



Financial Statements Release
1 October 2021–30 September 2022

8 November 2022
CEO David Rönnerberg
CFO Toni Rannikko





Our resilient growth continues

Summary of FY22 – Our resilient growth continues

Net sales growth

14.7%

Adjusted EBITDA growth

+13.7%

Accelerating 2-year growth

+38%

Own and exclusive brands

52.7%
(up from 51.0%)

Cash flow

EUR 46.1m

Directly operated store adds

+39

Loyalty club members growth

+12%

Gross margin

46.4%
(up from 45.7%)

Profit distribution

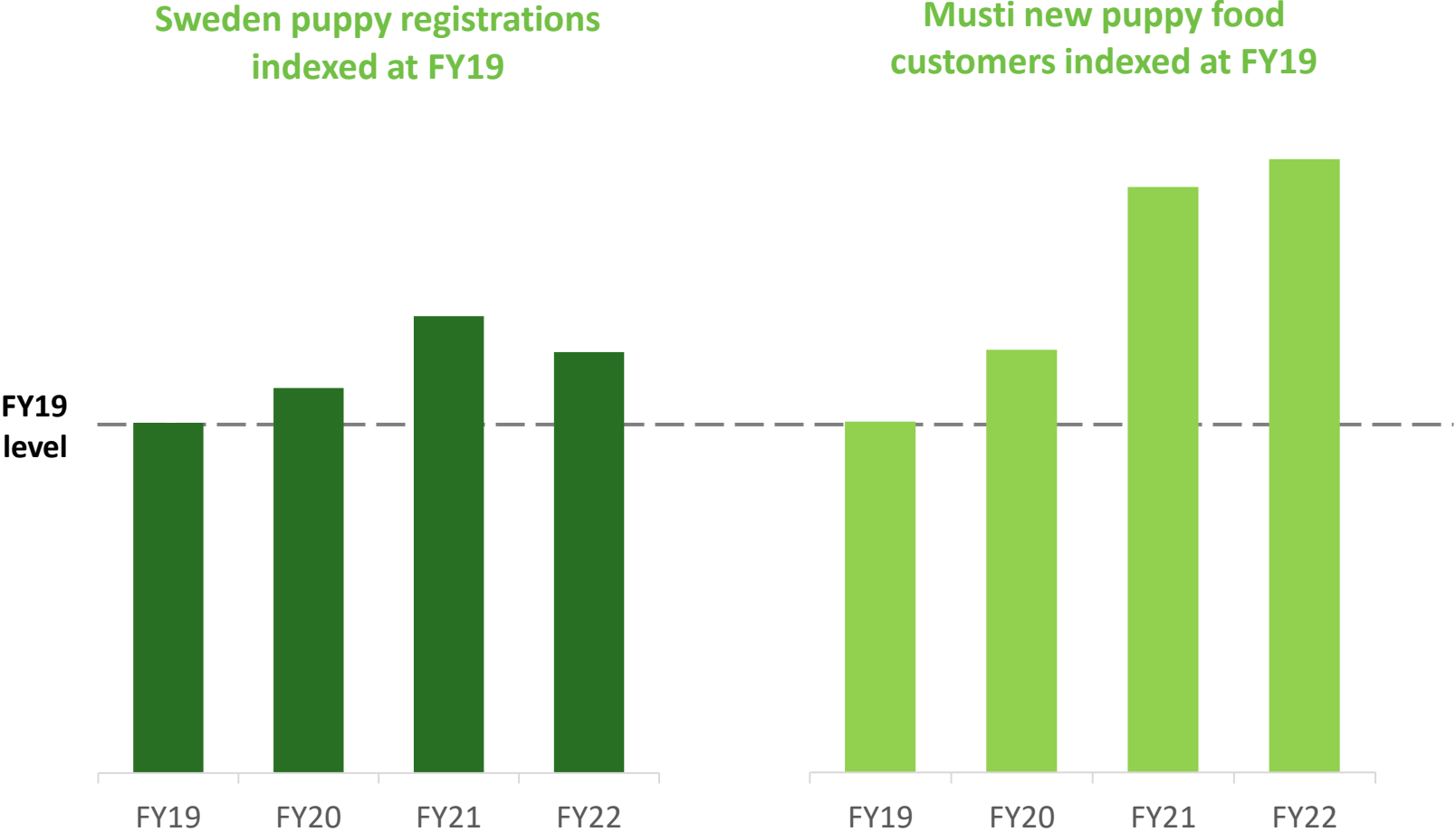
EUR 0.50
+14%

Highlights Q4 and FY22

- Group net sales increased by 11.3% to EUR 101.8 million in Q4. In FY22, group net sales increased by 14.7% to EUR 391.1 million.
- Like-for-like growth amounted to 4.7% (10.9%) in Q4 due to slower sales of discretionary products. Like-for-like growth was also affected by the higher number of new directly operated stores. In FY22, like-for-like growth amounted to 6.7% (11.8%).
- In Q4 adjusted EBITDA increased by 2.2% to EUR 17.6. In FY22 adjusted EBITDA was EUR 66.9 million, up by 13.7%. Adjusted EBITDA margin was 17.2% (18.8%) in Q4 and 17.1% (17.3%) in FY22.
- The number of loyal customers increased by 12.2% to 1,454 thousand (1,297 thousand on 30 September 2021).
- Adjusted EBITA decreased by 9.2% to EUR 10.2 million in Q4, mainly due to stabilization of sales of the discretionary items, combined with the profitability of the approximately 100 ramp-up phase new directly operated stores added during the past 24 months being still in developing phase. In FY22, adjusted EBITA increased by 5.4% to EUR 38.8 million.
- Adjusted EBITA margin was 10.0% (12.2%) in Q4 and 9.9% (10.8%) in FY22.
- Net cash flow from operating activities totaled EUR 13.6 million (15.0) in Q4 EUR 46.1 million (54.9) in FY22.
- The Board proposes to the Annual General Meeting that shareholders will be paid a capital return of EUR 0.50 per share



Musti puppy acquisition continues at record high levels



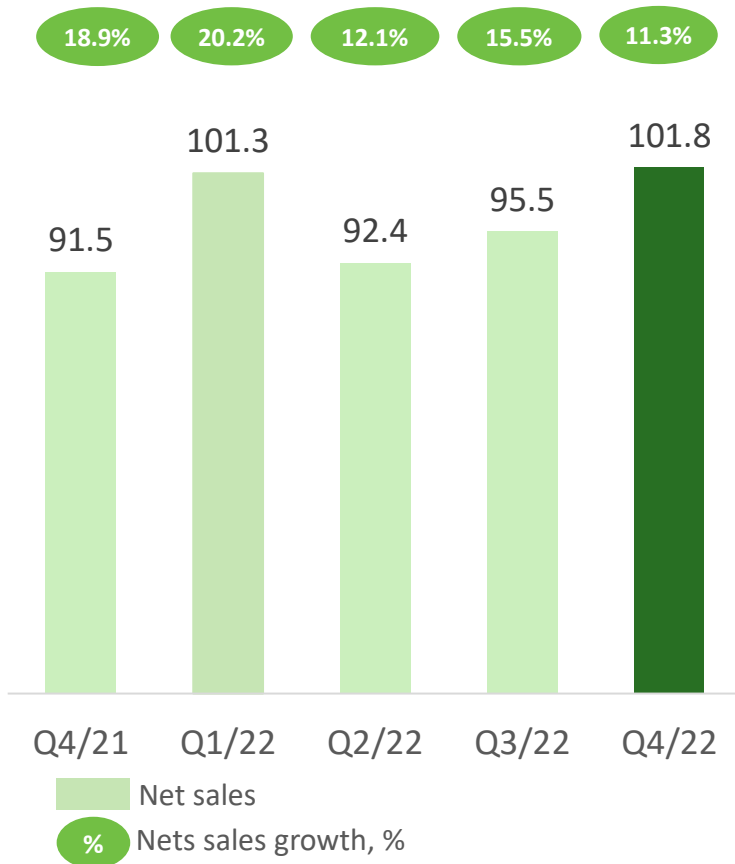
- **Covid pandemic** boosted the demand for puppies and kittens
- **Musti puppy and kitten clubs** launched end of FY20 followed by upgraded breeder club in FY22
- Step change in pet ownership, with many new Nordic pet owning households
- Over the same period, Musti has gained share of new puppies
- Musti puppy acquisition continues at all-time high level despite normalizing market
- Puppy retention rates are c. 90%



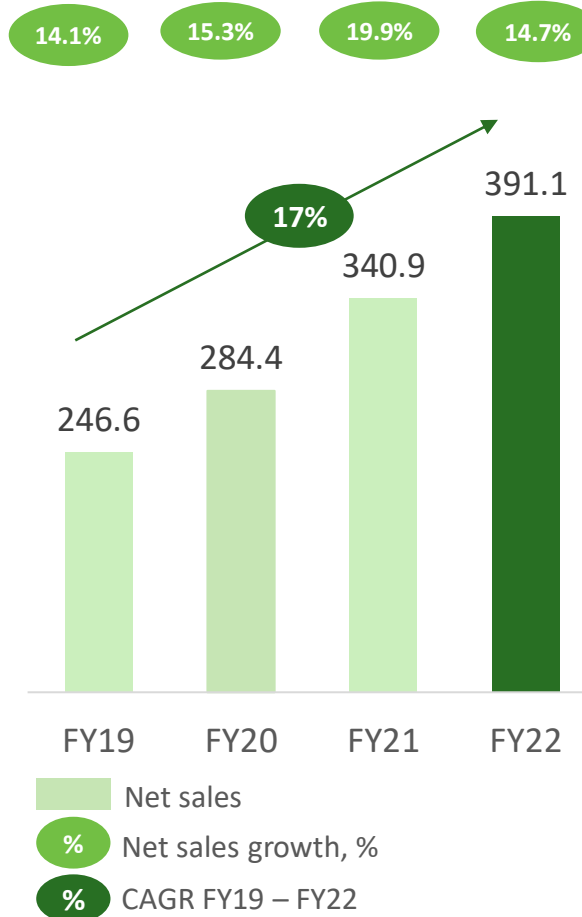
Source: Jordbruksverket

Double-digit growth despite economic uncertainty

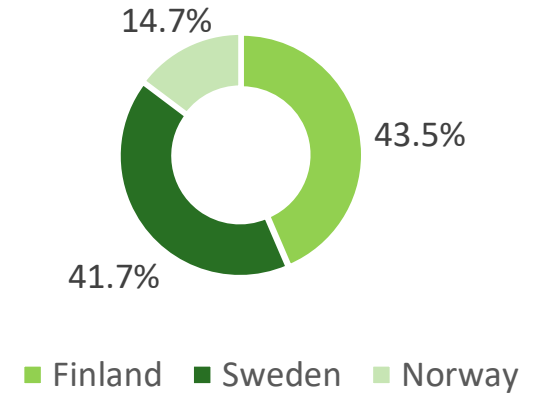
Quarterly net sales, EUR million



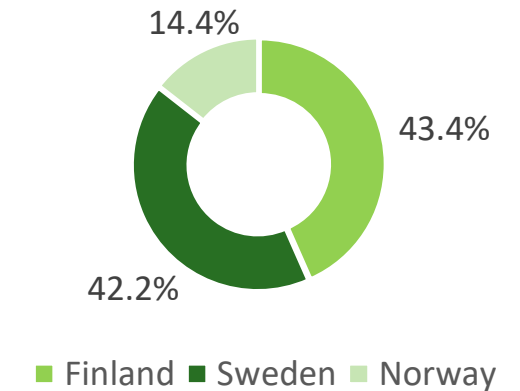
FY net sales, EUR million



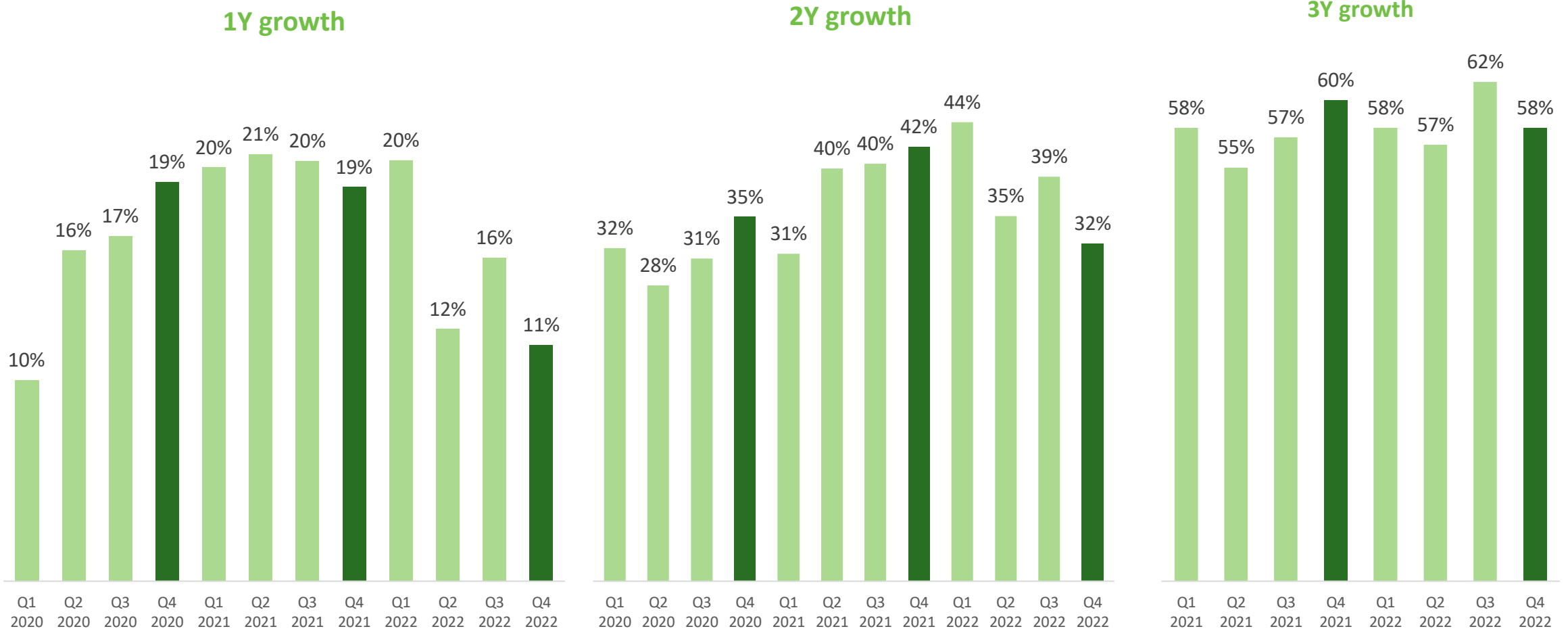
Net sales by segment in Q4/2022



Net sales by segment in FY/2022



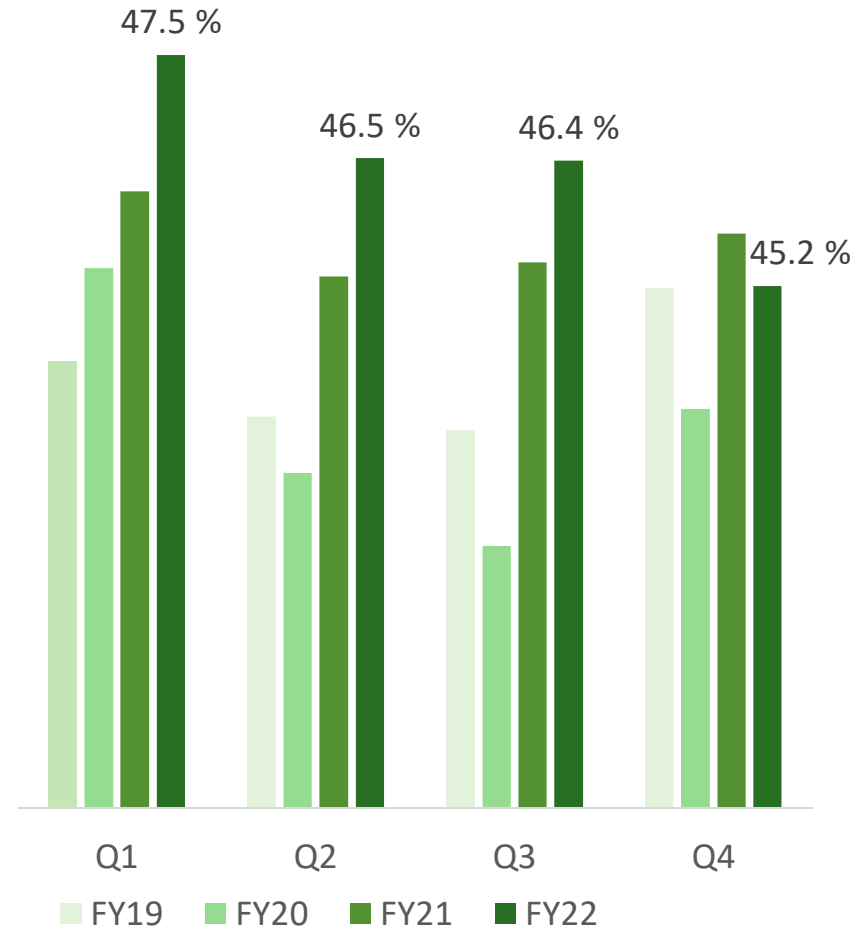
Q4 growth was 11%, 32% on a two-year basis and 58% on 3-year basis



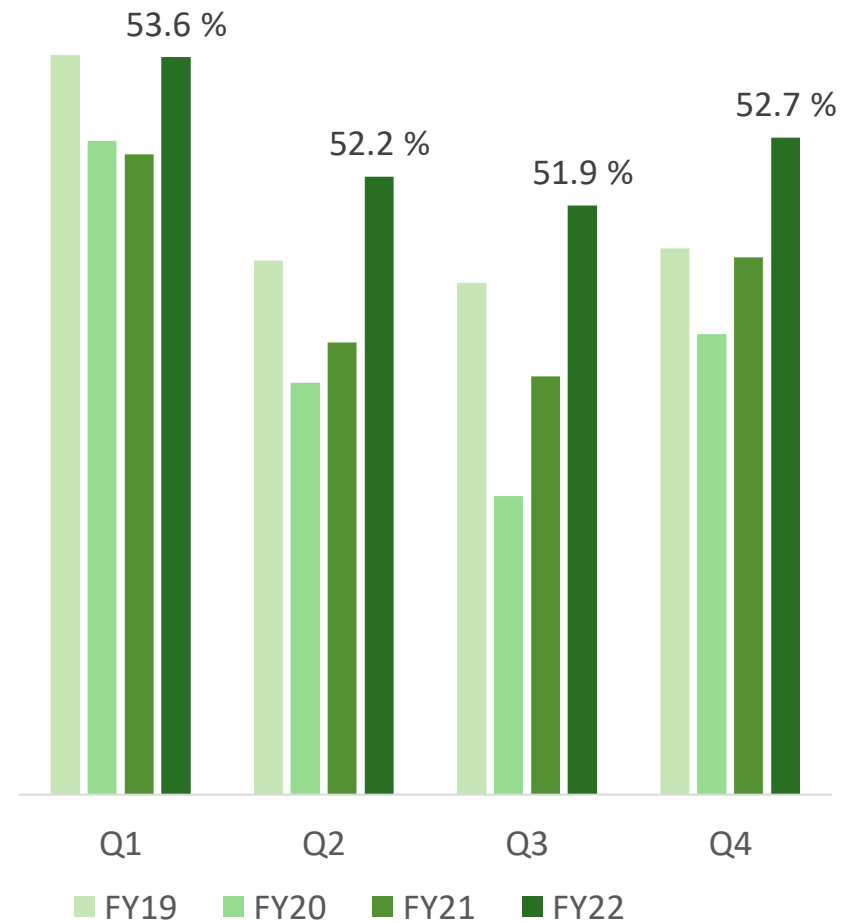
Gross margin and share of O&E products on a good level

- Gross margin totaled 45.2% (45.7%) in Q4. Gross margin was negatively impacted by increased inflation and unfavorable exchange rate development. During the quarter, inventory was rightsized with clearance and campaign actions.
- The share of sales of own and exclusive brands increased to 52.7% (51.3%) in Q4.
- In FY22 gross margin increased to 46.4% (45.7%), the increase was mainly due to successful campaign pressure, higher share of sales of the own and exclusive products and favorable product mix.
- The share of sales of own and exclusive brands increased to 52.7% (51.0%) in FY22.

Gross margin %

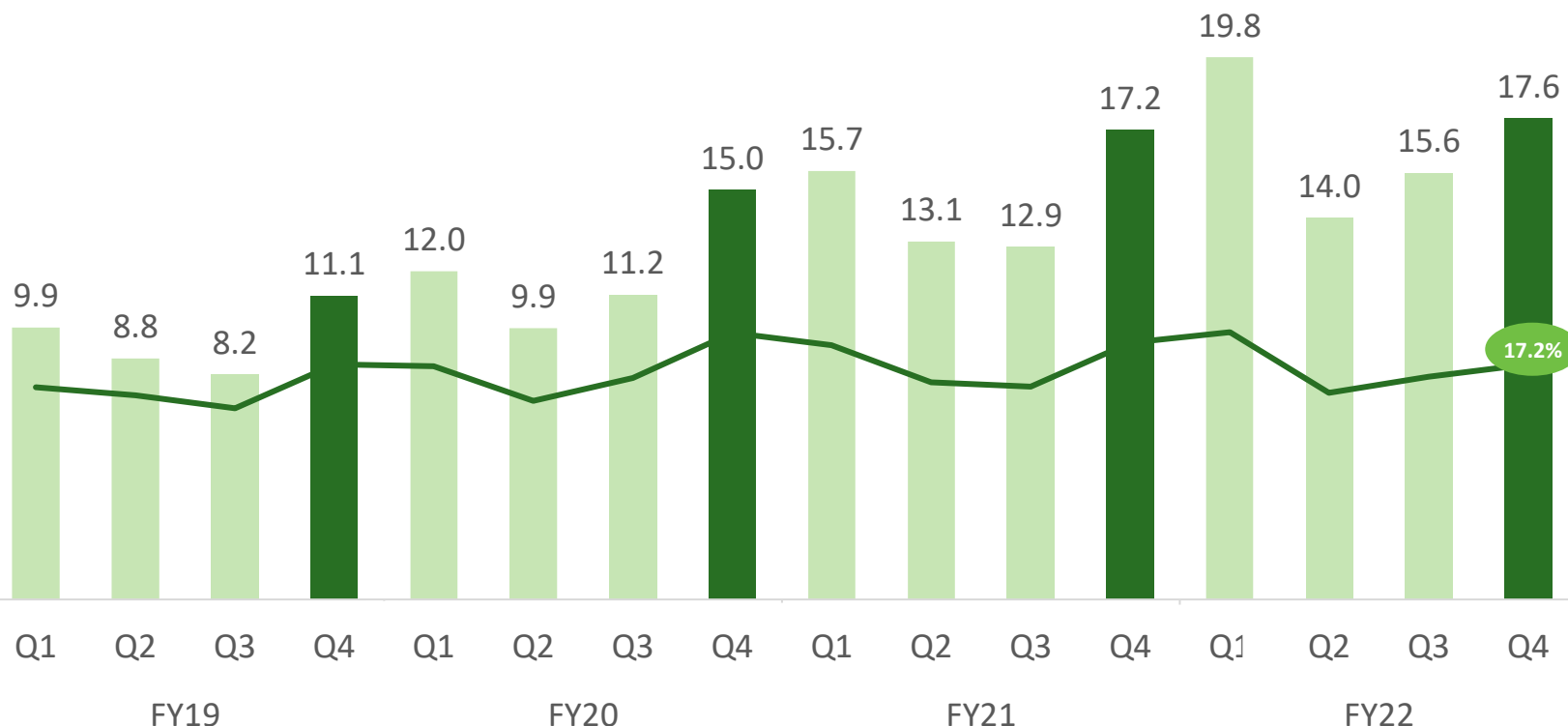


O&E %

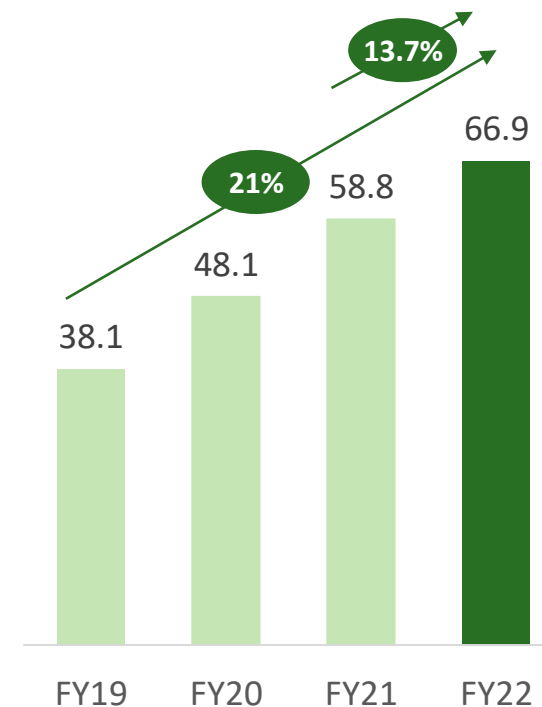


Group adjusted EBITDA increased 13.7% to EUR 66.9 million in FY22

Quarterly adjusted EBITDA, EUR million



Adjusted EBITDA, EUR million



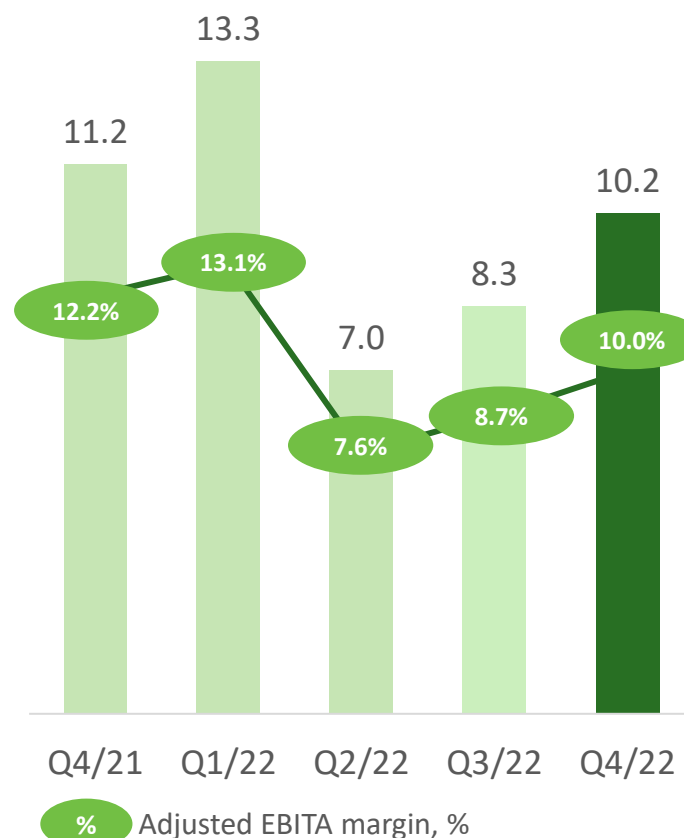
21% growth FY21 – FY22
13.7% CAGR FY19 – FY22

Adjusted EBITDA margin, %

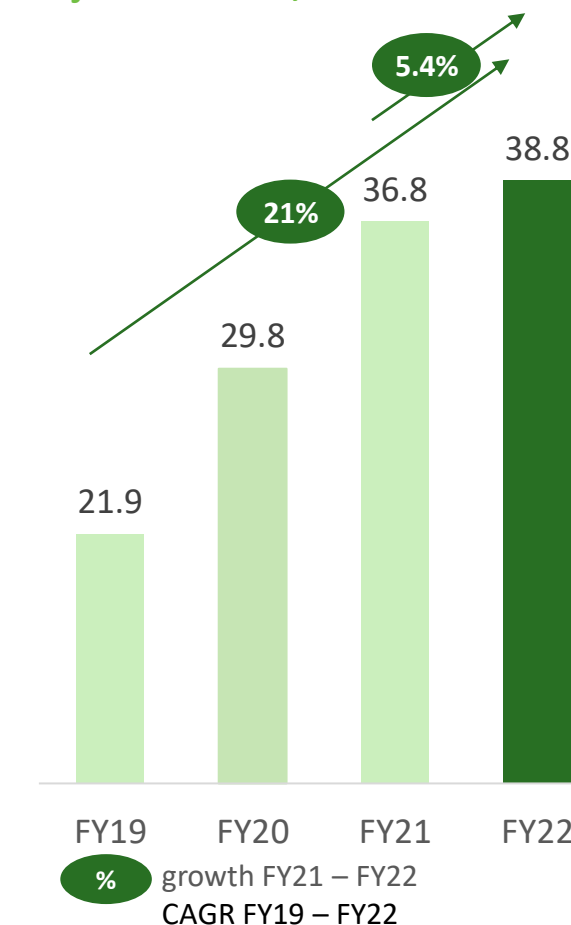
Group adjusted EBITA increased 5.4% to EUR 38.8 million in FY22

- In Q4, group adjusted EBITA decreased by 9.2% to EUR 10.2 million (EUR 11.2 million), due to stabilization of sales of the discretionary items, combined with the profitability of the approximately 100 ramp-up phase new directly operated stores added during the past 24 months being still in developing phase. Adjusted EBITA margin was 10.0% (12.2%).
- Recent movements of the local currencies SEK and NOK, along with the weakened EUR vs. USD, had a minor negative impact on adjusted EBITA.
- In FY22, group adjusted EBITA increased by 5.4% to EUR 38.8 million (EUR 36.8 million) as a result of a strong seasonal sales growth and improved gross margin. Adjusted EBITA margin was 9.9% (10.8%).
- Group functions cost in relation to group net sales was 7.7% (9.2%) in Q4. The improvement was driven by the scalability achieved in the Group head office and the central warehouse.

Quarterly adjusted EBITA, EUR million



Adjusted EBITA, EUR million

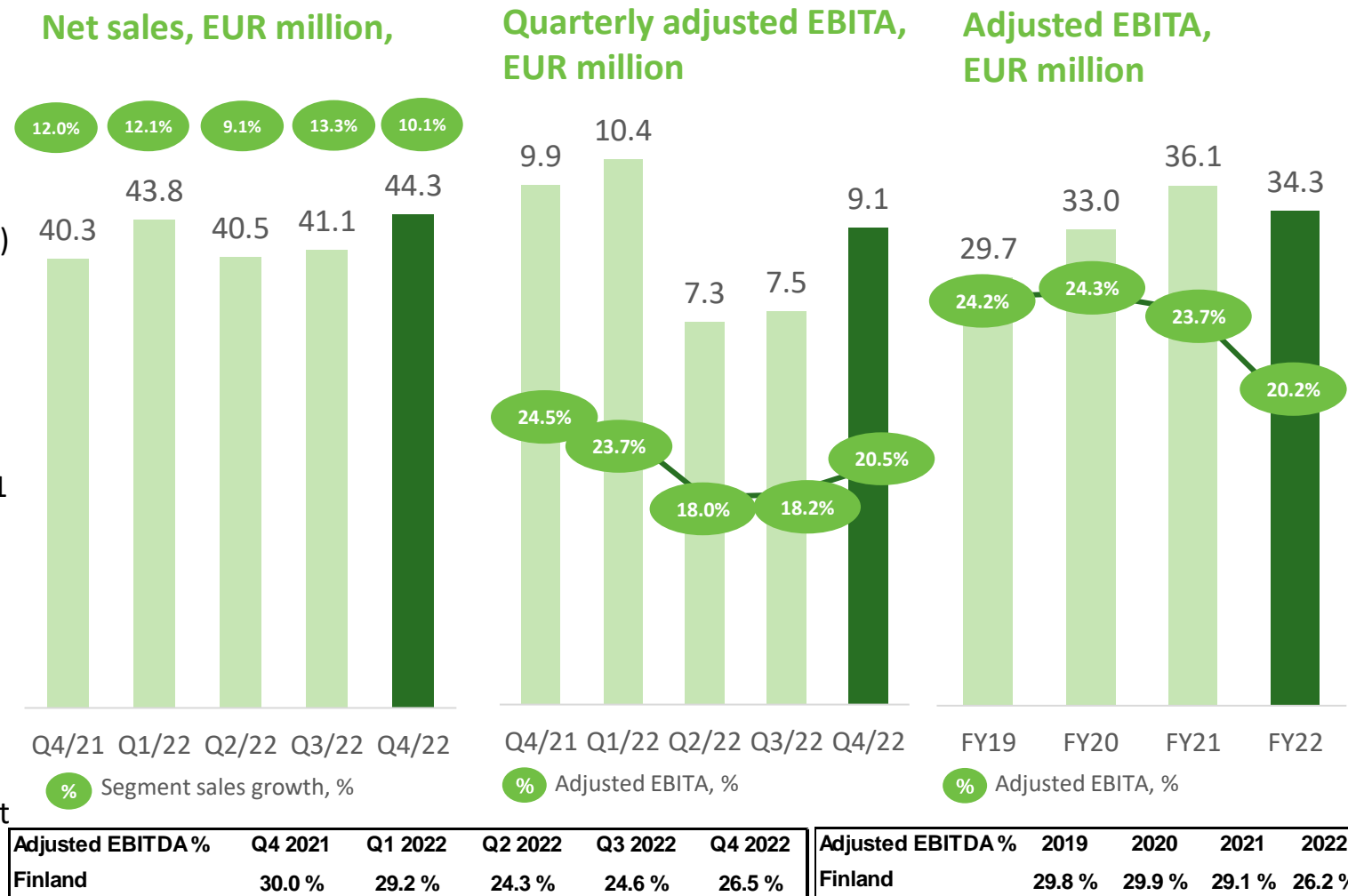




Segments

Net sales in Finland increased by 11.2% to EUR 169.7 million in FY22

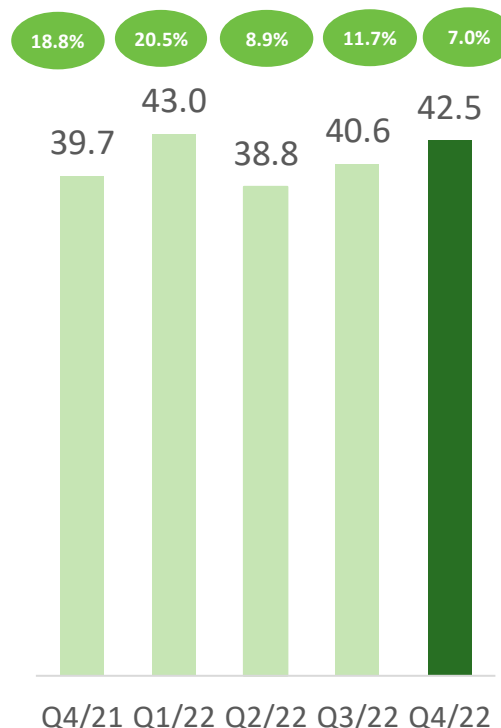
- Net sales in Finland increased by 10.1% to EUR 44.3 million (EUR 40.3 million) in Q4 and by 11.2% to EUR 169.7 million (EUR 152.6 million) in FY22.
- Growth was supported by the stores opened or during the latest 12 months underpinned by healthy inflow of new customers, partly offset by increased uncertainty in the economic environment affecting the consumer behavior.
- Like-for-like growth was 1.8% (9.2%) in Q4 and 2.7% (10.6%) in FY22, affected by the higher number of new directly operated stores, which are calculated in the like-for-like growth after they have been operating for 12 months. Opening new stores also caused some overlapping sales decreasing growth by 3 %-points.
- Adjusted EBITA decreased by 7.9% to EUR 9.1 million (EUR 9.9 million) in Q4 and by 5.1% to EUR 34.3 million (EUR 36.1 million) in FY22. The decrease in profitability was mainly due to increased personnel costs and weakened store efficiency.
- Adjusted EBITA margin was 20.5% (24.5%) in Q4 and 20.2% (23.7%) in FY22.
- During Q4, no directly operated stores were opened in Finland.
- Musti Group holds approximately 31% share of the total pet food and products market in Finland.



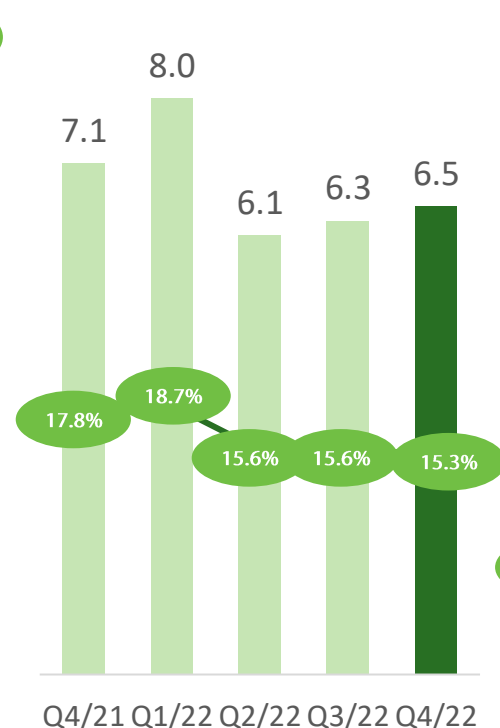
Net sales in Sweden increased by 11.8% to EUR 164.9 million in FY22

- Net sales in Sweden increased by 7.0% to EUR 42.5 million (EUR 39.7 million) in Q4 and by 11.8% to EUR 164.9 million (EUR 147.5 million) in FY22.
- Weakened SEK exchange rate decreased sales by EUR 1.2 million bringing 2.9 %-points headwind to growth in Q4. In FY22, the weakened SEK exchange rate decreased sales by EUR 4.5 million bringing 3.0 %-points headwind to growth.
- Adjusted EBITA decreased by 8.1% to EUR 6.5 million (EUR 7.1 million) in Q4. The decrease was due to sales growth normalizing combined with still developing contribution margin of the new stores opened. In FY22, adjusted EBITA increased by 23.9% to EUR 26.9 million (EUR 21.7 million)
- Adjusted EBITA margin decreased to 15.3% (17.8%) in Q4 but increased to 16.3% (14.7%) in FY22.
- During Q4, one directly operated store was opened and one franchise store was acquired in Sweden.
- Musti Group is the overall market leader in Sweden with approximately 29% market share.

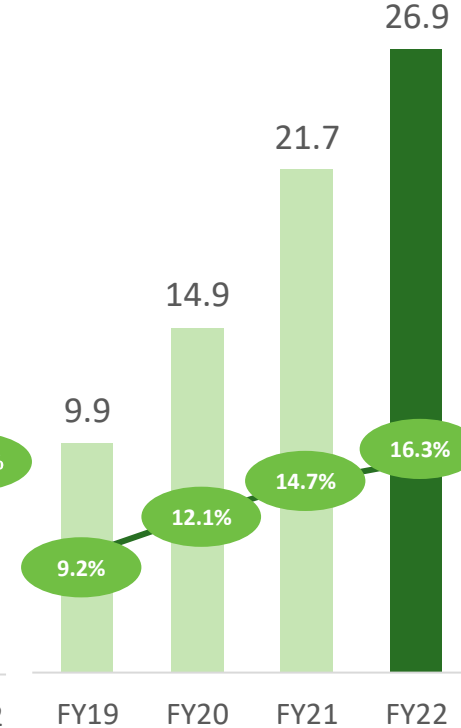
Net sales, EUR million,



Quarterly adjusted EBITA, EUR million



Adjusted EBITA, EUR million



% Segment sales growth, %

% Adjusted EBITA, %

% Adjusted EBITA, %

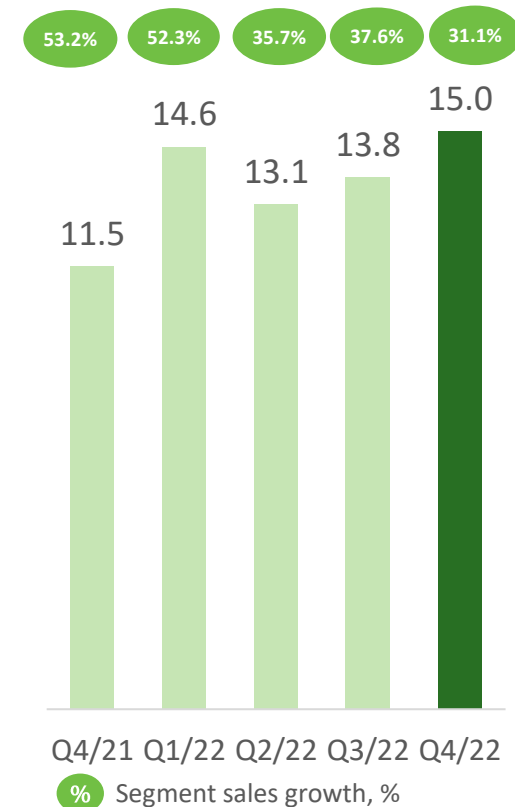
Adjusted EBITDA %	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Sweden	23.3 %	24.3 %	22.2 %	22.2 %	21.6 %

Adjusted EBITDA %	2019	2020	2021	2022
Sweden	14.8 %	17.5 %	20.4 %	22.6 %

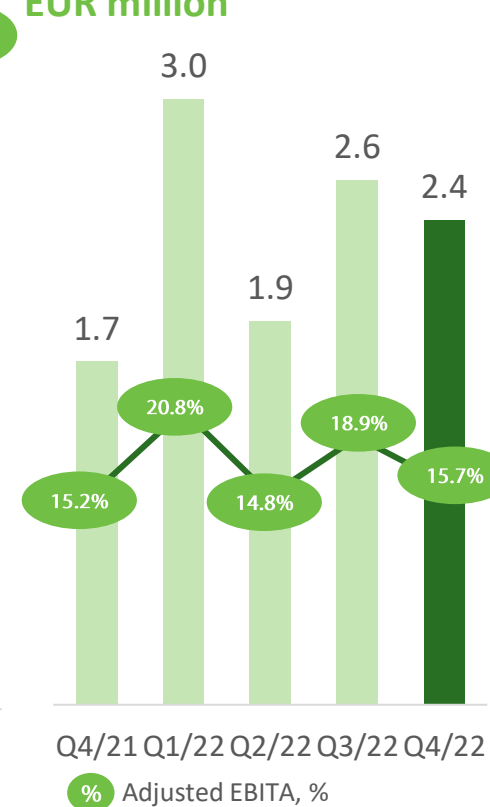
Net sales in Norway increased by 38.7% to EUR 56.5 million in FY22

- Net sales in Norway increased by 31.1% to EUR 15.0 million (EUR 11.5 million) in Q4 and by 38.7% to EUR 56.5 million (EUR 40.7 million) in FY22.
- NOK exchange rate increased sales by EUR 0.5 million bringing 4.5 %-points tailwind to the growth in Q4. In FY22, NOK exchange rate increased sales by EUR 1.9 million bringing 4.7 %-points tailwind to growth.
- Adjusted EBITA increased by 35.8% to EUR 2.4 million (EUR 1.7 million) in Q4. In FY22, adjusted EBITA increased by 47.2% to EUR 9.9 million (EUR 6.8 million).
- Adjusted EBITA margin increased to 15.7% (15.2%) in Q4 and 17.6% (16.6%) in FY22.
- During Q4, three directly operated stores were opened and two stores were acquired in Norway.
- Musti Group holds approximately 13% share of the total pet food and products market in Norway.

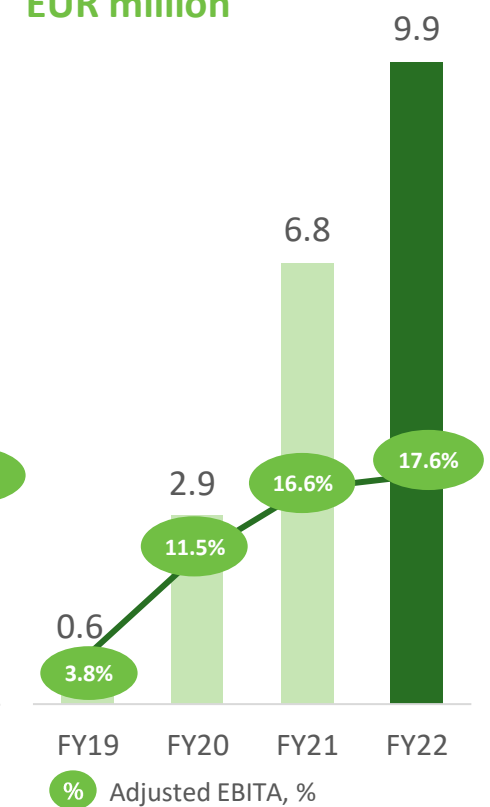
Net sales, EUR million



Quarterly adjusted EBITA, EUR million



Adjusted EBITA, EUR million



Adjusted EBITDA %	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Norway	23.2 %	27.7 %	23.5 %	27.6 %	24.4 %

Adjusted EBITDA %	2019	2020	2021	2022
Norway	14.8 %	21.0 %	24.6 %	25.8 %

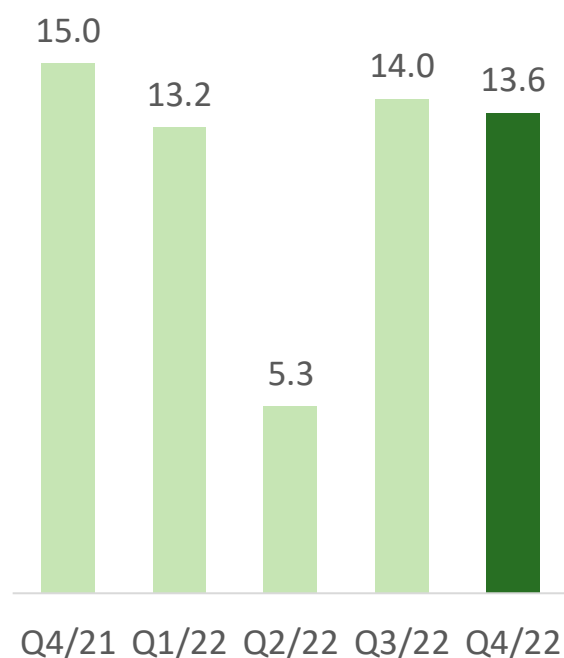


Financial position

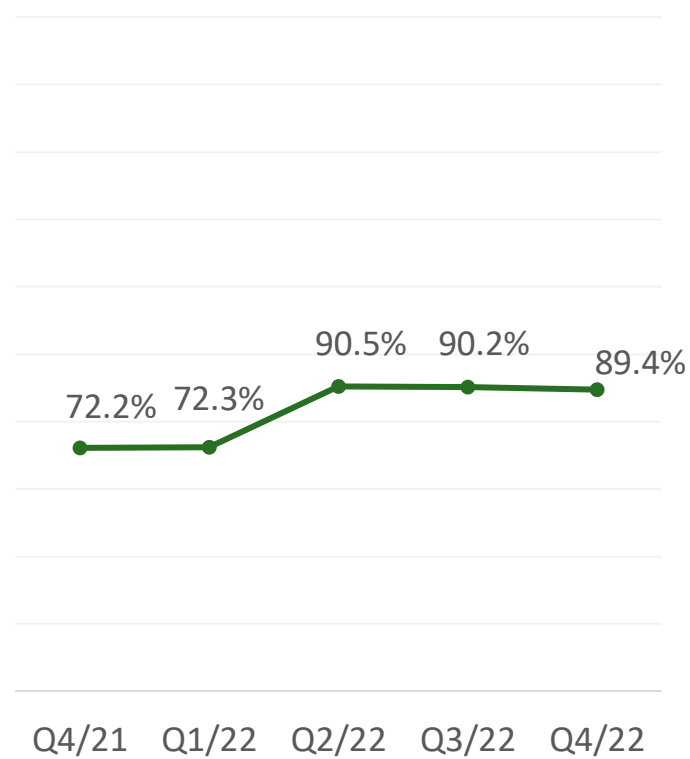
Cash flow from operating activities totaled EUR 46.1 million in FY22

- In Q4, the net cash flow from operating activities totaled EUR 13.6 million (EUR 15.0 million). Cash flow from operating activities for FY22 amounted to EUR 46.1 million (EUR 54.9 million).
- Gearing at the end of the reporting period was 89.4% (30 September 2021: 72.2%)
- Net debt amounted to EUR 143.4 million (30 September 2021: EUR 113.3 million). At the end of the period:
 - interest-bearing loans and commercial papers included in net debt amounted to EUR 74.8 million (30 September 2021: EUR 49.9 million)
 - lease liabilities EUR 80.7 million (30 September 2021: EUR 76.5 million)
- Net debt in relation to LTM adjusted EBITDA was 2.1x.
- Cash and cash equivalents at the end of the period amounted to EUR 10.0 million (30 September 2021: EUR 13.0 million).
- In Q4, investments amounted to EUR 2.7 million (EUR 3.2 million). In addition, in July-September EUR 4.2 million related to business acquisitions of stores in Sweden and Norway.

Cash flow from operating activities, EUR million



Gearing, %



Group long-term financial targets unchanged

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

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

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

Summary

- Double-digit growth in both Q4 and financial year 2022 despite inflation placing incremental pressure on both our customers and ourselves
- Top-line growth continues the momentum seen since 2020 with a 2-year growth of 38%.
- Pet sector is proving its resilience and defensive growth characteristics, over 70% of the products are non-discretionary.
- We expect to benefit from the strength and breadth of our footprint in our markets with our unique multi-brand omnichannel network.
- We continue succeeding in winning new customers and increasing the stickiness of the existing customers by strengthening our ecosystem.
- Resilient gross margin, supported by O&E strategy
- Strong expansion pace burdens short-term profitability yet supports reaching long-term targets as the stores mature. Ramping up newer store cohorts is a key growth and margin driver.
- On track with the long-term financial targets



More information

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Interim Report for October
2022 – December 2022
will be published on
2 February 2023.




Thank you!





Appendix


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

Store and omnichannel banners complemented by leading pureplay brands

 **Store rollout with increasing footprint maturity**

Store banner 

Omni banner 

Pureplay banner 

66 stores

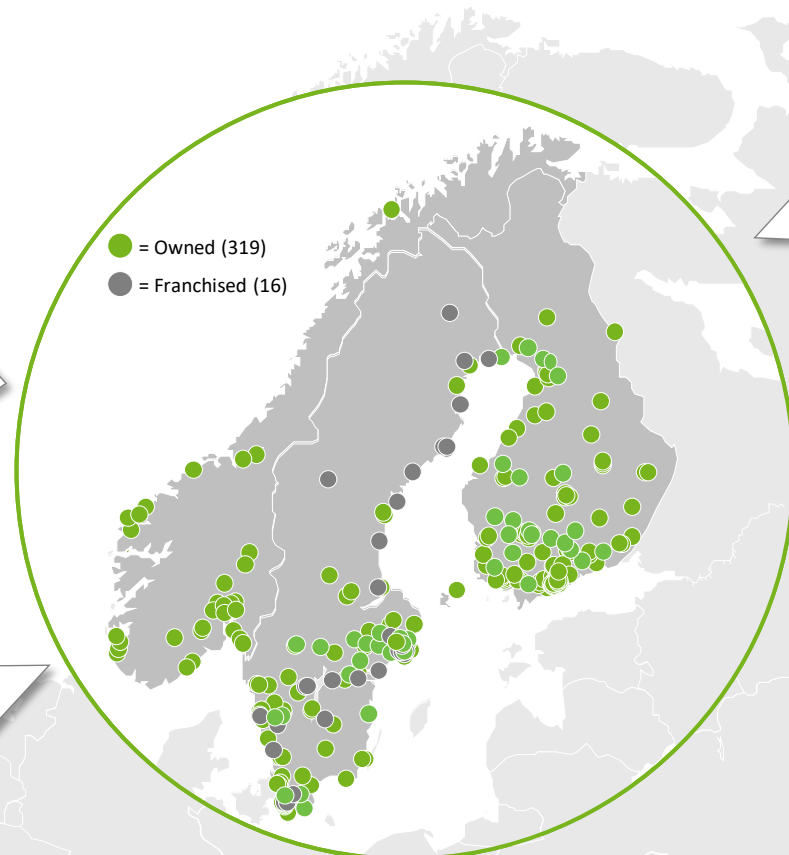
 **Further expansion and convergence to Finnish levels**


Store banner 


Omni banner 


Pureplay banner 


129 stores



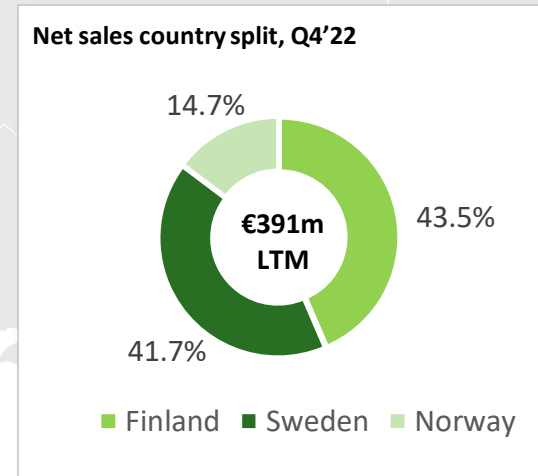
 **Underlying core business with steady growth**

Store banner 

Omni banner 

Pureplay banner 

140 stores



Musti Group – the leading Nordic pet care specialist



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



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



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



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



Omnichannel business model²
335 stores, 22.2% of net sales generated through
online channel in FY/22



High quality O&E assortment
Strong O&E brand
portfolio,
53% of product sales
in own channels in FY/22

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

Musti offers the winning concept geared towards modern Pet Parents



Trusted expert advice

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



High quality offering

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



Omnichannel business model

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

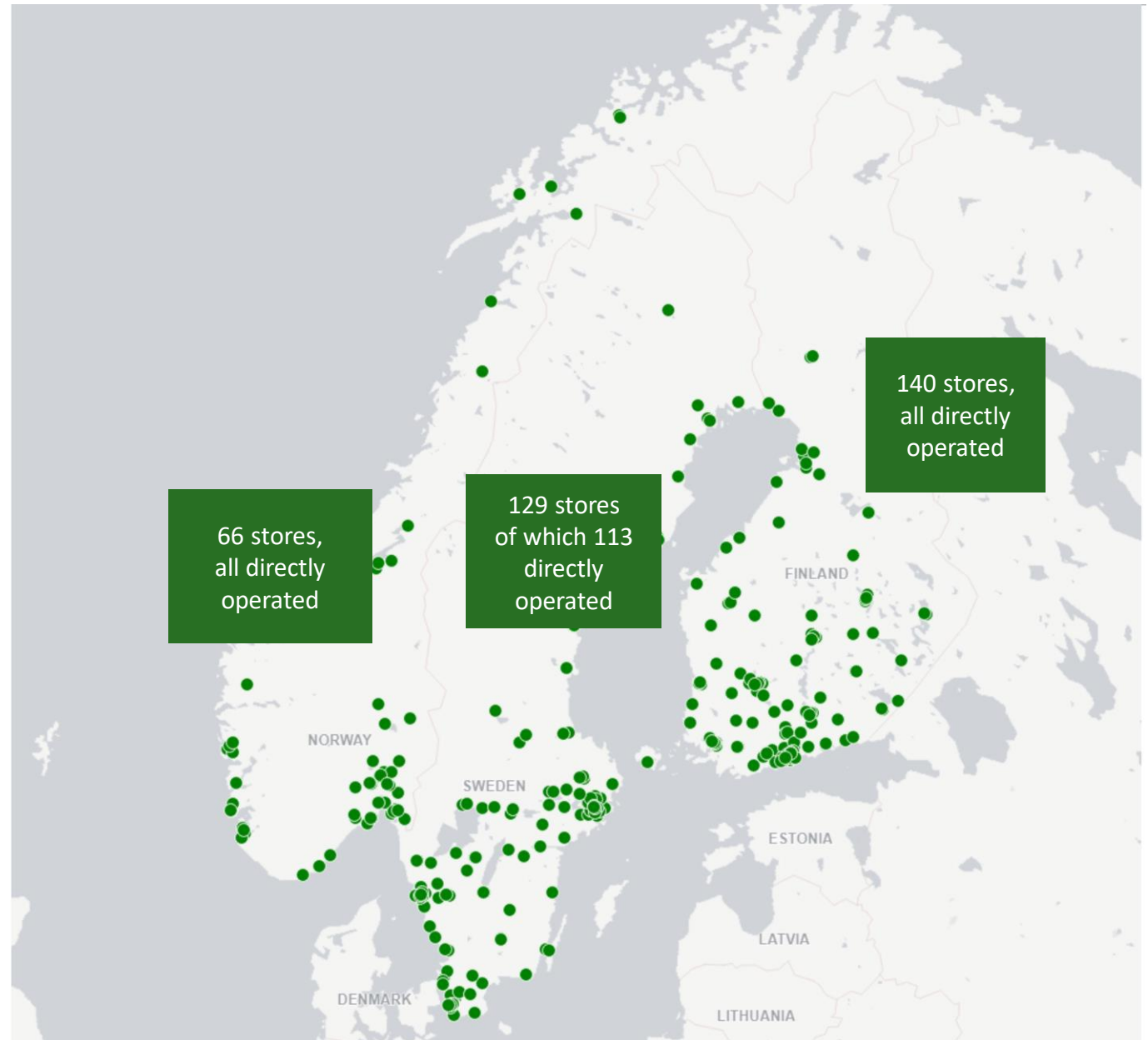


Growing suite of services

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

Musti Group has 1.5 million loyal customers

- Number of loyal customers grew to 1,454 thousand by 30 September 2022 (1,297 thousand on 30 September 2021).
- On 30 September 2022 Musti Group had 335 stores, of which 319 directly operated.
- In October 2021 – September 2022, share of online sales was 22.2%.



Key figures

EUR millions or as indicated	Q4/22	Q4/21	Change%	FY2022	FY2021	Change%
Net sales	101.8	91.5	11.3%	391.1	340.9	14.7%
LFL sales growth, %	4.7%	10.9%		6.7%	11.8%	
LFL store sales growth, %	2.4%	8.2%		4.2%	8.8%	
Online share, %	21.3%	22.3%		22.2%	23.1%	
Adjusted EBITDA	17.6	17.2	2.2%	66.9	58.8	13.7%
Adjusted EBITDA margin, %	17.2%	18.8 %		17.1%	17.3 %	
Adjusted EBITA	10.2	11.2	-9.2%	38.8	36.8	5.4%
Adjusted EBITA margin, %	10.0%	12.2 %		9.9%	10.8 %	
Operating profit	8.5	8.6	-0.6%	30.9	28.4	8.8%
Operating profit margin, %	8.4%	9.4 %		7.9%	8.3 %	
Earnings per share, basic, EUR	0.22	0.16	40.4%	0.67	0.62	7.3%
Net cash flow from operating activities	13.6	15.0	-9.4%	46.1	54.9	-16.0%
Investments in tangible and intangible assets	2.7	3.2	-16.8%	14.2	12.9	10.4%
Net debt / LTM adjusted EBITDA	2.1	1.9	11.3%	2.1	1.9	11.3%
Number of loyal customers, thousands	1,454	1,297	12.2%	1,454	1,297	12.2%
Number of stores at the end of the period	335	312	7.4%	335	312	7.4%

Responsibility at Musti Group

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

Trusty

The Musti responsibility approach

Trusty

The Musti responsibility approach

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

THEMES



Pets and their parents

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



Employees

Thriving experts
+
Well-being at work



Communities

Working for the common good
+
Openness for new inventions

BASIS

Responsible supply chain

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



Reducing environmental impact

CO₂ emissions and energy management
+
Recycling and waste management



Good governance and high ethics

Compliance with policies and principles

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

