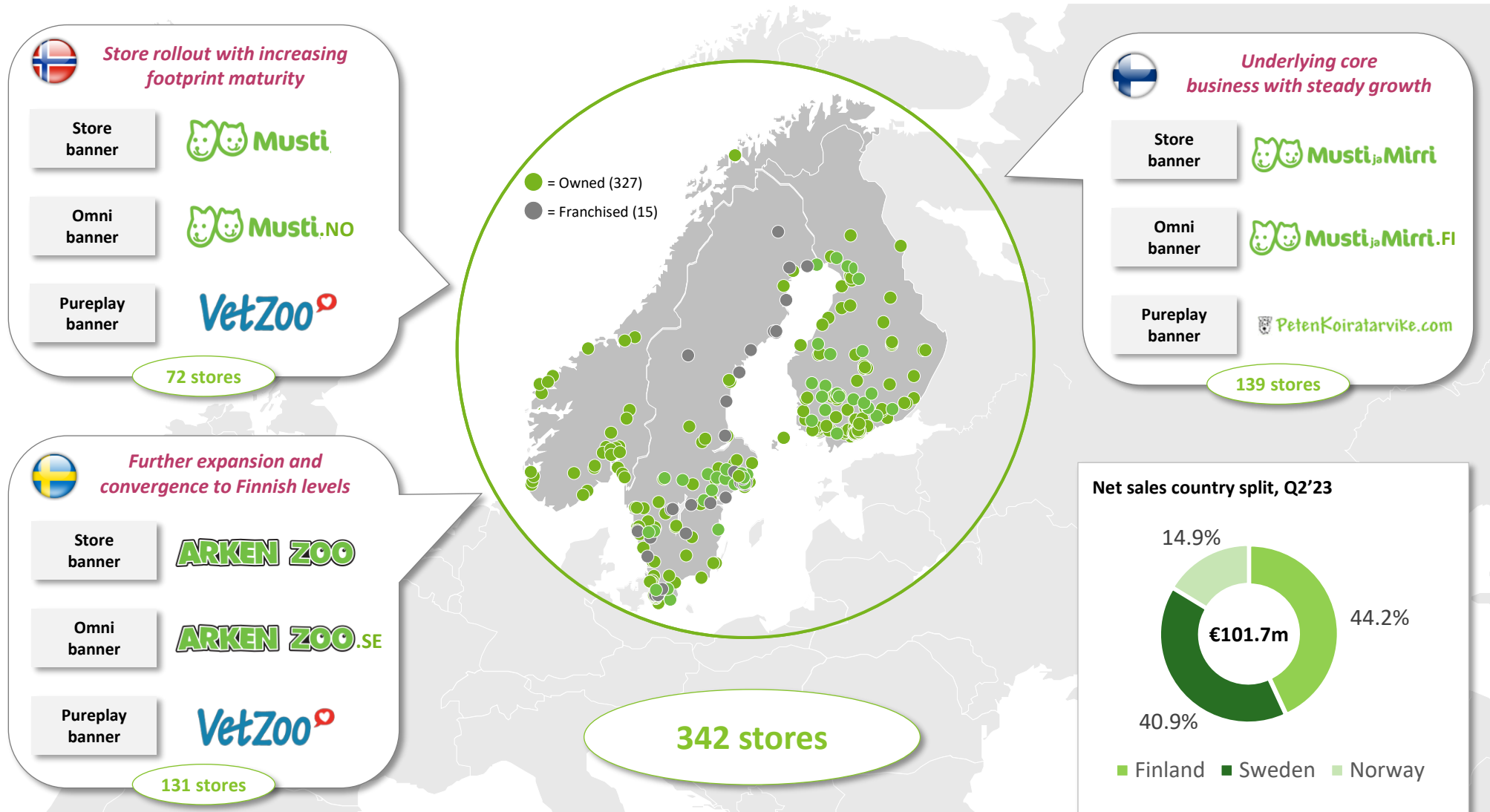
Thank you!



Appendix

Musti is the only pan-Nordic omnichannel player in pet care

Store and omnichannel banners complemented by leading pureplay brands



Musti Group – the leading Nordic pet care specialist



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



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



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



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



Omnichannel business model²
342 stores, 23.8% of net sales generated through
online channel in Q2/23



High quality O&E assortment
Strong O&E brand
portfolio,
52.3% of product sales
in own channels in Q2/23

Source: Company information, a study ordered by the company from an international consulting company. Note: Financial Year Ended 30 September. ¹2021 market share for Nordic pet food and products market; Musti's market share is based on FY22 consumer sales (including sales from franchisees). ²Omnichannel represents physical stores and online.

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

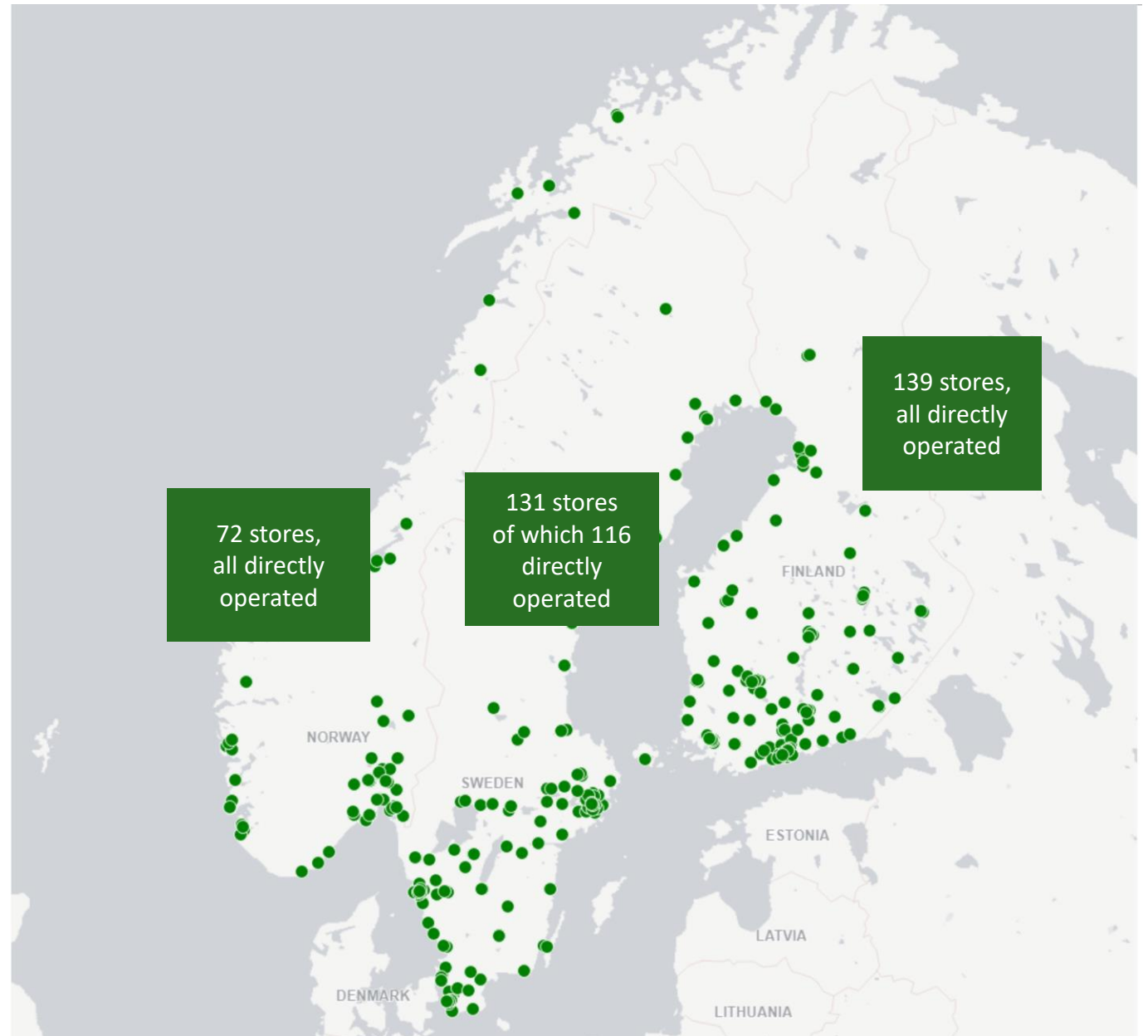


Growing suite of services

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

Musti Group has 1.5 million loyal customers

- The number of loyal customers increased by 10.1% to 1,511 thousand (1,372 thousand on 31 March 2022).
- On 31 March 2023, Musti Group had 342 stores, of which 327 directly operated.
- In October 2022 – March 2023, share of online sales was 22.9%.



Key figures

EUR millions or as indicated	1-3/2023	1-3/2022	Change %	10/2022-3/2023	10/2021-3/2022	Change %	FY2022
Net sales	101.7	92.4	10.0%	212.1	193.8	9.4%	391.1
LFL sales growth, %	10.8%	4.5%		8.8%	6.9%		6.7%
LFL store sales growth, %	9.0%	1.3%		6.2%	4.1%		4.2%
Online share, %	23.8%	23.6%		22.9%	22.5%		22.2%
Adjusted EBITDA	16.6	14.0	19.3%	35.8	33.8	5.9%	66.9
Adjusted EBITDA margin, %	16.4%	15.1%		16.9%	17.4%		17.1%
Adjusted EBITA	8.9	7.0	27.1%	20.6	20.3	1.3%	38.8
Adjusted EBITA margin, %	8.7%	7.6%		9.7%	10.5%		9.9%
Operating profit	7.1	5.4	30.6%	17.2	15.6	10.1%	30.9
Operating profit margin, %	7.0%	5.9%		8.1%	8.1%		7.9%
Earnings per share, basic, EUR	0.14	0.11	25.6%	0.35	0.32	11.7%	0.67
Net cash flow from operating activities	9.7	5.3	83.9%	28.4	18.5	53.5%	46.1
Investments in tangible and intangible assets	3.1	3.6	-13.1%	6.1	8.2	-25.7	14.2
Net debt / LTM adjusted EBITDA	2.1	2.2	-2.5%	2.1	2.2	-2.5%	2.1
Number of loyal customers, thousands	1,511	1,372	10.1%	1,511	1,372	10.1%	1,454
Number of stores at the end of the period	342	324	5.6%	342	324	5.6%	335

Responsibility at Musti Group

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

Trusty

The Musti responsibility approach

Trusty

The Musti responsibility approach

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

High quality and safe products and services
+
Satisfied and loyal customers
+
Customer privacy



Employees

Thriving experts
+
Well-being at work



Communities

Working for the common good
+
Openness for new inventions

BASIS

Responsible supply chain

Suppliers committed to Musti's requirements on responsible business practices
+
Transparency of supply chain



Reducing environmental impact

CO₂ emissions and energy management
+
Recycling and waste management



Good governance and high ethics

Compliance with policies and principles

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

