Musti GROUP

October 2022 – September 2023 Financial Statements Release Q4/2023

1 October 2022 –
30 September 2023

Financial Statements Release 1 October 2022 – 30 September 2023

Strong growth with improving profitability

July – September 2023

- Group net sales totaled EUR 110.4 (101.8) million, an increase of 8.4%.
- Group net sales growth excluding the changes in the currency exchange rates was 14.4%.
- Like-for-like sales growth was 10.0%.
- Adjusted EBITDA was EUR 20.6 (17.6) million, up by 17.3%.
- Adjusted EBITDA margin was 18.7% (17.2%).
- Adjusted EBITA was EUR 12.6 (10.2) million, up by 23.7%.
- Adjusted EBITA margin was 11.4% (10.0%).
- Net cash flow from operating activities was EUR 29.0 (13.6) million, up by 113.6%.
- Operating profit increased by 24.8% to EUR 10.7 (8.5) million, representing 9.7% (8.4%) of net sales.
- Profit for the period totaled EUR 7.4 (7.3) million.
- Earnings per share, basic was EUR 0.22 (0.22).
- Number of stores grew to 342 (335).
- Number of loyal customers grew to 1,543 thousand (1,454 thousand).

October 2022 – September 2023

- Group net sales totaled EUR 425.7 (391.1) million, an increase of 8.9%.
- Group net sales growth excluding the changes in the currency exchange rates was 14.6%.
- Like-for-like sales growth was 9.5%.
- Adjusted EBITDA was EUR 73.6 (66.9) million, up by 10.1%.
- Adjusted EBITDA margin was 17.3% (17.1%).
- Adjusted EBITA was EUR 42.6 (38.8) million, up by 10.0%.
- Adjusted EBITA margin was 10.0% (9.9%).
- Net cash flow from operating activities was EUR 79.6 (46.1) million, up by 72.4%.
- Operating profit increased by 22.4% to EUR 37.8 (30.9) million, representing 8.9% (7.9%) of net sales.
- Profit for the period totaled EUR 26.5 (22.3) million.
- Earnings per share, basic was EUR 0.79 (0.67).
- The Board proposes to the Annual General Meeting that shareholder will be paid a capital return of EUR 0.60 per share.

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	7-9/2023	7-9/2022	Change %	FY2023	FY2022	Change %
Net sales	110.4	101.8	8.4%	425.7	391.1	8.9%
Net sales growth, %	8.4%	11.3%		8.9%	14.7%	
LFL sales growth, %	10.0%	4.7%		9.5%	6.7%	
LFL store sales growth, %	7.1%	2.4%		6.7%	4.2%	
Online share, %	22.5%	21.3%		23.0%	22.2%	
Gross margin, %	46.0%	45.2%		45.7%	46.4%	
EBITDA	20.1	17.6	14.5%	74.6	65.4	14.0%
EBITDA margin, %	18.2%	17.2%		17.5%	16.7%	
Adjusted EBITDA	20.6	17.6	17.3%	73.6	66.9	10.1%
Adjusted EBITDA margin, %	18.7%	17.2%		17.3%	17.1%	
EBITA	12.1	10.2	18.9%	43.6	37.3	16.8%
EBITA margin, %	11.0%	10.0%		10.2%	9.5%	
Adjusted EBITA	12.6	10.2	23.7%	42.6	38.8	10.0%
Adjusted EBITA margin, %	11.4%	10.0%		10.0%	9.9%	
Operating profit	10.7	8.5	24.8%	37.8	30.9	22.4%
Operating profit margin, %	9.7%	8.4%		8.9%	7.9%	
Profit/loss for the period	7.4	7.3	1.6%	26.5	22.3	18.6%
Earnings per share, basic, EUR	0.22	0.22	1.1%	0.79	0.67	18.7%
Net cash flow from operating activities	29.0	13.6	113.6%	79.6	46.1	72.4%
Investments in tangible and intangible assets	2.8	2.7	6.1%	11.9	14.2	-16.6%
Net debt / LTM adjusted EBITDA	1.9	2.1	-12.6%	1.9	2.1	-12.6%
Number of loyal customers, thousands	1,543	1,454	6.1%	1,543	1,454	6.1%
Number of stores at the end of the period	342	335	2.1%	342	335	2.1%
of which directly operated	330	319	3.4%	330	319	3.4%

"A solid 10% like-for-like sales growth in Q4 concluded a financial year with a continuous increase in profitability and record-breaking cash flow highlighting Musti's continuing capacity to meet the changing needs of its customers" – David Rönnberg, Musti Group CEO

The team and I are proud of financial year 2023 especially the continuous improvement in financial performance quarter over quarter. Our relentless implementation of our strategic choices is bearing fruit despite the headwinds arising from currency volatility, inflation, and low consumer confidence.

Our Q4 like-for-like growth of 10.0%, the increased adjusted EBITA margin of 11.0% and the record breaking cashflow of EUR 29.0 million highlights momentum in the improvement of core functions and our ability to meet our customer's changing needs. Improving profitability is bringing us closer to the financial targets we have set ourselves, and I am confident that this performance will continue into the new financial year.

FY 2023 group adjusted EBITA increased by 23.7% in Q4 and by 10.0% for FY 2023 despite the unfavorable performance of the local currencies SEK and NOK. The negative impact of the local currencies was EUR -0.8 million for Q4 and EUR -3.1 million for FY2023. Hedging of currency exposure was booked in financial income and expense and offsets partly the negative impact of the local currencies. FY 2023 sales were EUR 425.7 million (EUR 391.1 million), local currencies SEK and NOK had a negative impact of EUR -22.6 million on the topline. Growth was due to a higher number of customers, price increases and the acquisition of the second half of our pet food manufacturing factory in Lieto, Finland.

Stable growth in such a volatile operating environment is a great achievement and pinpoints the resilience of the pet care sector and the strength of our ecosystem providing pet food, accessories, and services to our Pet Parent customers.

Food and consumables, that make up over 70% of our sales, remained strong sales pillars throughout the quarter and the full financial year. Pet Parents are not sacrificing their pets' needs by trading down, and we are maintaining a high level of new puppy customers coming to Musti for advice and support for their new family member and adding to the membership numbers of our Musti loyalty program.

The team and I are pleased to report that our relentless focus and effort to improve the productivity and scalability of our operating model is bearing fruit. The Eskilstuna central warehouse is reaching the efficiency level set for it resulting in significant improvements in our end-to-end supply chain efficiency and hence a lower level of net working capital. The integration of our food manufacturing factory in Lieto, Finland is progressing very well. The benefits, both financial and operational, are already visible.

The investment in the factory has strengthened our commitment to sustainably produced products and will be a key success driver going forward. We see that the factory brings us many possibilities; the ability to respond to the increased demand for locally and sustainably produced products and the opportunity to increase our profitability by insourcing the production of our own brands.

Musti Group heads into FY2024 in a position to continue to deliver great value to our Pet Parents and other stakeholders. We continue to gain market share in our core markets and are actively seeking additional value creation opportunities suitable for our ecosystem / business model. Our ability to combine a growing portfolio of products, services, and advice into convenient propositions for Pet Parents is unique and will be the key enabler of future success.

Our primary focus is and always will be to provide the best possible advice and support to our Pet Parent customers. We recognize that without their trust and loyalty we would not be where we are today.

To our almost 2,500 team members - on behalf of our shareholders, our Board, our Group management team and myself, thank you for your tireless commitment to support our customers and their pets.

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, products, services and veterinary care across Finland, Sweden and Norway. Musti Group's core market consisting of pet food and products was estimated by Euromonitor at approximately EUR 2.1 billion (in 2022), with Sweden as the largest market, accounting for approximately EUR 0.8 billion, Finland approximately EUR 0.7 billion and Norway approximately EUR 0.6 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 pet parenting trend that drives the long-term structural growth of the pet care market remains robust, shifting spend towards higher quality nutrition, more diverse range of accessories and wider adoption of services.

The COVID-19 pandemic period resulted in a period with increased number of new puppies and kitten across the Nordic markets. While the number of new puppies and kittens has thereafter stabilized closer to long term average levels, the larger cohorts 2020 - 2022 are visible as a step-change in the pet population and have thus increased the addressable market size for future years with a long tail effect.

Our latest fiscal year proves that the pet care market is by nature resilient, underpinned by non-discretionary purchasing behavior. Non-discretionary categories such as food and cat litter sum up to majority of total market spend and are characterized by repeat purchasing behavior. Consumers display willingness to sustain spending on non-discretionary pet care purchases even under times of economic pressure when expenditure on alternative retail categories have been affected.

Group Performance

Net sales

EUR million	7-9/2023	7-9/2022	Change %	FY2023	FY2022	Change %
Net sales						
Group	110.4	101.8	8.4%	425.7	391.1	8.9%
Finland	50.0	44.3	12.7%	189.9	169.7	11.9%
Sweden	43.4	42.5	2.2%	170.9	164.9	3.6%
Norway	17.0	15.0	13.1%	64.9	56.5	14.9%

July – September 2023

Group net sales increased by 8.4% to EUR 110.4 million (EUR 101.8 million). The increase was largely due to the increasing number of customers together with price increases and was significantly affected negatively by currency exchange rate fluctuations. The acquisition of Premium Pet Food Suomi Oy increased the net sales by EUR 2.0 million.

Currency exchange rate changes affected the growth negatively by 6.0%-points. Weakened SEK exchange rate decreased sales by EUR 3.7 million bringing 3.8 %-points headwind to growth. Weakened NOK exchange rate decreased sales by EUR 2.2 million bringing 2.2 %-points headwind to the growth. Group net sales growth excluding the changes in the currency exchange rates was 14.4%.

The impact of price increases in local currencies was 8.8%. Like-for-like growth, which is calculated in local currencies, amounted to 10.0% (4.7%), with higher growth in food than in discretionary categories.

Store sales increased by 4.7% to EUR 83.3 million (EUR 79.5 million). We added a net two directly operated stores during the quarter to our network. Like-for-like store sales growth was 7.1% (2.4%). Online sales increased by 14.5% to EUR 24.9 million (EUR 21.7 million). Like-for-like online sales growth was 20.7% (12.7%). Online sales accounted for 22.5% (21.3%) of total net sales.

October 2022 – September 2023

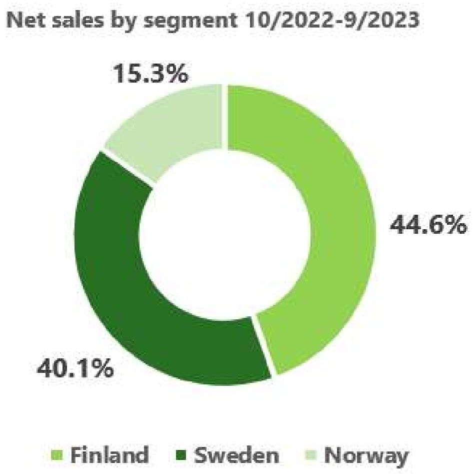
Group net sales increased by 8.9% to EUR 425.7 million (EUR 391.1 million). The increase was largely due to the increasing number of customers together with an increased number of directly operated stores and was significantly affected negatively by currency exchange rate fluctuations. The acquisition of Premium Pet Food Suomi Oy increased the net sales by EUR 4.2 million.

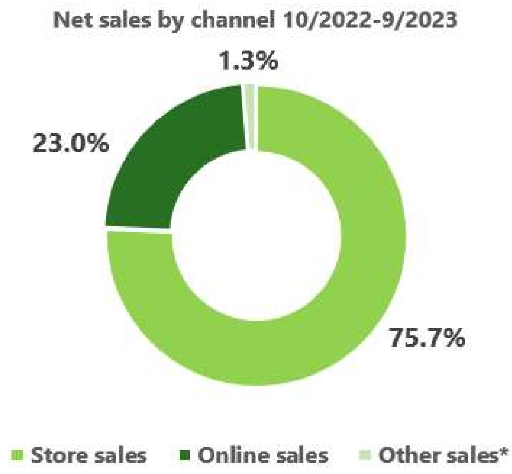
Currency exchange rate changes affected the growth negatively by 5.8 %-points. Weakened SEK exchange rate decreased sales by EUR 14.4 million bringing 3.7 %-points headwind to growth. Weakened NOK exchange rate decreased sales by EUR 8.2 million bringing 2.1 %-points headwind to the growth. Group net sales growth excluding the changes in the currency exchange rates was 14.6%.

The impact of price increases was 7.7%. Like-for-like growth, which is calculated in local currencies, amounted to 9.5% (6.7%), with higher growth in food and consumables than in discretionary categories.

Store sales increased by 7.3% to EUR 322.3 million (EUR 300.3 million). We added a net 11 directly operated stores during the last 12 months to our network. Like-for-like store sales growth was 6.7% (4.2%). Online sales increased by 12.4% to EUR 97.8 million (EUR 87.0 million). Like-for-like online sales growth was 19.0% (14.7%). Online sales accounted for 23.0% (22.2%) of total net sales.

The number of loyal customers increased by 6.1% to 1,543 thousand (1,454 thousand on 30 September 2022). Rolling 12 months average spend per loyal customer was EUR 182.7 as per 30 September 2023 (EUR 181.5 as per 30 September 2022). Excluding the currency exchange rate fluctuations, the development was clearly positive.





*Other sales include franchise fees and wholesale.

Result

July – September 2023

Group adjusted EBITA increased by 23.7% to EUR 12.6 million (EUR 10.2 million). The increase was due to good traffic, production integration, price increases mitigating the inflation and tight cost control, despite the inflationary environment. The acquisition of Premium Pet Food Suomi Oy increased the EBITA by EUR 0.5 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 11.4% (10.0%).

Gross margin increased to 46.0% (45.2%). Gross margin increased due to supply chain performance and production integration, despite unfavorable currency exchange rate. The share of sales of own and exclusive brands remained at a good level of 52.0% (52.7%). The share of employee benefits and other operating expenses as percentage of sales was 28.4% (28.4%).

Depreciation amounted to EUR 8.0 million (EUR 7.4 million) and amortization amounted to EUR 1.4 million (EUR 1.6 million). Main driver is the growing store network via IFRS 16 impact.

There were EUR 0.5 million (EUR 0.0 million) positive adjustments to EBITA in the reporting period. The adjustments include restructuring costs relating to personnel and production.

Operating profit increased by 24.8% to EUR 10.7 million (EUR 8.5 million), affected negatively by EUR 0.8 million by the currency exchange rates.

Profit before taxes increased to EUR 8.9 million (EUR 8.6 million). The impact of financial income and expenses (net) on profit before taxes was EUR 1.8 million negative (EUR 0.1 million positive). Profit for the period was EUR 7.4 million (EUR 7.3 million) and basic earnings per share was 0.22 (0.22).

October 2022 – September 2023

Group adjusted EBITA increased by 10.0% to EUR 42.6 million (EUR 38.8 million). Recent movements of the local currencies SEK and NOK had a negative impact of EUR 3.1 million on adjusted EBITA (EUR 0.6 million negative in the comparison period). The acquisition of Premium Pet Food Suomi Oy increased the EBITA by EUR 0.9 million. Adjusted EBITA margin was 10.0% (9.9%).

Gross margin decreased to 45.7% (46.4%). Gross margin was negatively impacted by increased inflation and unfavorable currency exchange rate development, despite the positive development in supply chain performance and production integration during the second half of the financial year. The share of sales of own and exclusive brands was 52.4% (52.7%). The share of employee benefits and other operating expenses as percentage of sales was 29.4% (30.3%).

Depreciation amounted to EUR 31.0 million (EUR 28.2 million) and amortization amounted to EUR 5.8 million (EUR 6.4 million). Main driver is the growing store network via IFRS 16 impact.

There were EUR 0.9 million (EUR 1.5 million positive) negative adjustments to EBITA in the reporting period. The adjustments include a fair value gain of EUR 2.4 million on the previously held share of Premium Pet Food Suomi Oy, which was acquired in April, EUR 0.5 milloin restructuring costs and EUR 0.4 million value added taxes for IPO costs that were recognized as expense relating to tax audit.

Operating profit increased by 22.4% to EUR 37.8 million (EUR 30.9 million), affected negatively by EUR 3.1 million by the currency exchange rates.

Profit before taxes amounted to EUR 33.7 million (EUR 28.4 million). The main contributor was a fair value gain of EUR 2.4 million on the previously held share of Premium Pet Food Suomi Oy, which was acquired in April. The impact of financial income and expenses (net) on profit before taxes was EUR 4.1 million negative (EUR 2.4 million negative), as hedging partly offset the unfavorable currency rates and increased interest rates. Profit for the period was EUR 26.5 million (EUR 22.3 million) and basic earnings per share was 0.79 (0.67).

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 have been 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 filed a claim for adjustment to the Finnish Tax Administration's Assessment Adjustment Board. In May 2023, the Board issued a decision remitting the decision to the Tax Administration for reconsideration. Based on the decision of the Board of Adjustment and the latest court rulings, the company made a new estimate of the amount of deductible VAT and, on that basis, recognized EUR 0.4 million of it as an expense. The case is still pending with the tax administration. 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 July-September 2023, the net cash flow from operating activities totaled EUR 29.0 million (EUR 13.6 million). The main driver for the cash flow was the favorable development of the net working capital. Cash flow used in investing activities during the quarter amounted to EUR 3.2 million (EUR 6.9 million).

In October 2022 - September 2023, the net cash flow from operating activities totaled EUR 79.6 million (EUR 46.1 million). Change in net working capital had an impact of EUR 14.7 million (EUR -15.4 million) to the cash flow during the financial year. Cash flow used in investing activities during the financial year amounted to EUR 18.6 million (EUR 33.0 million).

Cash and cash equivalents at the end of the period amounted to EUR 22.0 million (30 September 2022: EUR 10.0 million). Total consolidated assets amounted to EUR 394.2 million (30 September 2022: EUR 371.4 million).

Equity attributable to owners of the parent company totaled EUR 164.3 million (30 September 2022: EUR 160.3 million).

Gearing at the end of the reporting period was 83.9% (30 September 2022: 89.4%) and net debt amounted to EUR 137.9 million (30 September 2022: EUR 143.4 million). At the end of the period, the interest-bearing loans and commercial papers included in net debt amounted to EUR 79.4 million (30 September 2022: EUR 74.8 million) and lease liabilities EUR 79.8 million (30 September 2022: EUR 80.7 million).

Musti Group focuses on maintaining sufficient liquidity in the group. In addition to the cash and cash equivalents of EUR 22.0 million at the end of the period, Musti Group had an unutilized EUR 5.0 million bank overdraft, a EUR 50 million commercial paper program of which EUR 40.5 million undrawn and an undrawn EUR 40.0 million revolving credit facility.

Investments

In July-September investments in tangible and intangible assets amounted to EUR 2.8 million (EUR 2.7 million). Investments were mainly related to new and relocated stores, production equipment, as well as IT and digital platform development projects.

In October 2022 – September 2023, investments in tangible and intangible assets amounted to EUR 11.9 million (EUR 14.2 million). Investments were mainly related to new and relocated stores, production equipment, as well as IT and digital platform development projects.

Musti Group acquired the full ownership of the pet food manufacturer Premium Pet Food Suomi Oy on 3rd of April 2023 and the company became a fully owned subsidiary of Musti Group. Prior to the transaction, Musti Group held 49.2% of the shares in the company. In addition, in October 2022 - September 2023 EUR 4.7 million were invested in business acquisitions of stores in Sweden and Norway. Musti Group acquired 6 pet stores, 5 in Sweden and one in Norway as business acquisitions during the financial year.

Business segment performance

Musti Group's reporting segments are based on geographical regions 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, the central warehouse and production.

Finland

Finland is Musti Group's most mature market. Musti Group holds approximately 32% share of the total pet food and products market. Musti's network has nationwide coverage, and a vast majority of Finnish pet parents are within convenient reach of a Musti store, which are typically located at high traffic locations such as large hypermarkets and popular retail areas. Management continuously seeks opportunities to further optimize convenience to meet the needs of pet parents.

In Finland, Musti Group focus is both on serving existing customers better to increase share of wallet and to continue winning new customers, both of which support like-for-like growth. Musti's brands in Finland include Musti ja Mirri (store and omnichannel) and Peten Koiratarvike (online focus complemented by select stores).

EUR million or as indicated	7-9/2023	7-9/2022	Change %	FY2023	FY2022	Change %
Net sales	50.0	44.3	12.7%	189.9	169.7	11.9%
Net sales growth, %	12.7%	10.1%		11.9%	11.2%	
LFL segment sales growth, %	9.1%	1.8%		9.7%	2.7%	
EBITDA	14.9	11.8	26.6%	52.6	44.5	18.2%
EBITDA margin, %	29.8%	26.5%		27.7%	26.2%	
Adjusted EBITDA	15.0	11.8	27.2%	52.6	44.5	18.2%
Adjusted EBITDA margin, %	29.9%	26.5%		27.7%	26.2%	
EBITA	12.1	9.1	32.4%	41.5	34.2	21.1%
EBITA margin, %	24.1%	20.5%		21.8%	20.2%	
Adjusted EBITA	12.1	9.1	33.2%	41.5	34.3	21.1%
Adjusted EBITA margin, %	24.3%	20.5%		21.9%	20.2%	
Number of stores	136	140	-2.9%	136	140	-2.9%
of which directly operated	136	140	-2.9%	136	140	-2.9%

July – September 2023

Net sales in Finland increased by 12.7% to EUR 50.0 million (EUR 44.3 million). Sales growth was a result of steady 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 9.1%.

EBITA increased by 32.4% to EUR 12.1 million (EUR 9.1 million). Adjusted EBITA increased by 33.2% to EUR 12.1 million (EUR 9.1 million). The increase in profitability was mainly due to healthy gross margin development, the acquisition of Premium Pet Food Suomi Oy pet food factory and cost control, despite the inflationary environment. Adjusted EBITA margin was 24.3% (20.5%).

During Q4, there were no changes in the store network.

October 2022 – September 2023

Net sales in Finland increased by 11.9% to EUR 189.9 million (EUR 169.7 million). Sales growth was a result of steady 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 9.7%.

EBITA increased by 21.1% to EUR 41.5 million (EUR 34.2 million). Adjusted EBITA increased by 21.1% to EUR 41.5 million (EUR 34.3 million). The increase in profitability was mainly due to healthy gross margin development, the acquisition of Premium Pet Food Suomi Oy pet food factory and cost control, despite the inflationary environment. Adjusted EBITA margin was 21.9% (20.2%).

During the financial year, one directly operated store was merged to another store and three directly operated stores were closed. No new stores were opened.

Sweden

In Sweden, Musti Group's focus is on further expansion and increasing efficiency. Musti is the overall market leader with approximately 28% market share. Musti's brands in Sweden are Arken Zoo (store and omnichannel) and VetZoo (online focus).

Musti's goal in Sweden is to continue strong like-for-like growth across all channels through customer acquisition and gaining share of wallet, continued network expansion and strong margin improvement. Significant network expansion has taken place in FY20 to FY23, taking directly operated store count from 68 at end of FY19 to 119 by end of FY23 and strengthening our position across Swedish cities. Ramping up newer store cohorts is a key growth and margin driver, along with increasing own and exclusive brands share of sales and online channel profitability towards the levels in Finland.

EUR million or as indicated	7-9/2023	7-9/2022	Change %	FY2023	FY2022	Change %
Net sales	43.4	42.5	2.2%	170.9	164.9	3.6%
Net sales growth, %	2.2%	7.0%		3.6%	11.8%	
LFL segment sales growth, %	9.2%	6.5%		8.6%	8.9%	
EBITDA	9.7	9.2	6.0%	36.3	37.3	-2.7%
EBITDA margin, %	22.4%	21.6%		21.2%	22.6%	
Adjusted EBITDA	9.8	9.2	7.0%	36.5	37.3	-2.1%
Adjusted EBITDA margin, %	22.6%	21.6%		21.4%	22.6%	
EBITA	7.0	6.5	8.2%	25.5	26.9	-5.3%
EBITA margin, %	16.2%	15.3%		14.9%	16.3%	
Adjusted EBITA	7.1	6.5	9.7%	25.7	26.9	-4.5%
Adjusted EBITA margin, %	16.4%	15.3%		15.0%	16.3%	
Number of stores	131	129	1.6%	131	129	1.6%
of which directly operated	119	113	5.3%	119	113	5.3%

July – September 2023

Net sales in Sweden increased by 2.2% to EUR 43.4 million (EUR 42.5 million). The weakened SEK exchange rate decreased sales by EUR 4.0 million in Q4. 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 9.2%.

EBITA increased by 8.2% to EUR 7.0 million (EUR 6.5 million). Adjusted EBITA increased by 9.7% to EUR 7.1 million (EUR 6.5 million). The increase was due to steady gross margin development and good cost control. Adjusted EBITA margin increased to 16.4% (15.3%).

During Q4, one new directly operated store was opened and one franchise store left the chain.

October 2022 – September 2023

Net sales in Sweden increased by 3.6% to EUR 170.9 million (EUR 164.9 million). The weakened SEK exchange rate decreased sales by EUR 15.2 million. The growth excluding the adverse effect from the currency exchange rate change was 12.8%. The like-for-like growth, which is calculated in local currencies, was 8.6%.

EBITA decreased by 5.3% to EUR 25.5 million (EUR 26.9 million). Adjusted EBITA decreased by 4.5% to EUR 25.7 million (EUR 26.9 million). The decrease was due to gross margin pressure and negative development of the currency exchange rate. Adjusted EBITA margin decreased to 15.0% (16.3%).

During the reporting period, three franchise stores and two third party stores were acquired in Sweden. One new directly operated store was opened and one franchise store left the chain.

Norway

In Norway, Musti Group’s focus is on market share gain through continued customer acquisition supported by store roll-out, and on increasing country profitability. Norway remains a more fragmented market compared to Finland and Sweden with Musti holding approximately 16% share of the total pet food and products market. Musti Group’s brands in Norway are Musti (store and omnichannel) and VetZoo (online).

Musti entered Norway in October 2016, and average age profile of the 75 stores (at end of FY23) is young with many stores in ramp-up mode. Ramp-up has progressed according to Musti Group’s plans and maturation of the network continues to be a key driver of growth and country profitability.

EUR million or as indicated	7-9/2023	7-9/2022	Change %	FY2023	FY2022	Change %
Net sales	17.0	15.0	13.1%	64.9	56.5	14.9%
Net sales growth, %	13.1%	31.1%		14.9%	38.7%	
LFL segment sales growth, %	15.7%	9.5%		11.3%	13.9%	
EBITDA	3.8	3.7	4.2%	15.1	14.6	3.3%
EBITDA margin, %	22.5%	24.4%		23.2%	25.8%	
Adjusted EBITDA	3.8	3.7	4.8%	15.1	14.6	3.5%
Adjusted EBITDA margin, %	22.6%	24.4%		23.2%	25.8%	
EBITA	2.4	2.4	0.0%	9.4	9.9	-5.4%
EBITA margin, %	13.9%	15.7%		14.5%	17.6%	
Adjusted EBITA	2.4	2.4	1.0%	9.4	9.9	-5.2%
Adjusted EBITA margin, %	14.0%	15.7%		14.5%	17.6%	
Number of stores	75	66	13.6%	75	66	13.6%
of which directly operated	75	66	13.6%	75	66	13.6%

July – September 2023

Net sales in Norway increased by 13.1% to EUR 17.0 million (EUR 15.0 million), driven by like-for-like growth of 15.7% and ramp-up of the stores opened during the latest twelve months. The NOK exchange rate in Q4 had a EUR 1.9 million negative impact on net sales. The growth excluding the adverse effect from the currency exchange rate change was 26.5%.

EBITA was EUR 2.4 million (EUR 2.4 million). Adjusted EBITA increased by 1.0% to EUR 2.4 million (EUR 2.4 million). The modest increase was mainly due to a negative gross margin development caused by currency exchange rates. Adjusted EBITA margin was 14.0% (15.7%).

During Q4, two directly operated stores were opened and one directly operated store closed in Norway.

October 2022 – September 2023

Net sales in Norway increased by 14.9% to EUR 64.9 million (EUR 56.5 million), driven by like-for-like growth of 11.3% and ramp-up of the stores opened during the latest twelve months. The NOK exchange rate in the reporting period had a EUR 7.3 million negative impact on net sales. The growth excluding the adverse effect from the currency exchange rate change was 27.9%.

EBITA decreased by 5.4% to EUR 9.4 million (EUR 9.9 million) and adjusted EBITA decreased by 5.2% to EUR 9.4 million (EUR 9.9 million). The decrease was mainly due to a negative gross margin development caused by currency exchange rates with an increasing adverse impact during the second half of the financial year. Adjusted EBITA margin was 14.5% (17.6%).

During the reporting period, nine directly operated stores were opened, one third party store was acquired and one directly operated store was closed in Norway.

Group functions

July – September 2023

The EBITA impact of the Group functions was EUR -9.4 million (EUR -7.8 million). Adjusted EBITA was EUR -9.1 million (EUR -7.8 million). The adjustments include restructuring costs. Adjusted Group functions cost in relation to group net sales was 8.2% (7.7%). The increase related to the changed structure of the Group functions after the production integration; without the impact of production the cost of Group functions in relation to Group net sales would have been 7.1%

October 2022 – September 2023

The EBITA impact of the Group functions was EUR -32.8 million (EUR -33.8 million). Adjusted EBITA was EUR -34.0 million (EUR -32.4 million). The adjustments include a fair value gain of EUR 2.4 million on the previously held share of Premium Pet Food Suomi Oy, which was acquired in April. Adjusted Group functions cost in relation to group net sales improved to 8.0% (8.3%). The improvement was driven by the scalability achieved in the Group head office and the improved efficiency in the central warehouse. During the second half of the financial year the integration of production added to the Group functions costs.

Personnel

At the end of the reporting period on 30 September 2023, the number of personnel was 1,643 (1,587) of whom 664 (664) were employed in Finland, 664 (650) in Sweden and 316 (274) in Norway.

Changes in Group structure

Musti Group acquired full ownership of the pet food factory Premium Pet Food Suomi Oy in Lieto, Finland on 3 April 2023.

Changes in Group management

There were no changes in Group management during October 2022 – June 2023.

Governance

Annual General Meeting

Musti Group plc's Annual General Meeting was held on 30 January 2023 at 1:00 p.m. at Pörssitalo in Helsinki, Finland. Shareholders could participate in the Annual General Meeting and exercise shareholder rights by attending the meeting, by voting in advance or by way of proxy representation.

The documents of the Annual General Meeting held on 30 January 2023 are available at www.mustigroup.com/agm.

Shares and shareholders

Share capital

At the end of the reporting period on 30 September 2023, Musti Group's share capital was EUR 11,001,853.68 and the 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 closing price of the share was EUR 18.02 on 3 October 2022. The closing price of the share on the last trading day of the financial year on 29 September 2023 was EUR 18.00. The highest price of the share during the financial year was EUR 20.50, the lowest EUR 14.36. The average closing price during the financial year was EUR 17.44 and the average volume per day was 54,548 shares.

Musti Group's market capitalization was EUR 603.6 million on 29 September 2023.

Own shares

On 30 September 2023 Musti Group held 147,566 (244,000) own shares representing 0.44% (0.73%) of the total number of shares and votes.

On 27 January 2023, 96,434 Musti Group plc shares held by the company were transferred gratuitously on to the participants who were entitled to reward on the basis of Performance Share Plan 2020–2024 performance period 2020-2022.

Musti Group did not purchase its own shares during the reporting period.

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 of 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 may 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 was also authorized to decide 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 cancels the authorization given by the Annual General Meeting held on 27 January 2022 to decide on the repurchase the Company's own shares and/or to accept the Company's own shares as pledge. This authorization is effective until the conclusion of the next Annual General Meeting, however, no longer than until 31 March 2024.

The Annual General Meeting 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 of 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 was authorized to decide 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 cancels the authorization given by the Annual General Meeting held on 27 January 2022 to decide on the issuance of shares as well as on the issuance of special rights entitling to shares. This authorization is effective until the conclusion of the next Annual General Meeting, however, no longer than until 31 March 2024.

Shareholders and flagging notifications

At the end of the financial year, the number of registered shareholders was 11,899. The proportion of nominee-registered shareholders was 68.02% of the company's shares. The 20 largest shareholders registered in the book-entry register maintained by Euroclear Finland Oy held a total of 23.61% of Musti Group's shares and votes at the end of the financial year.

During October 2022 - June 2023, Musti Group received the following announcement under Chapter 9, Section 5 of the Securities Markets Act:

- On 22 November 2022 Musti Group plc received a notification in accordance with the Chapter 9, Section 5 of the Finnish Securities Markets Act from Investment AB Öresund (publ), according to which Investment AB Öresund's holding of the shares and votes of the company decreased below the threshold of 5 percent on 21 November 2022.
- On 14 April 2023 Musti Group plc received a notification in accordance with the Chapter 9, Section 5 of the Finnish Securities Markets Act from Varma Mutual Pension Insurance Company, according to which Varma's holding of the shares and votes of the company increased above the threshold of 5 percent on 14 April 2023.

A list of the largest registered 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 at 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 the 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 for the financial year 2022 was equivalent to a six months' full salary for the CEO and a three months' full salary for the members of the management team.

Long-term incentives

The Board of Directors of Musti Group plc decided on 7 May 2020 on a long-term incentive plan for the management team and the key employees, the Performance Share Plan (PSP) 2020-2024.

On 16 December 2022, The Board of Directors of Musti Group plc decided to launch a new share-based incentive plan for Musti Group's key employees, the Performance Share Plan (PSP) 2023-2027.

The aim of a share-based compensation plans is to align the objectives of the shareholders and key employees for increasing the value of the company in the long term. The plans are also to commit the key employees to the company and to offer them competitive incentive schemes that are based on earning and accumulating shares.

Performance Share Plan 2020–2024

The Performance Share Plan consists of three performance periods, covering the financial years of 2020–2022, 2021–2023 and 2022–2024. The Board of Directors decides on the plan's performance criteria and targets to be set for each criterion at the beginning of each performance period. The potential reward based on the plan will be paid partly in the company's shares and partly in cash after the end of each performance period. The cash proportion is intended for covering taxes and tax-related costs arising from the reward to a participant.

The company's management team member is obliged to hold at least 50 per cent of the net number of shares paid to the member on the basis of the plan, until the value of his or her total shareholding in the company equals to 50 per cent (100 per cent for the CEO) of his or her annual base salary. Such number of shares must be held as long as the membership in the Management Team continues.

Performance Share Plan 2023–2027

The Performance Share Plan 2023–2027 consists of three consecutive performance periods, covering the financial years of 2023–2025, 2024–2026 and 2025–2027. The Board of Directors decides on the plan's performance criteria and targets to be set for each criterion at the beginning of each performance period. The potential reward based on the plan will be paid partly in the company's shares and partly in cash after the end of each performance period. The cash proportion is intended for covering taxes and tax-related costs arising from the reward to a participant.

The company's group management team member is obliged to hold at least 50 per cent of the net number of shares paid to the member on the basis of the plan, until the value of his or her total shareholding in the company equals to 50 per cent (100 per cent for the CEO) of his or her annual base salary. Such number of shares must be held as long as the membership in the group Management Team continues.

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 responsibility approach 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, themes, 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 major suppliers to commit to Musti Group's requirements regarding 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 2023 will be published on 15 December 2023 together with the Financial Statements and the Board of Directors' report.

Risks 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.

The following describes the risks and uncertainties that are considered significant for Musti Group.

Risks relating to the macroeconomic environment and inflation

Increasing geopolitical instability could have a significant impact on the global economy and business environment. Although Musti Group sells products, a recession may have a negative impact on consumer confidence and sales. General cost level has risen in 2023 following price increases in energy, raw materials, and freights. Musti Group's cost level has increased accordingly and is reflected in higher retail prices to maintain profitability. Higher inflation will also contribute to higher interest rates. These may have an impact on consumer behavior and price competition.

Risks relating to changes in the competitive environment

Pet products and services retail industry has become increasingly competitive. Musti Group´s competitors include large grocery retailers, smaller pet specialist stores, online competitors (including general online stockists and internet pure plays), home and garden stores, pet service providers, as well as veterinary clinics. Many are competing for the same customers with similar offerings, and it is easy to make comparisons between competitors. The large share of own and exclusive products partly mitigates this risk. If Musti Group fails in this competition, its sales and profitability would decrease.

Risks relating to quality of products and services

A failure in product safety control or supply chain quality assurance may result in financial losses, loss of customer trust or in the worst case, a health hazard to a pet. In 2023, Musti Group acquired the pet food manufacturer Premium Pet Food Suomi Oy. The production processes are subject to risks, such as equipment breakdown, raw material availability, accidents, damage, and interruption risks. These risks are managed through certifications and continuous EHSQ work.

Customers may also make allegations against Musti Group publicly concerning the quality of the company's product or services. This could result in a reputational loss for Musti Group.

Risks relating to changes in customer preferences

Customers' buying patterns may change more rapidly than what the company has anticipated. With the rising trend of online shopping customers expect a simple and consistent shopping experience and fast delivery regardless of the sales channel. Brick-and-mortar stores are expected to offer experiences, a place to meet, and information. Various sustainability aspects in products and services are increasingly important to customers. If the company fails to address the new purchasing patterns and sustainability requirements, there is a risk that the investment in assortment, sales channels and services will not generate the intended results.

Risks relating to sourcing of products

A loss of significant supplier or an inability to source products from such suppliers that meet Musti Group´s standards and requirements, or a supply reduction or cost increases demanded by suppliers may have a material adverse effect on the customer relationships and competitive position.

Risks relating to inventories

A lot of the company's capital may be tied up in carrying the inventory if the company is unable to forecast accurately customer demand. Operative difficulties in managing the inventory and obsolescence may increase costs of inventory or result in selling the goods at discount which may have a negative impact on profitability.

Risks relating to logistics

The company's distribution center in Eskilstuna is its distribution hub. Most goods from suppliers are delivered to Eskilstuna and then distributed to shops and online customers. Collecting the logistics in one location carries certain risks, for example, disruptions to communications and information technology infrastructure, as well as fire and strikes, which may result in business discontinuity or lower sales.

Risks relating cybercrimes

The frequency of professional cybercrimes is growing especially after the war in Ukraine begun. This has increased the risk relating to business continuity and loss of critical information. Cyber-attacks may target, for example, data systems critical for business continuity, or personal data. Cyber-attacks may result in disruptions in sales, personal data leakages, financial losses, compensation for damages or reputational damages.

Risks relating to employees

If Musti Group is not perceived as an attractive and sustainable employer brand, the company may not be able to safeguard skilled and motivated employees. The prerequisite for execution of strategy and reaching the set targets is to be able to maintain insightful and motivated employees.

Risks relating to currency fluctuations

As a significant part of Musti Group's business is in countries outside the eurozone, Musti Group's balance sheet and results are exposed to fluctuations in foreign currency exchange rates. The main transaction exposure currencies are USD and GBP in which Musti Group of companies has outflows related to purchases. Translation exposure arises from subsidiaries reporting in SEK and NOK as results and balance sheet items are consolidated to Musti Group level.

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 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

The company has withdrawn three batches of SMAAK pet food following customer claims during the first and second week of November. The high concentration of glycoalkaloids in a batch of imported potato flakes could be the likely reason for the symptoms caused by the withdrawn products. The company is investigating the incident and collects more information. At the moment the company estimates that the incident might have a minor impact on the company's net sales or profitability.

Outlook for the financial year 2024

The underlying trend of pet parenting that drives the long-term structural growth of the pet care market remains robust. During 2023 the pet space has again proven to be resilient in challenging economic times. Musti Group expects it is able to continue its performance aligned with strategy and financial targets focusing on the high-quality products and services the pet parents seek.

Board of Directors’ proposal for profit distribution and capital return

The Board of Directors of Musti Group plc proposes to the Annual General Meeting that shareholders will be paid a capital return of EUR 0.60 per share from the invested unrestricted equity reserve totaling approximately EUR 20.0 million and that no dividend will be paid for the financial year that ended on 30 September 2023. The capital return corresponds approximately 76 % of Musti Group’s profit for the financial year.

The parent company’s distributable funds total EUR 131,026,903.86 of which the profit for the financial year is EUR 3,671,767.82.

The Board of Directors proposes that the capital return be paid in two instalments. The first instalment of EUR 0.30 per share would be paid to the shareholders who are registered in the shareholders` register of the Company maintained by Euroclear Finland Ltd on the record date of the first capital return instalment on 2 February 2024. The Board of Directors proposes that the first capital return instalment would be paid on 9 February 2024.

The second capital return instalment of EUR 0.30 per share would be paid in August 2024. The second instalment would be paid 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 22 August 2024. The Board of Directors proposes that the second capital return instalment would be paid on 29 August 2024.

The Board of Directors also proposes that the Annual General Meeting would authorize the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second capital return instalment should the rules of Euroclear Finland Ltd or statues applicable to the Finnish book-entry system change or otherwise so require.

Financial calendar

Musti Group’s Financial Statements and Board of Directors’ Report for October 2022-September 2023 will be published on 15 December 2023 together with Musti Group’s Corporate Governance Statement, Remuneration Report and Non-Financial Information Report.

Musti Group’s Annual General Meeting is planned to be held on 31 January 2024.

Interim Report for October 2023-December 2023 will be published on 1 February 2024.

Webcast for analysts and media

A webcast and a teleconference for analysts and media will be arranged on 9 November 2023 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/2023-q4-results. A recording of the webcast will be available later at the company's website at www.mustigroup.com/investors/reports-and-presentations/.

The teleconference can be accessed by registering at http://palvelu.flik.fi/teleconference/?id=10011680. After the registration, participants will be provided with phone numbers and a conference ID to access the conference. To ask a question, please dial *5 on your telephone keypad to enter the queue.

Helsinki 9 November 2023

Board of Directors

The information in this Financial Statements Release is unaudited.

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Condensed financial information

Condensed consolidated statement of income

EUR thousand	1 Jul 2023 - 30 Sep 2023	1 Jul 2022 - 30 Sep 2022	1 Oct 2022 - 30 Sep 2023	1 Oct 2021 - 30 Sep 2022
Net sales	**110,387**	**101,846**	**425,740**	**391,122**
Other operating income	654	520	5,052	2,516
Share of profit of a joint venture	0	-121	324	84
Materials and services	-59,600	-55,810	-231,252	-209,626
Employee benefit expenses	-18,802	-17,593	-76,782	-72,592
Other operating expenses	-12,538	-11,293	-48,527	-46,078
Depreciation, amortization and impairment	-9,440	-9,007	-36,756	-34,542
Operating profit	**10,661**	**8,543**	**37,800**	**30,882**
Financial income and expenses, net	-1,775	76	-4,083	-2,443
Profit before taxes	**8,886**	**8,619**	**33,717**	**28,440**
Income tax expense	-1,496	-1,349	-7,229	-6,109
Profit/loss for the period	**7,390**	**7,270**	**26,487**	**22,330**
Attributable to:				
Owners of the parent	7,377	7,282	26,448	22,328
Non-controlling interest	12	-12	39	2
Earnings per share (EUR) for profit attributable to owners of the parent				
Basic EPS (EUR)	0.22	0.22	0.79	0.67
Diluted EPS (EUR)	0.22	0.22	0.79	0.66

Consolidated statement of comprehensive income, IFRS

Profit/loss for the period	7,390	7,270	26,487	22,330
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	2,609	-1,476	-5,562	-6,148
Other comprehensive income, net of tax	2,609	-1,476	-5,562	-6,148
Tax on other comprehensive income	-187	512	450	512
Total comprehensive income	**9,811**	**6,306**	**21,375**	**16,695**
Attributable to:				
Owners of the parent	9,799	6,318	21,338	16,705
Non-controlling interest	12	-12	37	-10

Consolidated statement of financial position

EUR thousand	30 Sep 2023	30 Sep 2022
ASSETS		
Non-current assets		
Goodwill	174,375	170,505
Other intangible assets	18,413	16,896
Right-of-use assets	75,771	76,227
Property, plant and equipment	27,570	18,538
Investments in joint ventures	0	1,074
Deferred tax assets	2,824	4,351
Derivative financial instruments	1,257	0
Other non-current receivables	111	154
Total non-current assets	**300,322**	**287,744**
Current assets		
Inventories	58,385	61,401
Trade and other receivables	11,575	9,486
Derivative financial instruments	394	2,135
Income tax receivables	1,612	625
Cash and cash equivalents	21,954	10,054
Total current asset	**93,920**	**83,702**
TOTAL ASSETS	**394,242**	**371,446**

EUR thousand	30 Sep 2023	30 Sep 2022
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	11,002	11,002
Other reserves	123,349	140,043
Treasury shares	-5,340	-6,910
Translation differences	-10,721	-5,161
Retained earnings	46,009	21,318
Total equity attributable to owners of the parent	**164,299**	**160,292**
Equity attributable to non-controlling interest	88	75
Total equity	**164,387**	**160,367**
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	69,943	59,898
Lease liability	55,518	57,776
Deferred tax liabilities	4,881	3,265
Non-current interest-free liabilities	2,031	0
Total non-current liabilities	**132,372**	**120,940**
Current liabilities		
Commercial papers	9,412	14,950
Lease liability	24,307	22,905
Trade and other payables	61,725	48,571
Derivative financial instruments	306	73
Income tax liabilities	1,711	3,640
Provisions	21	0
Total current liabilities	**97,482**	**90,139**
Total liabilities	**229,855**	**211,079**
TOTAL EQUITY AND LIABILITIES	**394,242**	**371,446**

Consolidated statement of cash flows

EUR thousand	1 Jul 2023 - 30 Sep 2023	1 Jul 2022 - 30 Sep 2022	1 Oct 2022 - 30 Sep 2023	1 Oct 2021 - 30 Sep 2022
Cash flows from operating activities				
Profit before income taxes	8,886	8,619	33,717	28,440
Adjustments				
Depreciation, amortization and impairment	9,440	9,007	36,756	34,542
Financial income and expenses, net	1,775	-76	4,083	2,443
Other adjustments	140	447	-2,174	1,296
Cash flows before changes in working capital	20,241	17,997	72,381	66,720
Change in working capital				
Increase (-) / decrease (+) in trade and other receivables	-776	-950	-522	-764
Increase (-) / decrease (+) in inventories	-910	-4,666	2,127	-16,301
Increase (+) / decrease (-) in trade and other payables	11,763	2,659	13,096	1,678
Cash flows from operating activities before financial items and taxes	30,318	15,041	87,082	51,333
Income taxes paid	-1,275	-1,441	-7,532	-5,199
Net cash from operating activities	**29,043**	**13,600**	**79,550**	**46,135**
Cash flows from investing activities				
Investments in tangible and intangible assets	-2,815	-2,654	-11,863	-14,216
Acquisition of subsidiaries and business acqusitions, net of cash acquired	-396	-4,233	-6,715	-18,735
Net cash from investing activities	**-3,211**	**-6,887**	**-18,578**	**-32,951**
Cash flows from financing activities				
Capital returns paid	-8,347	-7,314	-16,770	-14,630
Dividends paid	0	0	0	-15
Proceeds from non-current loans	0	0	10,044	60,000
Repayments of non-current loans	0	0	-8,427	-50,000
Issuance of commercial papers	-3,996	14,946	-6,138	14,946
Repayments of lease liabilities	-6,144	-5,824	-24,427	-22,114
Interest and other financial expenses paid	-1,337	-1,654	-4,147	-7,089
Interest and other finance income received	467	944	1,209	2,759
Net cash flow from financing activities	**-19,357**	**1,098**	**-48,655**	**-16,143**
Net change in cash and cash equivalents	**6,475**	**7,811**	**12,317**	**-2,959**
Cash and cash equivalents at the beginning of the period	15,805	2,243	10,054	13,013
Foreign exchange differences and cash of acquired subsidiary	-327	0	-417	0
Cash and cash equivalents at end of the period	**21,954**	**10,054**	**21,954**	**10,054**

Consolidated statement of changes in 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 at 1 Oct 2022	**11,002**	**140,043**	**-6,910**	**-5,161**	**21,318**	**160,292**	**75**	**160,367**
Profit/loss for the period					26,448	26,448	39	26,487
Translation differences				-5,560		-5,560	-2	-5,562
Tax on other comprehensive income					450	450		450
Comprehensive income	**0**	**0**	**0**	**-5,560**	**26,898**	**21,338**	**37**	**21,375**
Capital return		-16,694				-16,694		-16,694
Share-based incentive plan			1,570		-2,231	-661		-661
Other changes					24	24	-24	0
Equity at 30 Sep 2023	**11,002**	**123,349**	**-5,340**	**-10,721**	**46,009**	**164,299**	**88**	**164,387**

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 at 1 Oct 2021	**11,002**	**154,691**	**-6,910**	**975**	**-2,890**	**156,867**	**110**	**156,977**
Profit/loss for the period					22,328	22,328	2	22,330
Translation differences				-6,136		-6,136	-13	-6,148
Tax on other comprehensive income					512	512		512
Comprehensive income	**0**	**0**	**0**	**-6,136**	**22,841**	**16,705**	**-10**	**16,695**
Capital return		-14,648				-14,648		-14,648
Dividends						0	-15	-15
Share-based incentive plan					1,349	1,349		1,349
Other changes					19	19	-10	9
Equity at 30 Sep 2022	**11,002**	**140,043**	**-6,910**	**-5,161**	**21,318**	**160,292**	**75**	**160,367**

Basis of preparation and accounting policies

The Group’s consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as implemented within the EU.

The financial statements release for 1 October 2022 – 30 September 2023 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 statements.

The figures of the financial statements release 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 financial statements release is presented in thousand euros unless otherwise stated.

Critical accounting estimates and judgements

An IFRS-compliant financial statements review 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 the war in Ukraine

The Group's management has assessed the impacts of 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 in relation to these, the review did not indicate need for asset impairments.

Segments

7/2023-9/2023

EUR thousand	Finland	Sweden	Norway	Group functions	Group
Net sales *	49,993	43,421	16,973	0	**110,387**
% split of net sales between segment	45%	39%	15%	0%	100%
EBITDA	**14,892**	**9,736**	**3,815**	**-8,342**	**20,101**
Adjustments	69	98	23	297	487
Adjusted EBITDA	**14,961**	**9,834**	**3,838**	**-8,045**	**20,587**
Depreciation and impairment of right-of use assets and tangible assets	-2,833	-2,701	-1,456	-1,013	-8,003
EBITA	**12,059**	**7,035**	**2,358**	**-9,355**	**12,097**
Adjustments	69	98	23	297	487
Adjusted EBITA	**12,128**	**7,133**	**2,382**	**-9,058**	**12,584**
Amortization and impairment of intangible assets					-1,436
Operating profit					**10,661**
Financial income and expenses, net					-1,775
Profit before taxes					**8,886**
Income tax expense					-1,496
Profit/loss for the period					**7,390**

* Net sales include sales of products and services to external customers. There are no internal net sales between the segments.

7/2022-9/2022

EUR thousand	Finland	Sweden	Norway	Group functions	Group
Net sales *	44,343	42,495	15,007	0	**101,846**
% split of net sales between segment	44%	42%	15%	0%	100%
EBITDA	**11,759**	**9,189**	**3,662**	**-7,060**	**17,550**
Adjustments	0	0	0	0	0
Adjusted EBITDA	**11,759**	**9,189**	**3,662**	**-7,060**	**17,550**
Depreciation and impairment of right-of use assets and tangible assets	-2,652	-2,686	-1,303	-735	-7,377
EBITA	**9,107**	**6,503**	**2,358**	**-7,795**	**10,173**
Adjustments	0	0	0	0	0
Adjusted EBITA	**9,107**	**6,503**	**2,358**	**-7,795**	**10,173**
Amortization and impairment of intangible assets					-1,630
Operating profit					**8,543**
Financial income and expenses, net					76
Profit before taxes					**8,619**
Income tax expense					-1,349
Profit/loss for the period					**7,270**

* Net sales include sales of products and services to external customers. There are no internal net sales between the segments.

10/2022-9/2023					
EUR thousand	**Finland**	**Sweden**	**Norway**	**Group functions**	**Group**
Net sales *	189,908	170,899	64,933	0	**425,740**
% split of net sales between segment	45%	40%	15%	0%	100%
EBITDA	**52,569**	**36,282**	**15,072**	**-29,368**	**74,555**
Adjustments	68	215	23	-1,239	-933
Adjusted EBITDA	**52,637**	**36,497**	**15,095**	**-30,607**	**73,623**
Depreciation and impairment of right-of use assets and tangible assets	-11,116	-10,781	-5,667	-3,416	-30,980
EBITA	**41,453**	**25,500**	**9,405**	**-32,783**	**43,575**
Adjustments	68	215	23	-1,239	-933
Adjusted EBITA	**41,521**	**25,716**	**9,428**	**-34,023**	**42,643**
Amortization and impairment of intangible assets					-5,776
Operating profit					**37,800**
Financial income and expenses, net					-4,083
Profit before taxes					**33,717**
Income tax expense					-7,229
Profit/loss for the period					**26,487**

* Net sales include sales of products and services to external customers. There are no internal net sales between the segments.

10/2021-9/2022					
EUR thousand	**Finland**	**Sweden**	**Norway**	**Group functions**	**Group**
Net sales *	169,704	164,905	56,512	0	**391,122**
% split of net sales between segment	43%	42%	14%	0%	100%
EBITDA	**44,486**	**37,273**	**14,586**	**-30,920**	**65,425**
Adjustments	39	0	0	1,424	1,463
Adjusted EBITDA	**44,525**	**37,273**	**14,586**	**-29,497**	**66,888**
Depreciation and impairment of right-of use assets and tangible assets	-10,252	-10,335	-4,644	-2,892	-28,124
EBITA	**34,234**	**26,938**	**9,941**	**-33,813**	**37,300**
Adjustments	39	0	0	1,424	1,463
Adjusted EBITA	**34,273**	**26,938**	**9,941**	**-32,389**	**38,763**
Amortization and impairment of intangible assets					-6,418
Operating profit					**30,882**
Financial income and expenses, net					-2,443
Profit before taxes					**28,440**
Income tax expense					-6,109
Profit/loss for the period					**22,330**

* Net sales include sales of products and services to external customers. There are no internal net sales between the segments.

Business combinations

During the period 1 October 2022 - 30 September 2023 Musti Group acquired five pet stores in Sweden and one in Norway as business acquisitions. The total purchase price for the stores was approximately EUR 4.7 million and the resulting goodwill EUR 4.4 million. Goodwill is based on synergies from the acquisitions. The acquisitions did not have a material impact on group's net sales or result.

Musti Group acquired the full ownership of the pet food manufacturer Premium Pet Food Suomi Oy on 3rd of April 2023 and the company became a fully owned subsidiary of Musti Group. Prior to the transaction, Musti Group held 49.2% of the shares in the company. The company's net sales from its previous financial year July 2021 – June 2022 was EUR 7.7 million and FAS EBITDA EUR 1.4 million. Musti Group recognized a fair value gain of EUR 2.4 million relating to the previously held share of the company in Q3 2023. The acquisition cost includes an estimated contingent consideration amounting to EUR 2.0 million. The consideration is subject to the operative effectiveness and production capabilities of the company and is maximum EUR 3.0 million.
If the company had been acquired already in the beginning of the financial year 2023, the Group's net sales would have been EUR 4.0 million higher, EBIT 0.2 million higher and profit for the period EUR 0.1 million higher than reported.

The preliminary purchase price allocation for the acquisition is presented below:

EUR thousand	
Acquisition cost including the fair value gain on the previously held share	**7,795**
Fair value of net identifiable assets acquired	
Non-current assets	
Customer relationships	1,119
Trademarks	916
Other intangible assets	126
Property, plant and equipment	10,445
Current assets	
Inventories	1,462
Trade and other receivables	2,444
Cash and cash equivalents	-449
Total assets	**16,063**
Non-current liabilities	
Deferred tax liabilities	505
Loans from credit institutions	8,427
Lease liability	394
Current liabilities	
Loans from credit institutions	600
Lease liability	102
Trade and other payables	1,847
Total liabilities	**11,874**
Net assets acquired	**4,189**
Goodwill	**3,606**
Cash flow impact	
Purchase price paid in cash	-2,000
Cash and cash equivalents of the acquired company	-449
Expenses related to the acquisition	-77
Impact on cash flows	**-2,526**

Personnel

	30 Sep 2023	**30 Sep 2022**
Personnel on average	1,640	1,523
Personnel at the end of period	1,643	1,587

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.

The following transactions were carried out with joint ventures

EUR thousand	30 Sep 2023	30 Sep 2022
Purchases of goods and services	4,638	4,430
Receivables	0	76
Payables	0	96
Other receivables	0	0
Guarantees given on behalf of joint ventures	0	5,177

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.

Musti Group acquired the full ownership of the pet food manufacturer Premium Pet Food Suomi Oy on 3rd of April 2023. Prior to the transaction, Musti Group held 49.2% of the shares in the company, therefore, transactions and balances with Premium Pet Food Suomi Oy have been included in the presentation of related party transactions. From 3rd of April 2023 onwards the intercompany transactions with Premium Pet Food Suomi Oy are not included in the related party transactions table above anymore. Please refer to Business combinations section in this report for more details of the aqcuisition.

Goodwill, intangible assets and property, plant and equipment

EUR thousand	30 Sep 2023	30 Sep 2022
Cost at the beginning of the period	**205,937**	**192,294**
Amortization, depreciation and impairment	-12,490	-12,584
Additions	16,318	32,190
Acquisitions through business combinations	15,717	0
Disposals and closing of stores	-55	-70
Exchange rate differences	-5,071	-5,894
Cost at the end of the period	**220,356**	**205,937**

Leases

Right-of-use assets

EUR thousand	Land and water	Buildings and structures	Machinery and equipment	Total
30 Sep 2023				
Cost at the beginning of the reporting period	**0**	**75,604**	**623**	**76,227**
New contracts	0	7,732	369	8,101
Acquisitions through business combinations	181	0	315	496
Terminated contracts	0	-1,470	-30	-1,500
Revaluations and modifications	0	19,384	118	19,502
Exchange rate differences	0	-2,764	-25	-2,789
Depreciation	-2	-23,937	-327	-24,266
Cost at the end of the reporting period	**179**	**74,550**	**1,043**	**75,771**

EUR thousand	Land and water	Buildings and structures	Machinery and equipment	Total
30 Sep 2022				
Cost at the beginning of the reporting period	**0**	**71,225**	**520**	**71,745**
New contracts	0	21,778	417	22,195
Terminated contracts	0	-1,396	-70	-1,466
Revaluations and modifications	0	8,715	63	8,778
Exchange rate differences	0	-3,029	-29	-3,058
Depreciation	0	-21,688	-278	-21,966
Cost at the end of the reporting period	**0**	**75,604**	**623**	**76,227**

Lease liability

EUR thousand	30 Sep 2023	30 Sep 2022
Lease liability at the beginning of the reporting period	**80,681**	**76,472**
Net increases	23,553	26,173
Rent expenses	-26,743	-24,197
Interest expense	2,334	2,233
Lease liability at the end of the reporting period	**79,825**	**80,681**

EUR thousand	30 Sep 2023	30 Sep 2022
Non-current lease liability	55,518	57,776
Current lease liability	24,307	22,905
Total	**79,825**	**80,681**

Lease contracts in the income statement

EUR thousand	1 Jul 2023 - 30 Sep 2023	1 Jul 2022 - 30 Sep 2022	1 Oct 2022 - 30 Sep 2023	1 Oct 2021 - 30 Sep 2022
Expenses from rental agreements not included in lease liability	-294	-201	-1,054	-1,181
Depreciation of right-of-use assets	-6,208	-5,710	-24,266	-21,966
Interest expenses from lease liability	-629	-545	-2,334	-2,233
Total	**-7,132**	**-6,456**	**-27,654**	**-25,380**

Financial assets and liabilities

Financial assets

EUR thousand	Financial assets at fair value through profit and loss	Financial assets at amortized cost	Book value	Fair value	Fair value hierarchy
30 Sep 2023					
Non-current assets					
Derivative financial instruments	1,257		1,257	1,257	Level 2
Other non-current assets		111	111	111	Level 2
Total	**1,257**	**111**	**1,369**	**1,369**	
Current assets					
Trade and other receivables*		6,050	6,050	6,050	Level 2
Derivative financial instruments	394		394	394	Level 2
Cash and cash equivalents		21,954	21,954	21,954	Level 2
Total	**394**	**28,004**	**28,398**	**28,398**	
Financial assets, total	**1,651**	**28,115**	**29,766**	**29,766**	

EUR thousand	Financial assets at fair value through profit and loss	Financial assets at amortized cost	Book value	Fair value	Fair value hierarchy
30 Sep 2022					
Non-current assets					
Other non-current assets		154	154	154	Level 2
Total		**154**	**154**	**154**	
Current assets					
Trade and other receivables*		2,660	2,660	2,660	Level 2
Derivative financial instruments	2,135		2,135	2,135	Level 2
Cash and cash equivalents		10,054	10,054	10,054	Level 2
Total	**2,135**	**12,714**	**14,850**	**14,850**	
Financial assets, total	**2,135**	**12,869**	**15,004**	**15,004**	

Financial liabilities

EUR thousand	Financial liabilities at fair value through profit and loss	Financial liabilities at amortized cost	Book value	Fair value	Fair value hierarchy
30 Sep 2023					
Non-current interest-bearing liabilities					
Loans from credit institutions		69,943	69,943	69,943	Level 2
Lease liability		55,518	55,518	55,518	Level 2
Other non-current liablities		2,031	2,031	2,031	Level 3
Total		**127,492**	**127,492**	**127,492**	
Current liabilities					
Commercial papers		9,412	9,412	9,412	Level 2
Lease liability		24,307	24,307	24,307	Level 2
Trade and other payables*		36,078	36,078	36,078	Level 2
Derivative financial instruments	306		306	306	Level 2
Total	**306**	**69,798**	**70,104**	**70,104**	
Financial liablities, total	**306**	**197,289**	**197,596**	**197,596**	

EUR thousand	Financial liabilities at fair value through profit and loss	Financial liabilities at amortized cost	Book value	Fair value	Fair value hierarchy
30 Sep 2022					
Non-current interest-bearing liabilities					
Loans from credit institutions		59,898	59,898	59,898	Level 2
Lease liability		57,776	57,776	57,776	Level 2
Total		**117,674**	**117,674**	**117,674**	
Current liabilities					
Commercial papers		14,950	14,950	14,950	Level 2
Lease liability		22,905	22,905	22,905	Level 2
Trade and other payables*		24,386	24,386	24,386	Level 2
Derivative financial instruments	73		73	73	Level 2
Total	**73**	**62,241**	**62,314**	**62,314**	
Financial liablities, total	**73**	**179,915**	**179,989**	**179,989**	

*) 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 on 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 on level 2 of the fair value hierarchy.

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 classified earn-out liabilities on level 3 of the fair value hierarchy.

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
30 Sep 2023				
Forward exchange contracts	34,537	394	-306	87
Interest rate swaps	30,000	1,257		1,257
Total	**64,537**	**1,651**	**-306**	**1,345**

EUR thousand	Nominal value	Receivables at fair value	Payables at fair value	Net fair value
30 Sep 2022				
Forward exchange contracts	19,733	584	-73	511
Interest rate swaps	30,000	1,551		1,551
Total	**49,733**	**2,135**	**-73**	**2,062**

Group commitments

EUR thousand	30 Sep 2023	30 Sep 2022
Pledges given on behalf of Group companies and joint ventures		
Guarantees relating to rental payments	3,846	4,455
Other commitments	23	43
Total	**3,870**	**4,498**
Other commitments		
Other guarantees	0	5,177
Lease liabilities for leases not recognized in the balance sheet	1,939	2,766
Total	**1,939**	**7,943**

Lease liabilities not recognized in the balance sheet include 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 have been 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 filed a claim for adjustment to the Finnish Tax Administration's Assessment Adjustment Board. In May 2023, the Board issued a decision remitting the decision to the Tax Administration for reconsideration. Based on the decision of the Board of Adjustment and the latest court rulings, the company made a new estimate of the amount of deductible VAT and, on that basis, recognized EUR 0.4 million of it as an expense. The case is still pending with the tax administration. 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 ratios and alternative performance measures

EUR millions or as indicated	7-9/2023	7-9/2022	Change %	YTD 2023	YTD 2022	Change %
Net sales	110.4	101.8	8.4 %	425.7	391.1	8.9 %
Net sales growth, %	8.4 %	11.3 %		8.9 %	14.7 %	
LFL sales growth, %	10.0 %	4.7 %		9.5 %	6.7 %	
LFL store sales growth, %	7.1 %	2.4 %		6.7 %	4.2 %	
LFL online sales growth, %	20.7 %	12.7 %		19.0 %	14.7 %	
Store sales	83.3	79.5	4.7 %	322.3	300.3	7.3 %
Online sales	24.9	21.7	14.5 %	97.8	87.0	12.4 %
Online share of net sales, %	22.5 %	21.3 %		23.0 %	22.2 %	
Gross margin, %	46.0 %	45.2 %		45.7 %	46.4 %	
EBITDA	20.1	17.6	14.5 %	74.6	65.4	14.0 %
EBITDA margin, %	18.2 %	17.2 %		17.5 %	16.7 %	
Adjusted EBITDA	20.6	17.6	17.3 %	73.6	66.9	10.1 %
Adjusted EBITDA margin, %	18.7 %	17.2 %		17.3 %	17.1 %	
EBITA	12.1	10.2	18.9 %	43.6	37.3	16.8 %
EBITA margin, %	11.0 %	10.0 %		10.2 %	9.5 %	
Adjusted EBITA	12.6	10.2	23.7 %	42.6	38.8	10.0 %
Adjusted EBITA margin, %	11.4 %	10.0 %		10.0 %	9.9 %	
Operating Profit	10.7	8.5	24.8 %	37.8	30.9	22.4 %
Operating Profit margin, %	9.7 %	8.4 %		8.9 %	7.9 %	
Profit/loss for the period	7.4	7.3	1.6 %	26.5	22.3	18.6 %
Earnings/Share, basic, EUR	0.22	0.22	1.3 %	0.79	0.67	18.3 %
Earnings/Share, diluted, EUR	0.22	0.22	1.3 %	0.79	0.66	18.4 %
Cash flow from operating activities	29.0	13.6	113.6 %	79.6	46.1	72.4 %
Investments in tangible and intangible assets	2.8	2.7	6.1 %	11.9	14.2	-16.6 %
Net debt	137.9	143.4	-3.8 %	137.9	143.4	-3.8 %
Gearing, %	83.9 %	89.4 %		83.9 %	89.4 %	
Net debt / LTM Adjusted EBITDA	1.9	2.1	-12.6 %	1.9	2.1	-12.6 %
Equity ratio %	41.7 %	43.2 %		41.7 %	43.2 %	
Nr of loyal customers, thousands	1,543	1,454	6.1 %	1,543	1,454	6.1 %
Number of stores at end of period	342	335	2.1 %	342	335	2.1 %
of which directly operated	330	319	3.4 %	330	319	3.4 %
Own & Exclusive share, %	52.0 %	52.7 %		52.4 %	52.7 %	

Finland						
Net sales	50.0	44.3	12.7 %	189.9	169.7	11.9 %
Net sales growth, %	12.7 %	10.1 %		11.9 %	11.2 %	
LFL sales growth, %	9.1 %	1.8 %		9.7 %	2.7 %	
EBITDA	14.9	11.8	26.6 %	52.6	44.5	18.2 %
EBITDA margin, %	29.8 %	26.5 %		27.7 %	26.2 %	
Adjusted EBITDA	15.0	11.8	27.2 %	52.6	44.5	18.2 %
Adjusted EBITDA margin, %	29.9 %	26.5 %		27.7 %	26.2 %	
EBITA	12.1	9.1	32.4 %	41.5	34.2	21.1 %
EBITA margin, %	24.1 %	20.5 %		21.8 %	20.2 %	
Adjusted EBITA	12.1	9.1	33.2 %	41.5	34.3	21.1 %
Adjusted EBITA margin, %	24.3 %	20.5 %		21.9 %	20.2 %	
Nr of loyal customers, thousands	534	524	2.0 %	534	524	2.0 %
Number of stores at end of period	136	140	-2.9 %	136	140	-2.9 %
of which directly operated	136	140	-2.9 %	136	140	-2.9 %
Own & Exclusive share, %	55.5 %	57.5 %		55.9 %	57.5 %	
Sweden						
Net sales	43.4	42.5	2.2 %	170.9	164.9	3.6 %
Net sales growth, %	2.2 %	7.0 %		3.6 %	11.8 %	
LFL sales growth, %	9.2 %	6.5 %		8.6 %	8.9 %	
EBITDA	9.7	9.2	6.0 %	36.3	37.3	-2.7 %
EBITDA margin, %	22.4 %	21.6 %		21.2 %	22.6 %	
Adjusted EBITDA	9.8	9.2	7.0 %	36.5	37.3	-2.1 %
Adjusted EBITDA margin, %	22.6 %	21.6 %		21.4 %	22.6 %	
EBITA	7.0	6.5	8.2 %	25.5	26.9	-5.3 %
EBITA margin, %	16.2 %	15.3 %		14.9 %	16.3 %	
Adjusted EBITA	7.1	6.5	9.7 %	25.7	26.9	-4.5 %
Adjusted EBITA margin, %	16.4 %	15.3 %		15.0 %	16.3 %	
Nr of loyal customers, thousands	701	669	4.7 %	701	669	4.7 %
Number of stores at end of period	131	129	1.6 %	131	129	1.6 %
of which directly operated	119	113	5.3 %	119	113	5.3 %
Own & Exclusive share, %	45.9 %	46.5 %		46.4 %	45.9 %	
Norway						
Net sales	17.0	15.0	13.1 %	64.9	56.5	14.9 %
Net sales growth, %	13.1 %	31.1 %		14.9 %	38.7 %	
LFL sales growth, %	15.7 %	9.5 %		11.3 %	13.9 %	
EBITDA	3.8	3.7	4.2 %	15.1	14.6	3.3 %
EBITDA margin, %	22.5 %	24.4 %		23.2 %	25.8 %	
Adjusted EBITDA	3.8	3.7	4.8 %	15.1	14.6	3.5 %
Adjusted EBITDA margin, %	22.6 %	24.4 %		23.2 %	25.8 %	
EBITA	2.4	2.4	0.0 %	9.4	9.9	-5.4 %
EBITA margin, %	13.9 %	15.7 %		14.5 %	17.6 %	
Adjusted EBITA	2.4	2.4	1.0 %	9.4	9.9	-5.2 %
Adjusted EBITA margin, %	14.0 %	15.7 %		14.5 %	17.6 %	
Nr of loyal customers, thousands	308	261	17.9 %	308	261	17.9 %
Number of stores at end of period	75	66	13.6 %	75	66	13.6 %
of which directly operated	75	66	13.6 %	75	66	13.6 %
Own & Exclusive share, %	57.7 %	56.3 %		57.9 %	57.6 %	

Calculation formulas of key performance indicators

Key Performance Indicator	*Definition*
Gross profit	Net sales - Material 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
Earnings per share, basic	Profit/loss for the period - Non-controlling interests / Average number of shares
Earnings per share, diluted	Profit/loss for the period - Non-controlling interests / Average diluted number of shares
Net Debt	Interest bearing liabilities - Loan receivables +/ - Derivative financial instruments - Cash and cash equivalents
Gearing (%)	Net debt / Equity
Net debt/LTM (last twelve months) Adjusted EBITDA	Net debt / LTM adjusted EBITDA
Equity ratio (%)	Total equity / Total assets - Advances received
LFL (Like-for-like) sales growth (%)	Sales of online channels and stores that have been open more than 13 months / Sales from corresponding online channels and stores in the same time period
Own & Exclusive share (%)	Sales of own and exclusive product sales / Product sales in own channels
Online share (%)	Online sales / Net sales

Reconciliation of key performance indicators

EUR millions or as indicated	1 Jul 2023 - 30 Sep 2023	1 Jul 2022 - 30 Sep 2022	1 Oct 2022 - 30 Sep 2023	1 Oct 2021 - 30 Sep 2022
Gross profit				
Net sales	110.4	101.8	425.7	391.1
Material and services	-59.6	-55.8	-231.3	-209.6
Gross profit	**50.8**	**46.0**	**194.5**	**181.5**
Gross margin (%)	**46.0 %**	**45.2 %**	**45.7 %**	**46.4 %**
Earnings before interest, taxes, depreciation and amortization (EBITDA)				
Operating profit	10.7	8.5	37.8	30.9
Depreciation, Amortization and Impairment	9.4	9.0	36.8	34.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**20.1**	**17.6**	**74.6**	**65.4**
EBITDA margin (%)	**18.2 %**	**17.2 %**	**17.5 %**	**16.7 %**
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)				
Operating profit	10.7	8.5	37.8	30.9
Depreciation, amortization and Impairment	9.4	9.0	36.8	34.5
Adjustments	0.5	0.0	-0.9	1.5
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)	**20.6**	**17.6**	**73.6**	**66.9**
Adjusted EBITDA margin (%)	**18.7 %**	**17.2 %**	**17.3 %**	**17.1 %**
Adjustments (EBITDA)				
Restructuring related expenses	0.5	0.0	0.5	0.0
Acquisition/IPO related expenses	0.0	0.0	0.4	0.0
Other items affecting comparability	0.0	0.0	-1.4	1.5
Adjustments (EBITDA)	**0.5**	**0.0**	**-0.9**	**1.5**
Earnings before interest, taxes and amortization (EBITA)				
Operating profit	10.7	8.5	37.8	30.9
amortization and impairment	1.4	1.6	5.8	6.4
Earnings before interest, taxes and amortization (EBITA)	**12.1**	**10.2**	**43.6**	**37.3**
EBITA margin (%)	**11.0 %**	**10.0 %**	**10.2 %**	**9.5 %**
Adjusted earnings before interest, taxes and depreciation (Adjusted EBITA)				
Operating profit	10.7	8.5	37.8	30.9
amortization and impairment of intangible assets	1.4	1.6	5.8	6.4
Adjustments	0.5	0.0	-0.9	1.5
Adjusted earnings before interest, taxes and depreciation (Adjusted EBITA)	**12.6**	**10.2**	**42.6**	**38.8**
Adjusted EBITA margin (%)	**11.4 %**	**10.0 %**	**10.0 %**	**9.9 %**
Adjustments (Operating profit)				
Restructuring related expenses	0.5	0.0	0.5	0.0
Acquisition/IPO related expenses	0.0	0.0	0.4	0.0
Other items affecting comparability	0.0	0.0	-1.4	1.5
Adjustments (Operating profit)	**0.5**	**0.0**	**-0.9**	**1.5**
Earnings per share, basic				
Profit/loss for the period	7.4	7.3	26.5	22.3
Non-controlling interest	0.0	0.0	0.0	0.0
Average number of shares	33.4	33.4	33.4	33.3
Earnings per share, basic	**0.22**	**0.22**	**0.79**	**0.67**

Earnings per share, diluted				
Profit/loss for the period	7.4	7.3	26.5	22.3
Non-controlling interest	0.0	0.0	0.0	0.0
Average number of shares, diluted	33.6	33.6	33.6	33.6
Earnings per share, diluted	**0.22**	**0.22**	**0.79**	**0.66**
Net debt				
Interest-bearing liabilities	161.2	155.5	161.2	155.5
Derivative financial instruments	-1.3	-2.1	-1.3	-2.1
Cash and cash equivalents	22.0	10.1	22.0	10.1
Net debt	**137.9**	**143.4**	**137.9**	**143.4**
Gearing (%)				
Net Debt	137.9	143.4	137.9	143.4
Equity	164.4	160.4	164.4	160.4
Gearing (%)	**83.9 %**	**89.4 %**	**83.9 %**	**89.4 %**
Net debt/LTM Adjusted EBITDA				
Net debt	137.9	143.4	137.9	143.4
LTM adjusted EBITDA	73.6	66.9	73.6	66.9
Net debt/LTM adjusted EBITDA	**1.9**	**2.1**	**1.9**	**2.1**
Equity ratio (%)				
Total equity	164.4	160.4	164.4	160.4
Total assets	394.2	371.4	394.2	371.4
Advances received	0.3	0.3	0.3	0.3
Equity ratio (%)	**41.7 %**	**43.2 %**	**41.7 %**	**43.2 %**
LFL sales growth (%)				
Net sales	110.4	101.8	425.7	391.1
Net sales growth %	8.4 %	11.3 %	8.9 %	14.7 %
Other growth %	-1.6 %	6.6 %	-0.6 %	8.1 %
LFL sales growth (%)	**10.0 %**	**4.7 %**	**9.5 %**	**6.7 %**
LFL store sales growth (%)				
Store sales	83.3	79.5	322.3	300.3
Store sales total growth %	4.7 %	16.0 %	7.3 %	20.1 %
Other growth %	-2.4 %	13.6 %	0.6 %	15.9 %
LFL store sales growth (%)	**7.1 %**	**2.4 %**	**6.7 %**	**4.2 %**
Net sales				
Store sales	83.3	79.5	322.3	300.3
Online sales	24.9	21.7	97.8	87.0
Other sales	2.3	0.6	5.7	3.8
Net sales	**110.4**	**101.8**	**425.7**	**391.1**
Online share (%)				
Net sales	110.4	101.8	425.7	391.1
Online sales	24.9	21.7	97.8	87.0
Online share (%)	**22.5 %**	**21.3 %**	**23.0 %**	**22.2 %**