



Interim Report

1 October 2022–30 June 2023

10 August 2023

CEO David Rönnerberg

CFO Toni Rannikko





Double digit like-for-like with increasing adjusted EBITA margin

Summary Q3/2023

Q3, April – June 2023

October – June 2023

Net sales

EUR 103.3m

Growth excl. currency effects

15.6%

Like-for-like sales growth

10.2%

Net sales

EUR 315.4m

Own and exclusive brands

51.4%

Cash flow

EUR 22.1m

Directly operated store adds

+1 net
(+16 LTM)

Cash flow

EUR 50.5m

Loyalty club members growth

+8%

Gross margin

45.7%

Adjusted EBITDA

EUR 17.3

Adjusted EBITDA

EUR 53.0m

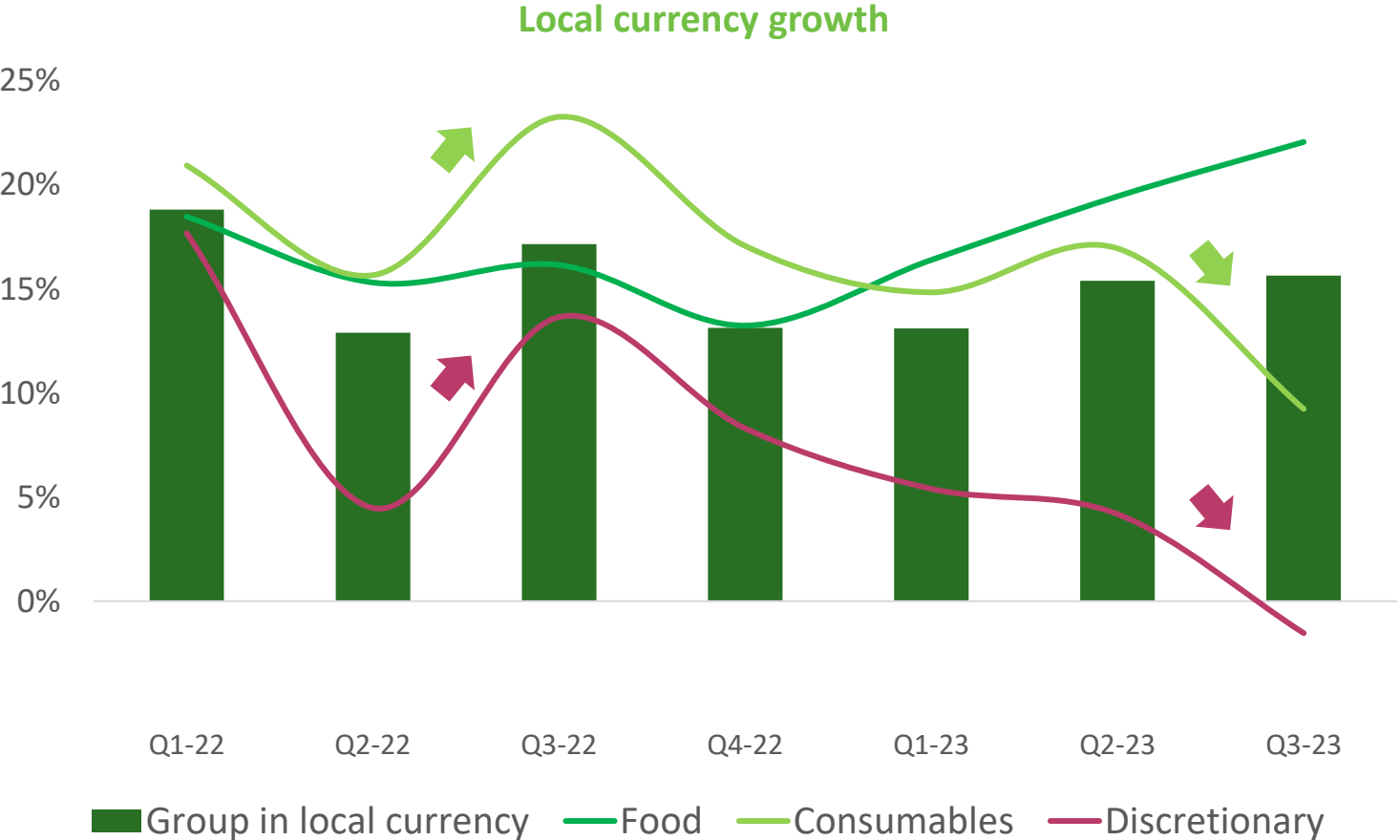
Highlights Q3/23

- Group net sales totaled EUR 103.3 (95.5) million, an increase of 8.2%.
- Group net sales growth excluding the changes in the currency exchange rates was 15.6%.
- Like-for-like growth, which is calculated in local currencies, amounted to 10.2% (8.3%).
- Adjusted EBITDA increased 10.9% to EUR 17.3 (15.6) million. The increase was due to good traffic, production integration, price increases mitigating the inflation and tight cost control, despite the inflationary environment.
- Adjusted EBITDA margin increased to 16.7% (16.3%).
- Adjusted EBITA increased by 14.4% to EUR 9.5 (8.3) million.
- Recent movements of the local currencies SEK and NOK had a negative impact of EUR 0.8 million on adjusted EBITA.
- Adjusted EBITA margin was 9.2% (8.7%).
- The number of loyal customers increased by 8.0% to 1,522 thousand (1,409 thousand on 30 June 2022).
- Net cash flow from operating activities was EUR 22.1 (14.0) million, up by 57.5%.

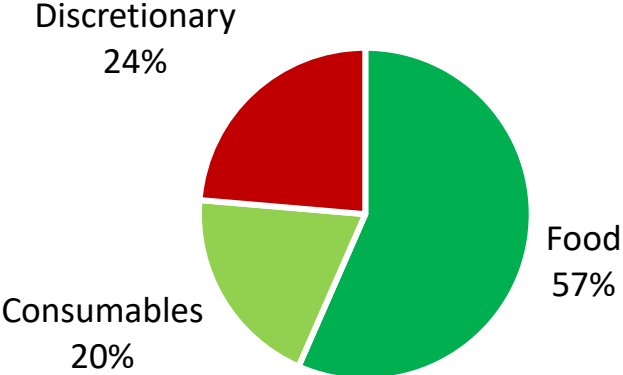


Resilient food category delivering accelerating growth

Discretionary and consumable categories faced high year on year comparison figures

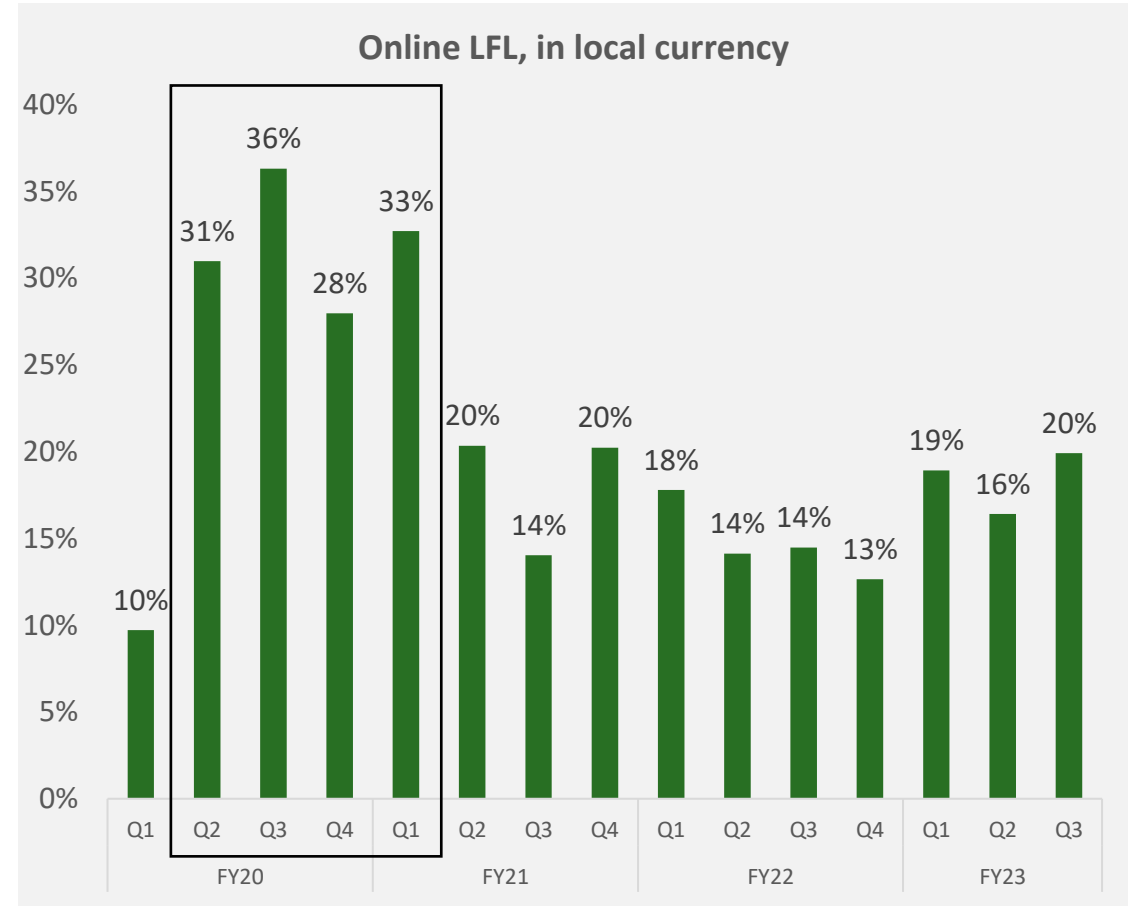
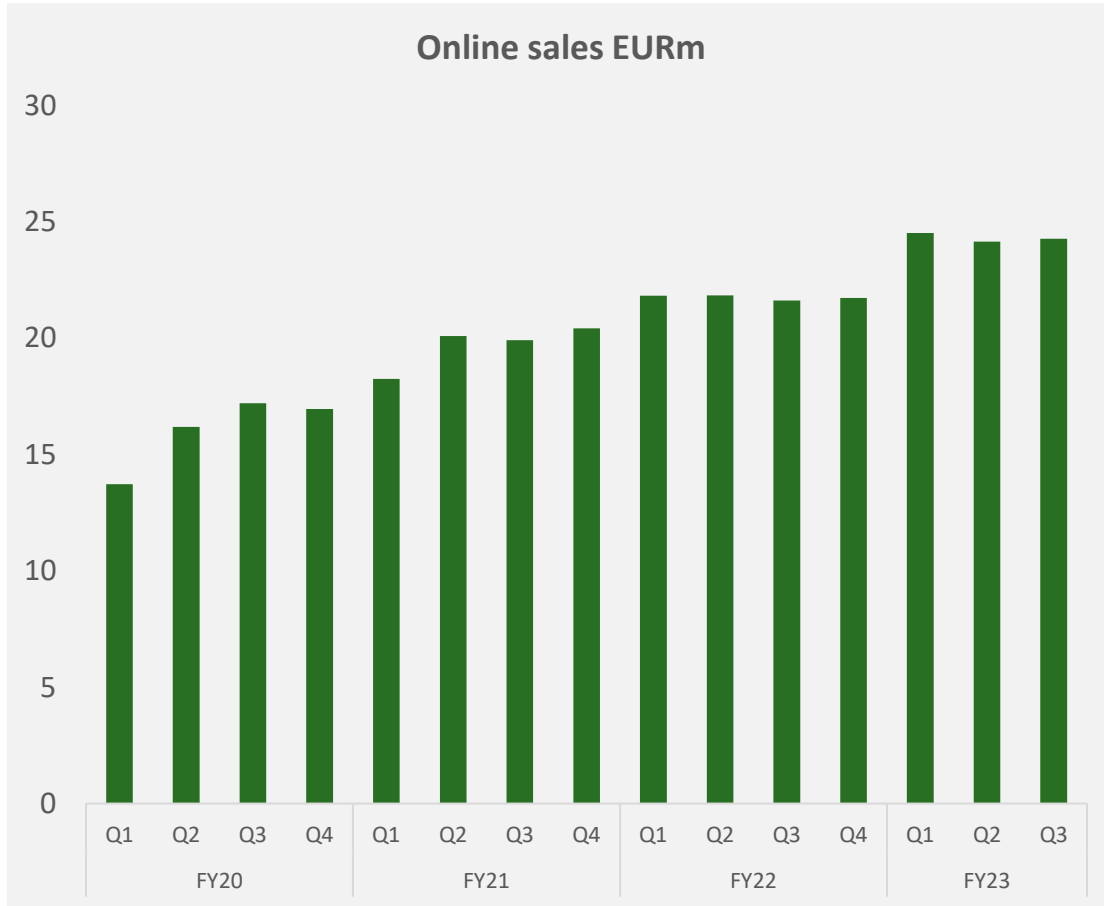


Q3/23 product sales mix



- Food represents >50% of product sales with recurring purchasing habits.
- Both discretionary and consumable categories facing high comparison figures against Q3 FY2022

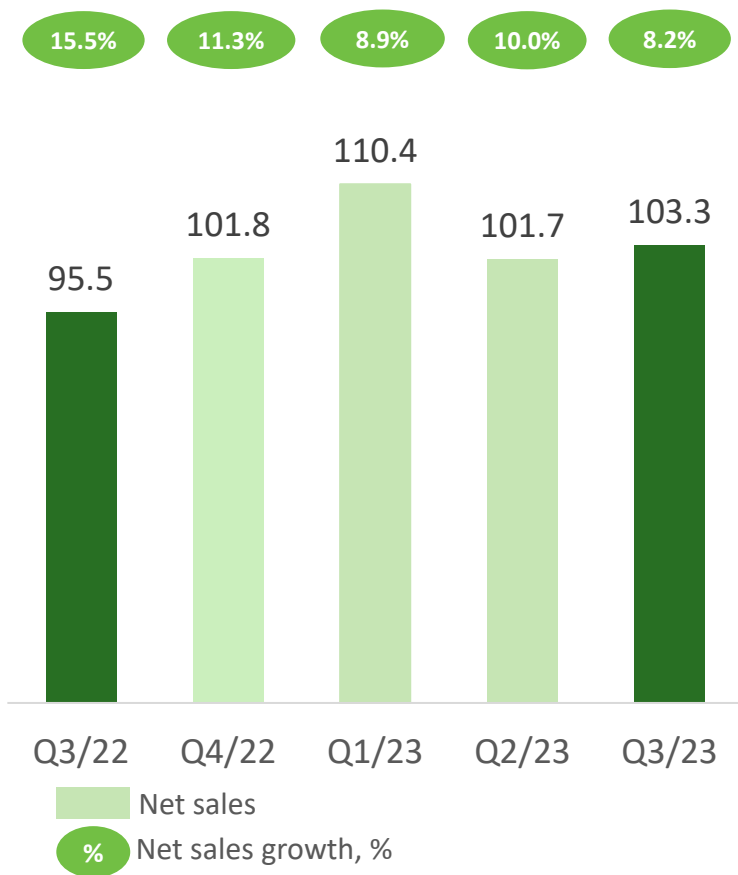
Steady online growth continues



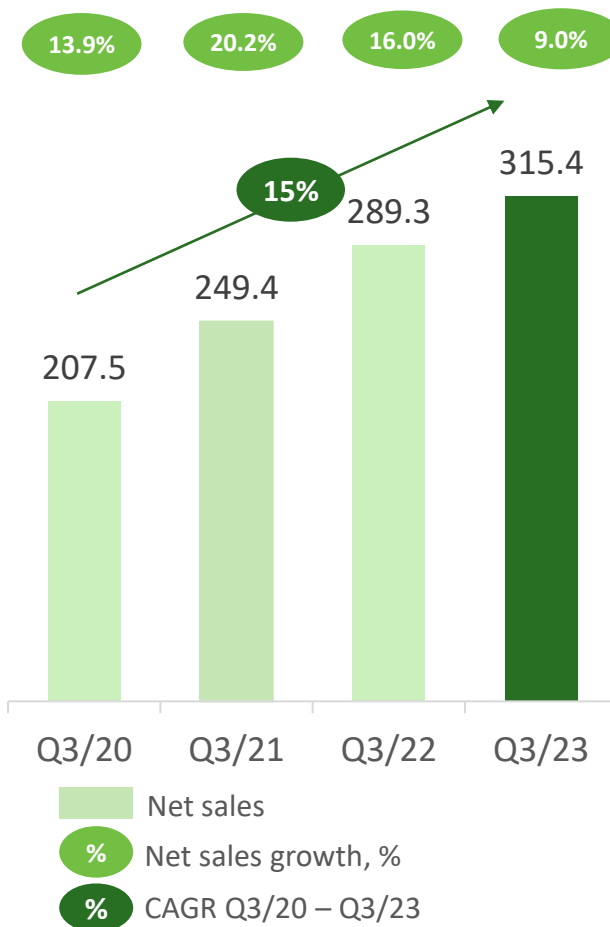
☐ 4 quarters of covid – driven channel shift

Q3 net sales grew 8.2% to EUR 103.3 million, FX neutral growth 15.6%

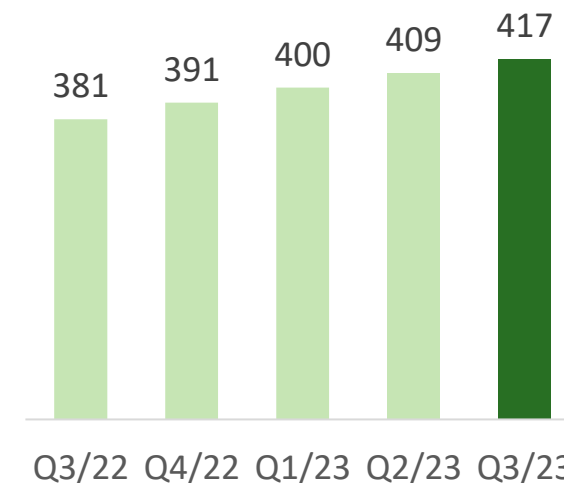
Quarterly net sales, EUR million



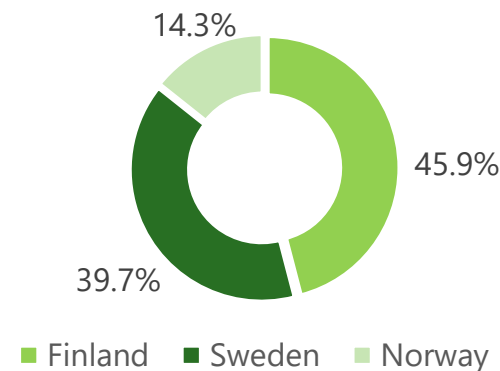
9 months net sales, EUR million



Net sales: rolling 12 months

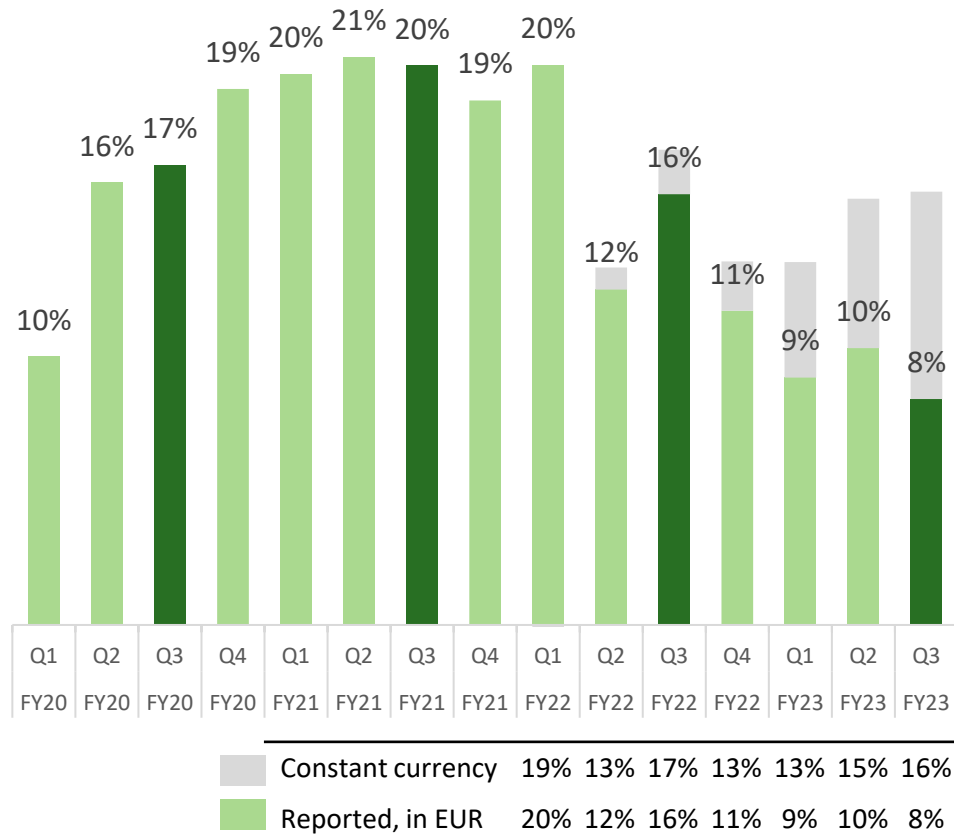


Net sales by segment in Q3/2023

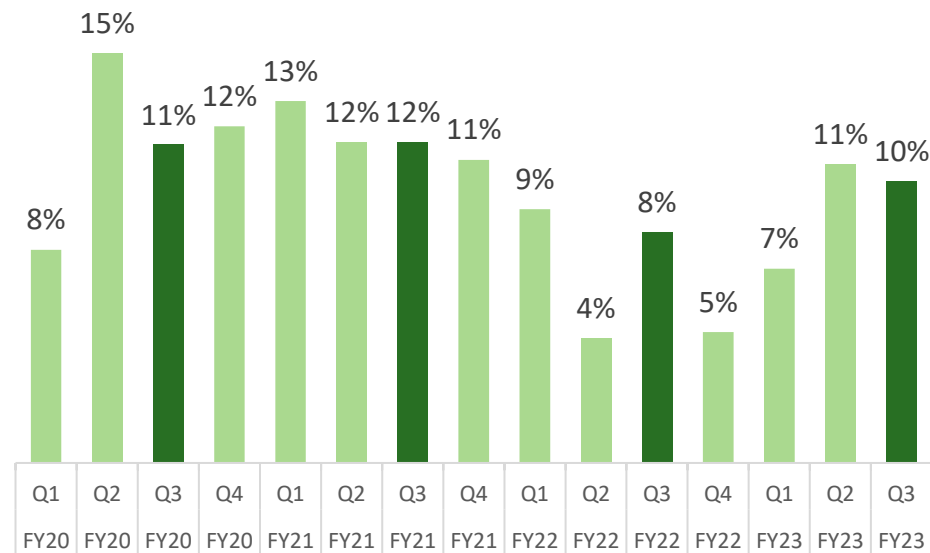


Growth 8% equivalent to 16% in constant currency, with 10% LFL

1Y growth



LFL growth (local currency)



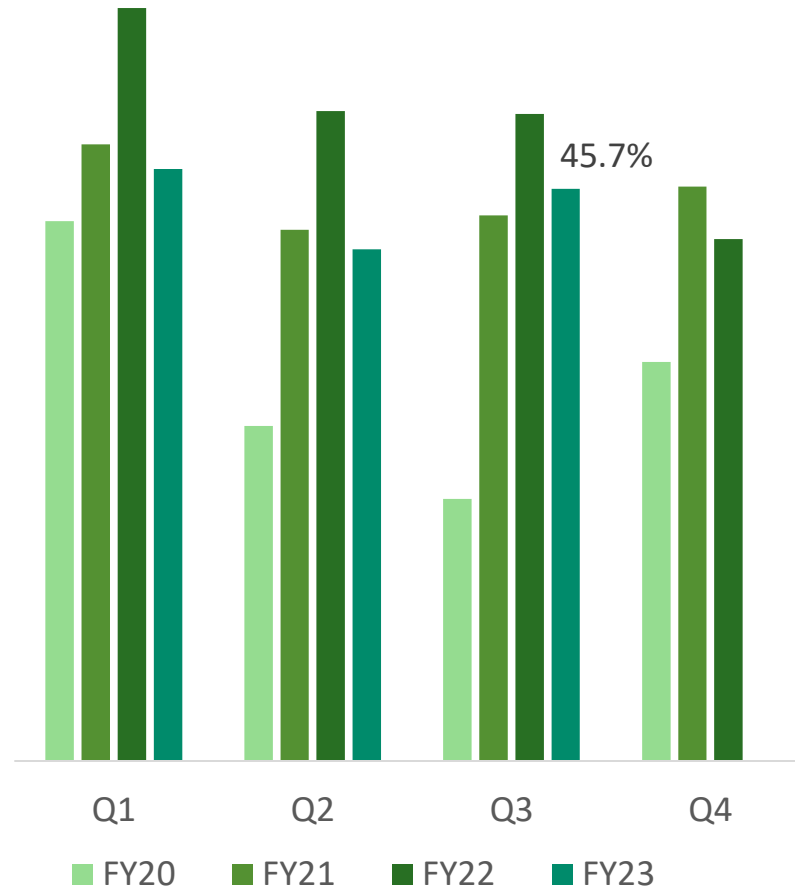
FX rate impact on EUR sales growth, Q3/23 [Q1-Q3/23]

- Group: -7.5% [-5.7%]
- Sweden: -11% [-9%]
- Norway: -20% [-13%]
- Both SEK and NOK are at historically weak levels against EUR

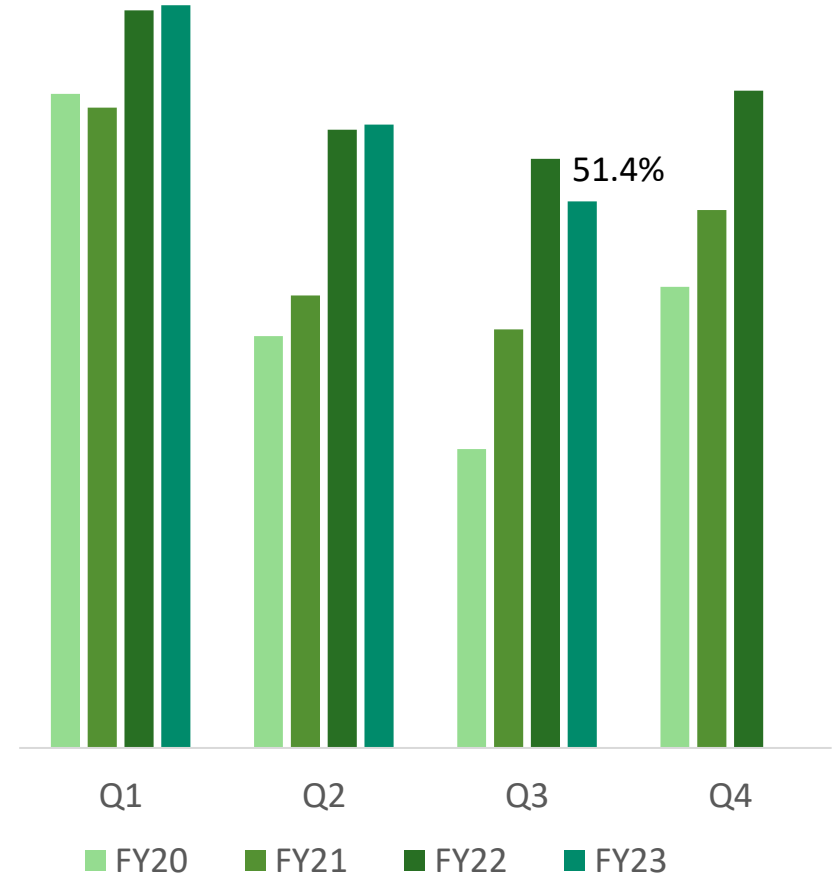
Share of O&E products remained on a good level in Q3

- The share of sales of own and exclusive brands remained at a good level of 51.4% (51.9%).
- Gross margin decreased to 45.7% (46.4%).
- Gross margin was negatively impacted mainly by unfavorable currency exchange rate and sales mix development.

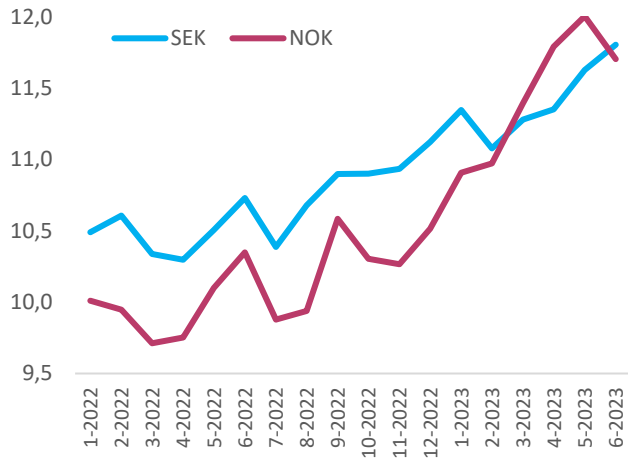
Gross margin %



O&E %



EUR/SEK and EUR/NOK exchange rates



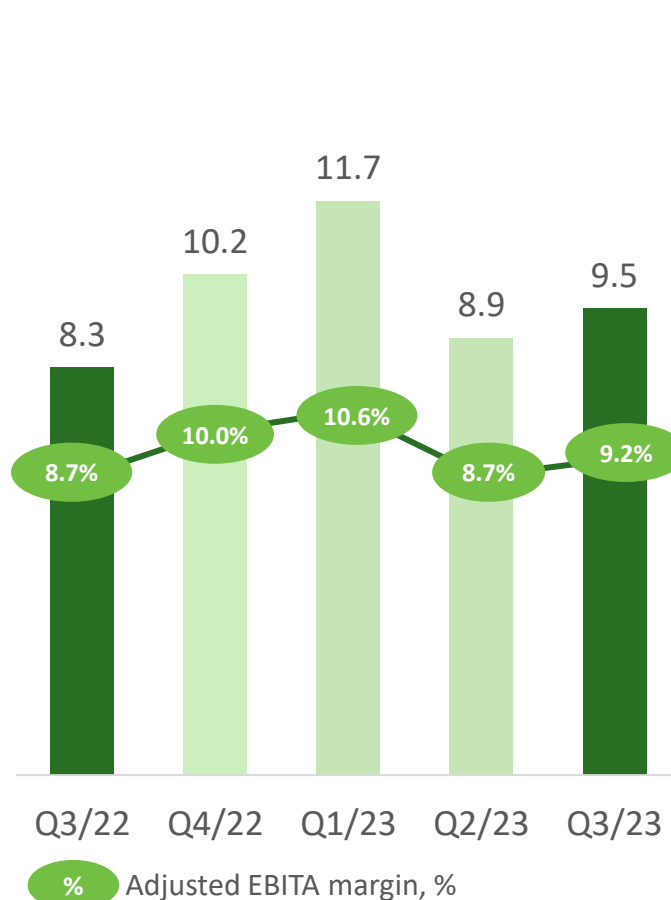
Source: ECB, monthly closing rate



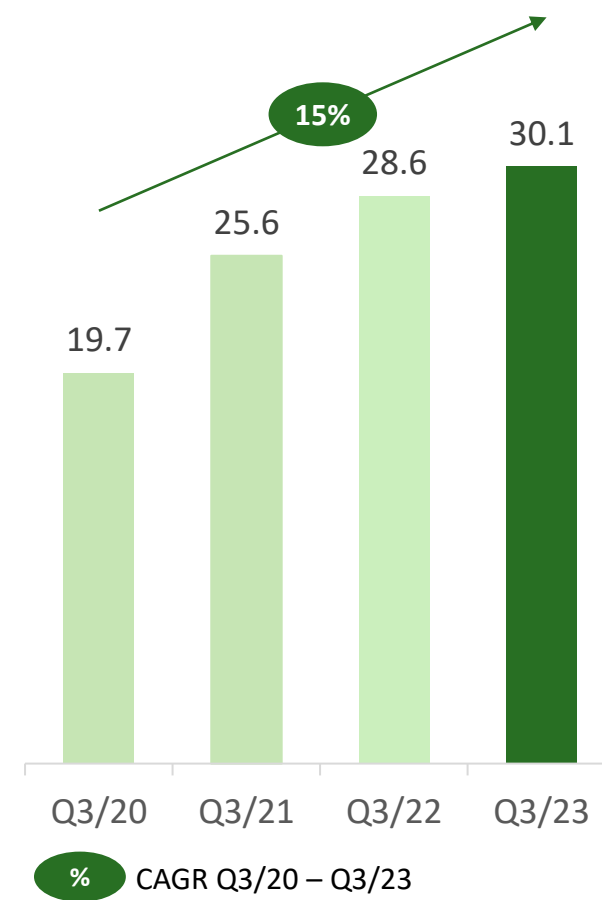
Group adjusted EBITA increased 14.4% to EUR 9.5 million in Q3/23

- Group adjusted EBITA increased by 14.4% to EUR 9.5 (8.3) million.
- The increase was due to good traffic, production integration, price increases mitigating inflation and tight cost control, despite the inflationary environment.
- Recent movements of the local currencies SEK and NOK had a negative impact of EUR 0.8 million on adjusted EBITA.
- Adjusted EBITA margin increased to 9.2% (8.7%).
- Group functions cost in relation to group net sales improved to 8.2% (8.5%). 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



9 months adjusted EBITA, EUR million



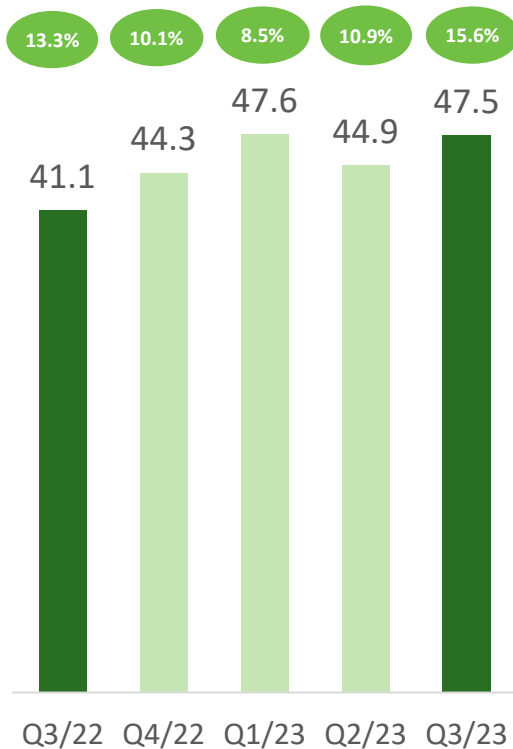


Segments

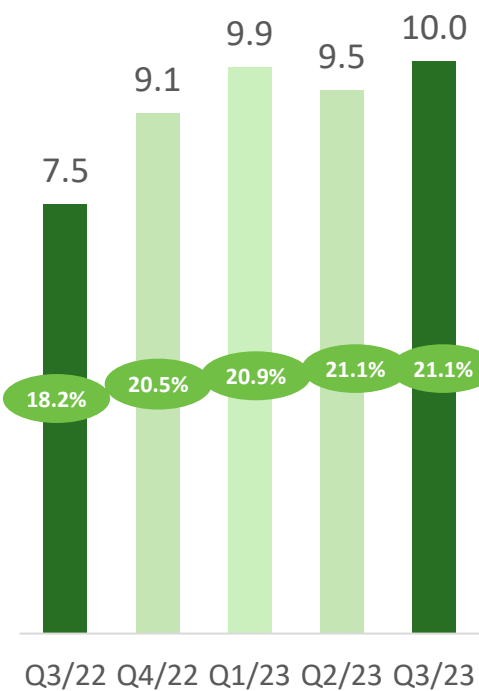
Net sales in Finland increased by 15.6% to EUR 47.5 million in Q3

- Net sales in Finland increased by 15.6% to EUR 47.5 (41.1) million.
- Sales growth was a result of strong growth in both online channels and stores underpinned by good traffic and price increases and the acquisition of Premium Pet Food Suomi Oy pet food factory.
- Like-for-like growth was 11.2%.
- Adjusted EBITA increased by 33.9% to EUR 10.0 (7.5) million.
- Adjusted EBITA margin was 21.1% (18.2%).
- The increase in profitability was mainly due to healthy gross margin development and cost control, despite the inflationary environment
- During Q3, three directly operated stores were merged to our other stores.

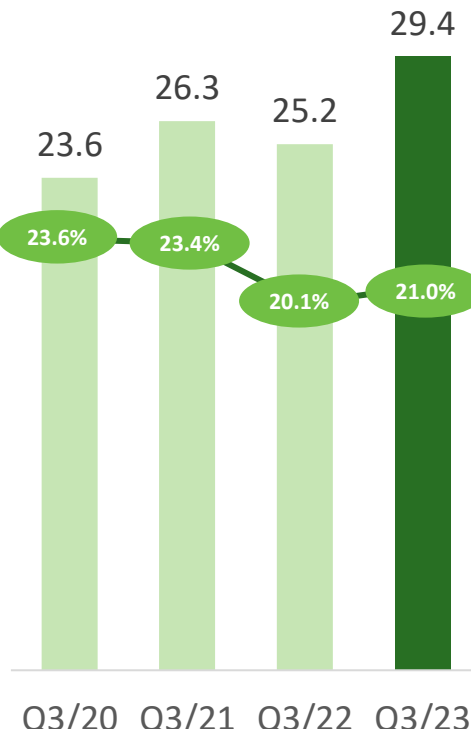
Net sales, EUR million



Quarterly adjusted EBITA, EUR million



9 months adjusted EBITA, EUR million



% Segment sales growth, %

% Adjusted EBITA, %

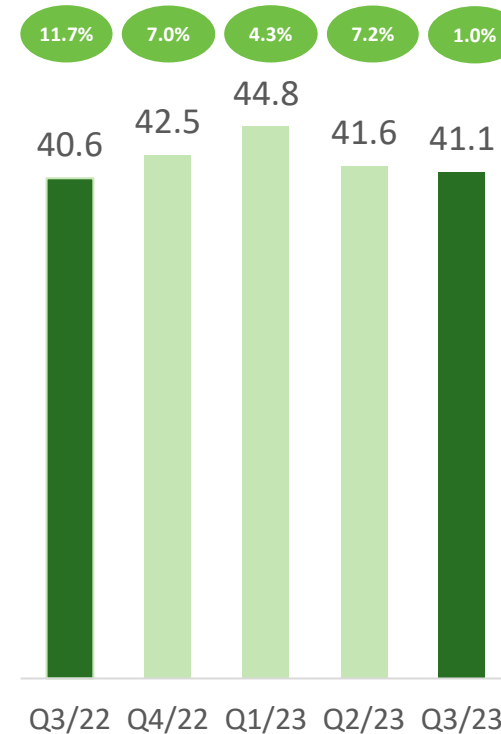
% Adjusted EBITA, %

Adjusted EBITDA %	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Finland	24.6%	26.5%	26.5%	27.3%	27.0%

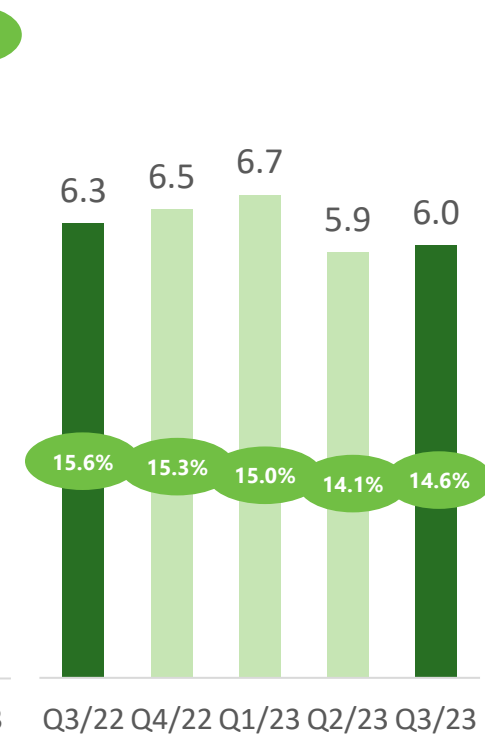
Net sales in Sweden increased by 1.0% to EUR 41.1 million in Q3, FX neutral growth 11.9%

- Net sales in Sweden increased by 1.0% to EUR 41.1 (40.6) million.
- The weakened SEK exchange rate decreased sales by EUR 3.7 million in Q3. The growth excluding the adverse effect from the currency exchange rate change was 11.9%.
- The like-for-like growth, which is calculated in local currencies, was 8.5%.
- Adjusted EBITA decreased by 5.7% to EUR 6.0 (6.3) million. The decrease was due to negative gross margin development caused by currency exchange rates.
- Adjusted EBITA margin decreased to 14.6% (15.6%).
- During Q3, two franchise stores were acquired to the store network.

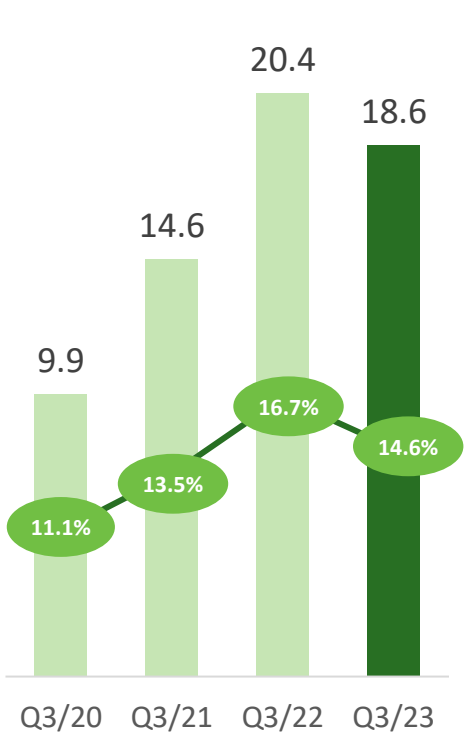
Net sales, EUR million



Quarterly adjusted EBITA, EUR million



9 months adjusted EBITA, EUR million



• Segment sales growth, %

• Adjusted EBITA, %

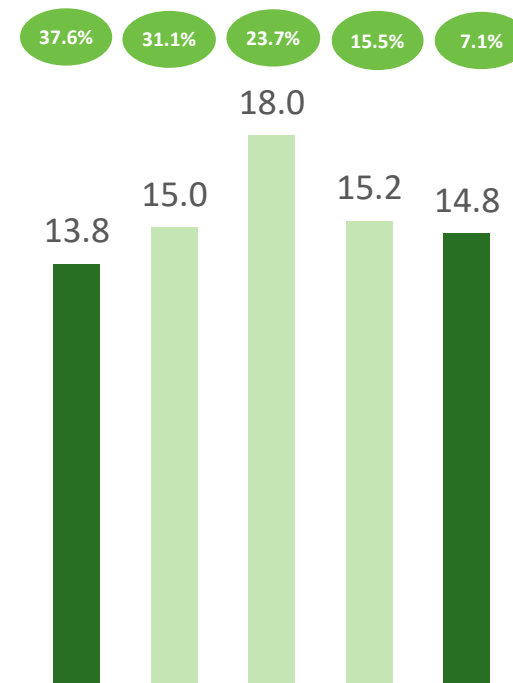
• Adjusted EBITA, %

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

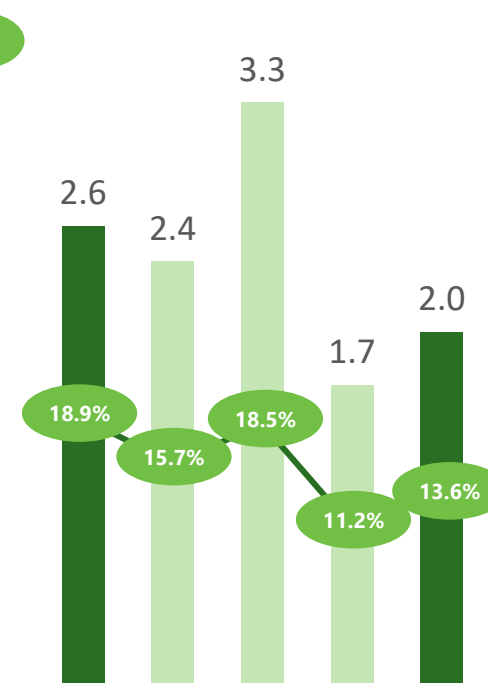
Net sales in Norway increased by 7.1% to EUR 14.8 million, FX neutral growth 26.9%

- Net sales in Norway increased by 7.1% to EUR 14.8 (13.8) million, driven by like-for-like growth of 11.7% and ramp-up of the stores opened during the latest twelve months.
- The NOK exchange rate in Q3 had a EUR 1.8 million negative impact on net sales. The growth excluding the adverse effect from the currency exchange rate change was 26.9%.
- Adjusted EBITA decreased by 22.9% to EUR 2.0 (2.6) million. The decrease was mainly driven by a negative gross margin development caused by currency exchange rates.
- Adjusted EBITA margin was 13.6% (18.9%).
- During Q3, two directly operated stores were opened in Norway.

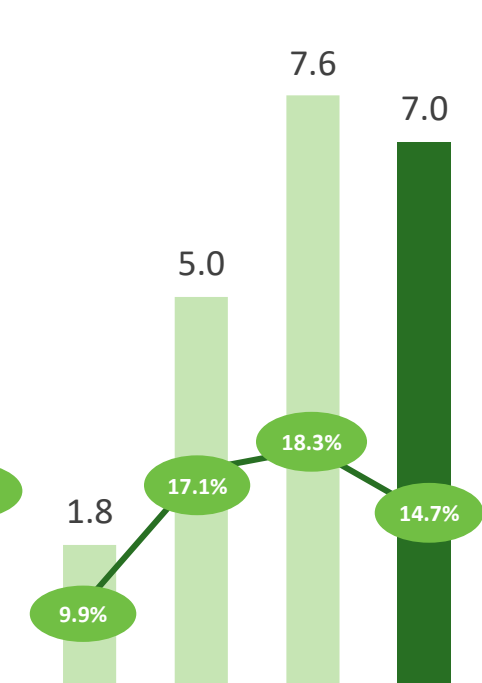
Net sales, EUR million



Quarterly adjusted EBITA, EUR million



9 months adjusted EBITA, EUR million



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

% Segment sales growth, %

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

% Adjusted EBITA, %

Q3/20 Q3/21 Q3/22 Q3/23

% Adjusted EBITA, %

Adjusted EBITDA %	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Norway	27.6%	24.4%	26.1%	20.8%	22.9%

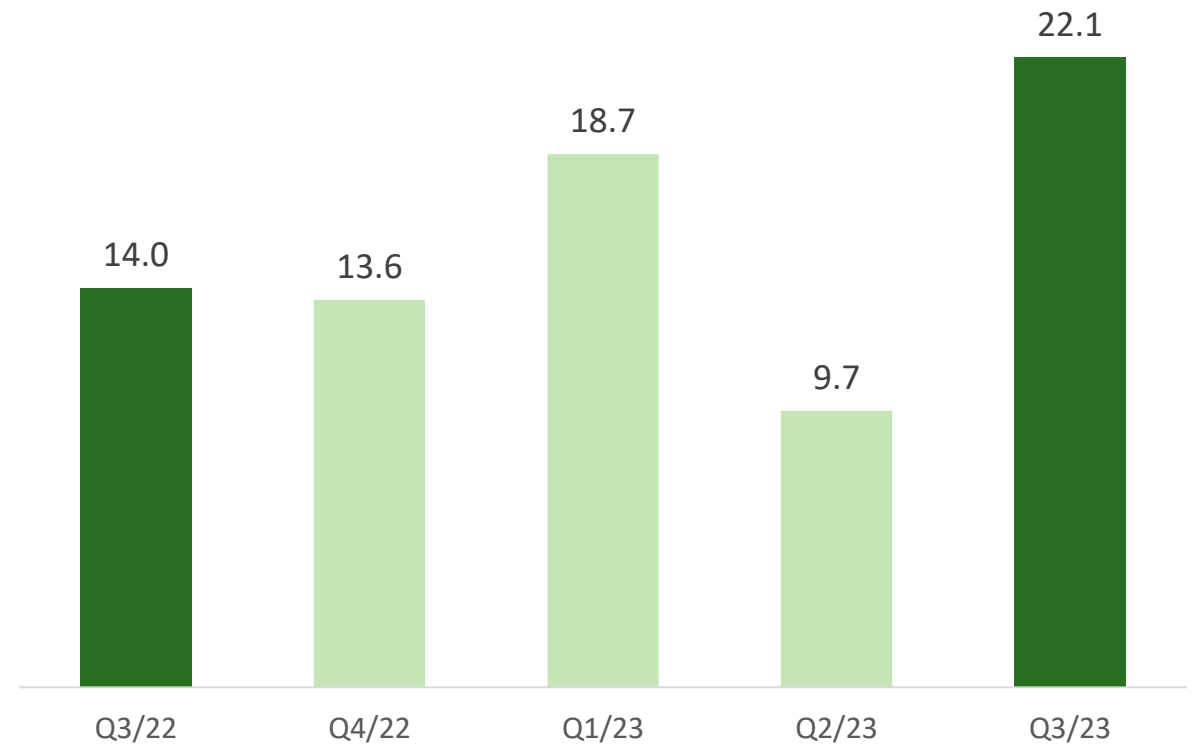


Financial position

Cash flow from operating activities increased to EUR 22.1 million in Q3

- In Q3, the net cash flow from operating activities totaled EUR 22.1 (14.0) million, driven by EBITDA and supply chain efficiency
- Gearing at the end of the reporting period was 95.8% (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:
 - Loans amounted to EUR 83.4 million (30 September 2022: EUR 74.8 million)
 - lease liabilities EUR 80.5 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 15.8 million (30 September 2022: EUR 10.0 million).
- In Q3, investments in tangible and intangible assets amounted to EUR 2.9 (3.3) million.

Cash flow from operating activities, EUR million



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.

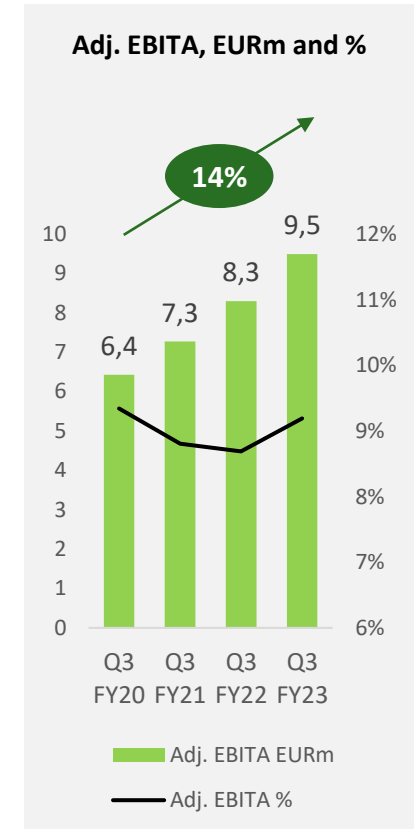
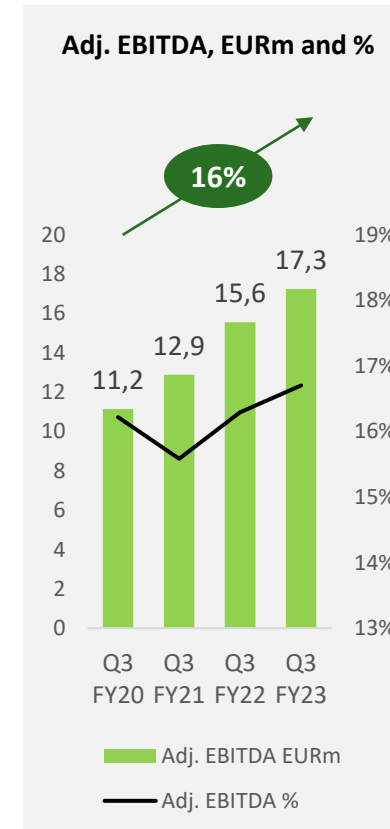
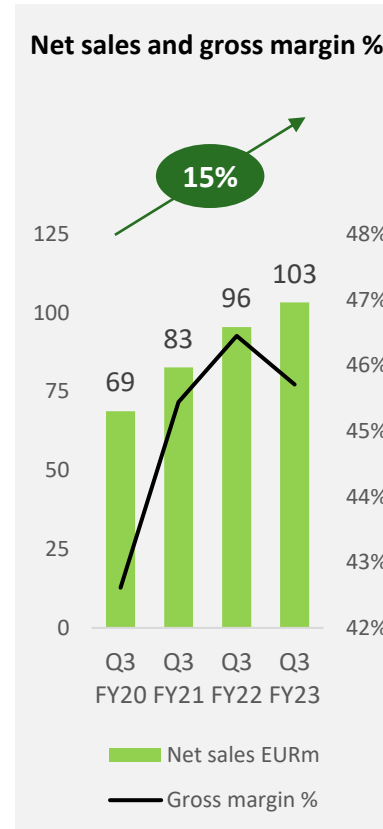
Growth	Net sales to reach at least EUR 500 million by the financial year 2024 by continuation of strong customer acquisition momentum and increasing share of wallet.
Profitability	Mid- to long-term adjusted EBITA margin of at least 13 per cent with steadily improving profile. Margin increase is expected 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: Stable performance

- We increased sales in local currencies by 15.6% in the quarter. Like-for-like sales growth was 10.2%.
- Food and consumables, that make up over 70% of our sales, remained strong sales pillars throughout the quarter.
- We continue succeeding in increasing number of loyal customers by strengthening our ecosystem.
- In the quarter, we continued to prove scalability, cost control and improved efficiency in the central warehouse
- Despite the headwinds from the challenging economic environment, we increased the adjusted EBITA by 14.4%
- Record cash flow of EUR 22.1 million in the quarter.
- EBITDA for the last 12 months increased to EUR 72 million.
- We are on track to reach the long-term financial targets.

Q3 over 4 years, FY2020-2023



% CAGR Q3/20 – Q3/23

More information

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Financial Statements
release for October 2022 –
September 2023 will be
published on 9 November
2023.




Thank you!





Appendix


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

Store and omnichannel banners complemented by leading pureplay brands


 *Store rollout with increasing footprint maturity*


Store banner 


Omni banner 


Pureplay banner 

74 stores

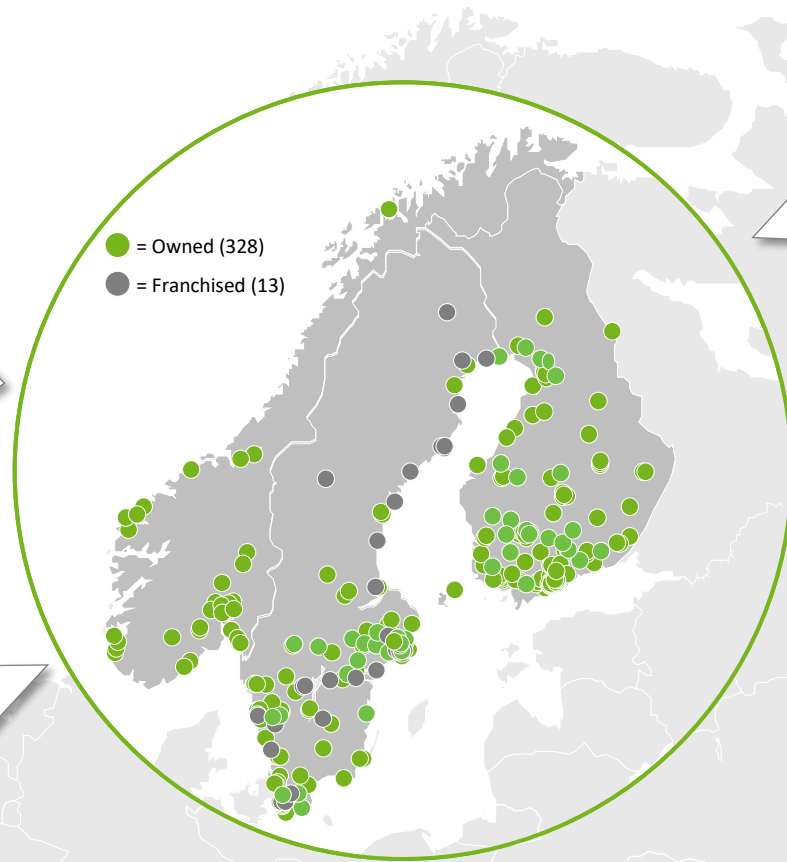
 *Further expansion and convergence to Finnish levels*


Store banner 


Omni banner 


Pureplay banner 


131 stores



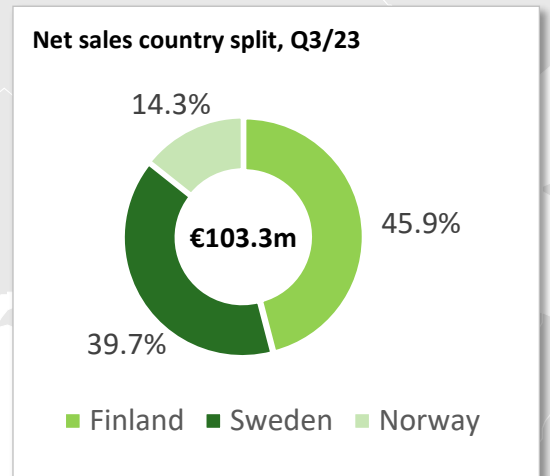
 *Underlying core business with steady growth*

Store banner 

Omni banner 

Pureplay banner 

136 stores



Musti Group – the leading Nordic pet care specialist



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



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



Omnichannel business model²
341 stores, **23.5% of net sales** generated through online channel in Q3/23



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,
51.4% of product sales in own channels in Q3/23

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

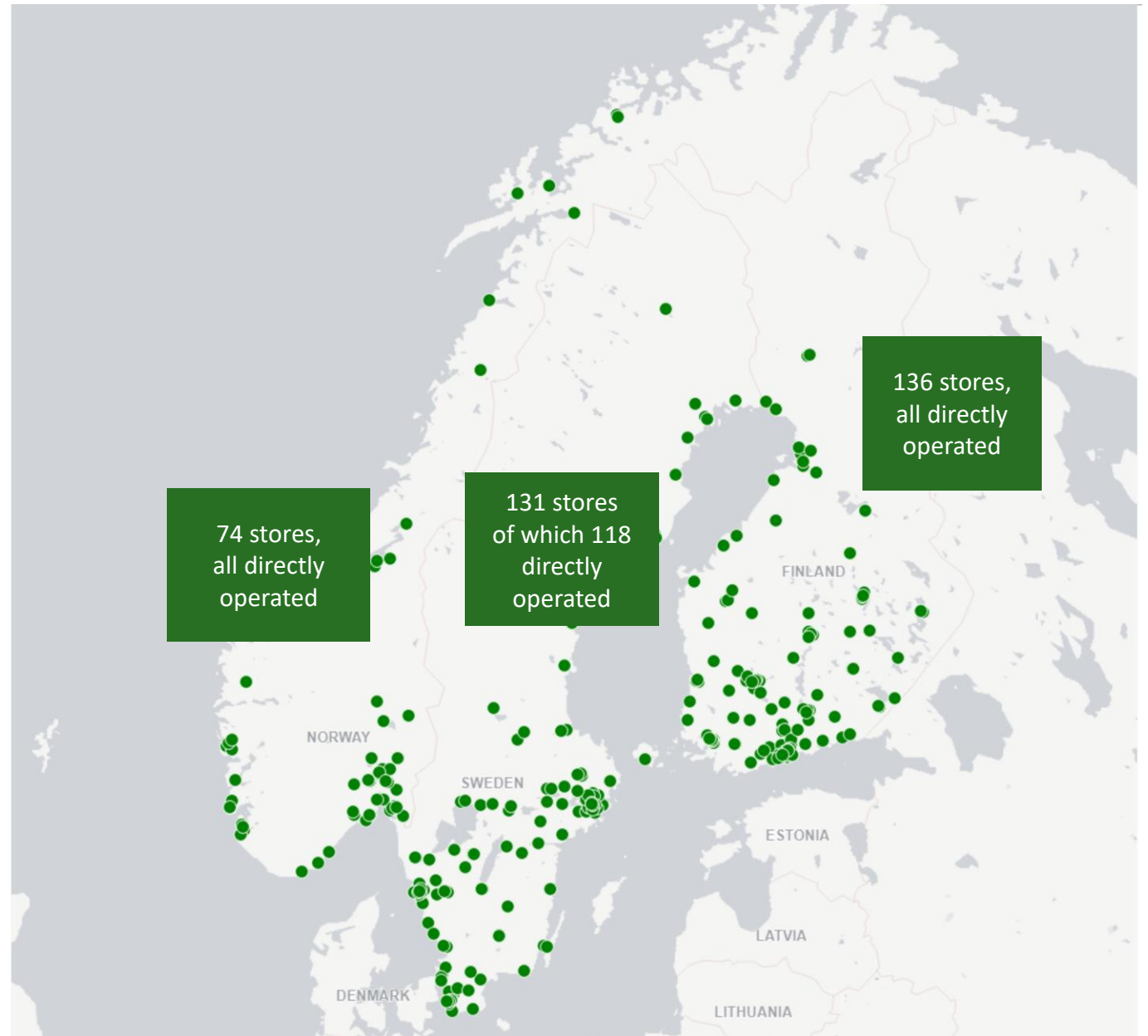


Growing suite of services

- 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 8.0% to 1,522 thousand (1,409 thousand on 30 June 2022).
- On 30 June 2023, Musti Group had 341 stores, of which 328 directly operated.
- In October 2022 – June 2023, share of online sales was 23.1%.



Key figures

EUR millions or as indicated	4-6/2023	4-6/2022	Change %	10/2022-6/2023	10/2021-6/2022	Change %	FY2022
Net sales	103.3	95.5	8.2%	315.4	289.3	9.0%	391.1
LFL sales growth, %	10.2%	8.3%		9.3%	7.4%		6.7%
LFL store sales growth, %	7.3%	6.3%		6.6%	4.8%		4.2%
Online share, %	23.5%	22.6%		23.1%	22.6%		22.2%
Adjusted EBITDA	17.3	15.6	10.9%	53.0	49.3	7.5%	66.9
Adjusted EBITDA margin, %	16.7%	16.3%		16.8%	17.1%		17.1%
Adjusted EBITA	9.5	8.3	14.4%	30.1	28.6	5.1%	38.8
Adjusted EBITA margin, %	9.2%	8.7%		9.5%	9.9%		9.9%
Operating profit	9.9	6.7	47.9%	27.1	22.3	21.5%	30.9
Operating profit margin, %	9.6%	7.0%		8.6%	7.7%		7.9%
Earnings per share, basic, EUR	0.22	0.13	63.6%	0.57	0.45	27.1%	0.67
Net cash flow from operating activities	22.1	14.0	57.5%	50.5	32.5	55.2%	46.1
Investments in tangible and intangible assets	2.9	3.3	-11.9%	9.0	11.6	-21.7%	14.2
Net debt / LTM adjusted EBITDA	2.1	2.1	0.3%	2.1	2.1	0.3%	2.1
Number of loyal customers, thousands	1,522	1,409	8.0%	1,522	1,409	8.0%	1,454
Number of stores at the end of the period	341	329	3.6%	341	329	3.6%	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

