



**October 2023 –
March 2024
Half-Year Financial Report
Q2/2024**

1 October 2023 –
31 March 2024

Half-Year Financial Report 1 October 2023 – 31 March 2024

Resilient performance in challenging environment**January – March 2024**

- Group net sales totaled EUR 107.2 (101.7) million, an increase of 5.5%.
- Group net sales growth excluding the changes in the currency exchange rates was 6.4%
- Like-for-like sales growth was 3.1%.
- Adjusted EBITDA was EUR 15.0 (16.6) million.
- Adjusted EBITDA margin was 14.0% (16.4%).
- Adjusted EBITA was EUR 6.6 (8.9) million.
- Adjusted EBITA margin was 6.1% (8.7%).
- Net cash flow from operating activities was EUR 7.2 (9.7) million (including impact of non-recurring items EUR 3.8 million).
- Operating profit was EUR -5.2 (7.1) million.
- Profit for the period totaled EUR -4.8 (4.8) million.
- Earnings per share, basic was EUR -0.15 (0.14).
- Number of stores grew to 344 (342).
- Number of loyal customers grew to 1,563 thousand (1,511 thousand).

October 2023 – March 2024

- Group net sales totaled EUR 222.9 (212.1) million, an increase of 5.1%.
- Group net sales growth excluding the changes in the currency exchange rates was 7.6%
- Like-for-like sales growth was 4.0%.
- Adjusted EBITDA was EUR 35.5 (35.8) million.
- Adjusted EBITDA margin was 15.9% (16.9%).
- Adjusted EBITA was EUR 19.0 (20.6) million.
- Adjusted EBITA margin was 8.5% (9.7%).
- Net cash flow from operating activities was EUR 22.9 (28.4) million (including impact of non-recurring items EUR 5.0 million).
- Operating profit was EUR 4.2 (17.2) million.
- Profit for the period totaled EUR 1.0 (11.8) million.
- Earnings per share, basic was EUR 0.03 (0.35).

Key Events

- A consortium comprising Sonae, Jeffrey David, Johan Dettel and David Rönnerberg announced a recommended public tender offer through Flybird Holding Oy for all shares in Musti on 29 November 2023. On 20 February 2024, the Offeror announced the final result of the tender offer and that it completes the tender offer.
- On 20 February 2024, the Offeror announced that it will commence a subsequent offer period for those shareholders of Musti who have not yet accepted the tender offer.
- On 11 March 2024, the Offeror announced the final result of the subsequent offer period. The shares validly tendered during the subsequent offer period represent approximately 80.65 per cent of the shares and votes in Musti.
- The amount of non-recurring cost items was significant during Q1 and Q2. The costs were attributable mainly to the public tender offer. Also, the product recall of certain SMAAK-products in November caused non-recurring costs. In addition, the Board of Directors decided in December 2023, based on the combination agreement with the Offeror, that the rewards for the performance period 2021-2023 of the long-term incentive plan will be settled fully in cash in January 2024 which had an adverse impact on the cash flow.

The figures in parentheses refer to the comparison period, i.e., the same period in the previous year, unless stated otherwise. Musti Group's previous financial year was from 1 October to 30 September and the current is from 1 October to 31 December.

Key figures

EUR million or as indicated	1-3/2024	1-3/2023	Change %	10/2023-3/2024	10/2022-3/2023	Change %	FY2023
Net sales	107.2	101.7	5.5%	222.9	212.1	5.1%	425.7
Net sales growth, %	5.5%	10.0%		5.1%	9.4%		8.9%
LFL sales growth, %	3.1%	10.8%		4.0%	8.8%		9.5%
LFL store sales growth, %	0.1%	9.0%		1.3%	6.2%		6.7%
Online share, %	25.1%	23.8%		24.2%	22.9%		23.0%
Gross margin, %	43.9%	45.1%		44.9%	45.5%		45.7%
EBITDA	4.7	16.2	-70.8%	23.6	35.3	-33.3%	74.6
EBITDA margin, %	4.4%	15.9%		10.6%	16.6%		17.5%
Adjusted EBITDA	15.0	16.6	-9.9%	35.5	35.8	-0.9%	73.6
Adjusted EBITDA margin, %	14.0%	16.4%		15.9%	16.9%		17.3%
EBITA	-3.7	8.4	-144.3%	7.0	20.1	-64.9%	43.6
EBITA margin, %	-3.5%	8.3%		3.2%	9.5%		10.2%
Adjusted EBITA	6.6	8.9	-26.1%	19.0	20.6	-7.8%	42.6
Adjusted EBITA margin, %	6.1%	8.7%		8.5%	9.7%		10.0%
Operating profit	-5.2	7.1	-173.4%	4.2	17.2	-75.5%	37.8
Operating profit margin, %	-4.8%	7.0%		1.9%	8.1%		8.9%
Profit/loss for the period	-4.8	4.8	200.8%	1.0	11.8	-91.5%	26.5
Earnings per share, basic, EUR	-0.15	0.14	-201.7%	0.03	0.35	-91.7%	0.79
Net cash flow from operating activities	7.2	9.7	-26.1%	22.9	28.4	19.5	79.6
Investments in tangible and intangible assets	3.9	3.1	26.0%	7.9	6.1	29.8%	11.9
Net debt / LTM adjusted EBITDA	1.9	2.1	-10.5%	1.9	2.1	-10.5%	1.9
Number of loyal customers, thousands	1,563	1,511	3.5%	1,563	1,511	3.5%	1,543
Number of stores at the end of the period	344	342	0.6%	344	342	0.6%	342
of which directly operated	339	327	3.7%	339	327	3.7%	330

“The second quarter of the year came in slower than expected with the timing of Easter, its additional discounting and trading impact compounding challenging consumer confidence. Positively, operating efficiency, online growth and cost control performed in line with expectations” – David Rönnerberg, Musti Group CEO

The business environment embossed by inflation and somewhat weaker consumer confidence affected the pace of growth. Despite the challenges, in relation to the broader retail sector, Musti, once again, performed best in class.

Net sales in the quarter increased by 5,4% to EUR 107.2 million (EUR 101.7 million). Growth was supported by the expansion of the store network and the strengthening online business which amounted to 25.1 % of total sales. Adjusted EBITDA decreased to EUR 15.0 million (16.6) mainly due to currency exchange rate fluctuations, and pressure on gross margins from mix movements and additional discounting. Margin is expected to return to long term trend levels over the coming quarters.

The expansion and optimization of the store network continued. We opened 12 directly operated stores year-on-year. During the quarter we acquired one franchise store, and four franchise stores left the chain. We are on good path and in line with the plan to open 20 to 25 stores a year, primarily in Norway and Sweden.

Our online business continued to perform very well. Like-for-like online sales grew by 11.6 % to EUR 27.0 million and accounted for 25.1% of total net sales. These numbers show that our online customers appreciate our broad offering and delivery options.

During the quarter the public tender offer by Flybird Holding was finalized, resulting in a new major shareholder. Our partnership with Flybird and in particular Sonae has started well, and the team and I are excited about the benefits that our collaboration with them will bring.

As we move into Q3 our focus remains to deliver great value to our Pet Parents, expand the business and improve profitability. Tight monetary policy conducted by central banks have kept interest rates high and restricted economies getting back on the track of growth. As financial conditions eventually ease and growth picks up, Musti is in a great position to exploit the opportunity. We are confident that 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.

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

David Rönnerberg,
CEO

Financial targets

Following its review, the Board of Directors of Musti Group Plc has decided to withdraw the company's long-term financial targets, updated by the Board of Directors on 3 May 2021. With the new majority owner, Musti Group is now in a new strategic phase with need to focus on sustainable growth to create value to its pet parent customers, owners and other stakeholders. In addition, the Board of Directors has resolved to amend the company's dividend policy as follows: The company's net profit shall be used towards financing the company's growth and investments, and the company does not expect to distribute dividends. The Board of Directors may however assess dividend distribution annually.

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.

In the early 2020's the number of new puppies and kittens increased 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.

Musti's 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	1-3/2024	1-3/2023	Change %	10/2023-3/2024	10/2022-3/2023	Change %	FY2023
Net sales							
Group	107.2	101.7	5.5%	222.9	212.1	5.1%	425.7
Finland	46.6	44.9	3.7%	97.8	92.5	5.8%	189.9
Sweden	43.6	41.6	4.8%	89.5	86.4	3.6%	170.9
Norway	17.1	15.2	12.4%	35.5	33.2	7.0%	64.9

January – March 2024

Group net sales increased by 5.5% to EUR 107.2 million (EUR 101.7 million). The increase was largely due to price increases and an increased number of directly operated stores (12) and was affected negatively by currency exchange rate fluctuations, the consumer climate and the timing of Easter. The acquisition of Premium Pet Food Suomi Oy, which was carried out during Q3/2023, increased the net sales by EUR 1.5 million.

Currency exchange rate changes affected the growth negatively by 1.0%-points. Weakened SEK exchange rate decreased sales by EUR 1.0 million bringing 0.4 %-points headwind to growth. Weakened NOK exchange rate decreased sales by EUR 1.5 million bringing 0.6 %-points headwind to the growth. Group net sales growth excluding the changes in the currency exchange rates was 6.4%. Like-for-like growth, which is calculated in local currencies, amounted to 3.1% (10.8%).

Store sales increased by 2.0% to EUR 78.6 million (EUR 77.1 million). We added one directly operated store during the quarter and 12 during the last 12 months to our network. Like-for-like store sales growth was 0.1% (9.0%). Online sales increased by 11.6% to EUR 27.0 million (EUR 24.1 million). Like-for-like online sales growth was 12.6% (16.4%). Online sales accounted for 25.1% (23.8%) of total net sales.

October 2023 – March 2024

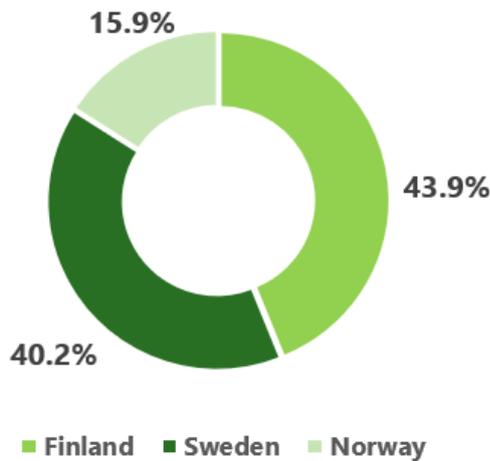
Group net sales increased by 5.1% to EUR 222.9 million (EUR 212.1 million). The increase was largely due to price increases and was affected negatively by currency exchange rate fluctuations. The acquisition of Premium Pet Food Suomi Oy, which was carried out during Q3/2023, increased the net sales by EUR 3.6 million.

Currency exchange rate changes affected the growth negatively by 2.5%-points. Weakened SEK exchange rate decreased sales by EUR 2.2 million bringing 1.0 %-points headwind to growth. Weakened NOK exchange rate decreased sales by EUR 3.1 million bringing 1.5 %-points headwind to the growth. Group net sales growth excluding the changes in the currency exchange rates was 7.6%. The impact of price increases in local currencies was 4.6%. Like-for-like growth, which is calculated in local currencies, amounted to 4.0% (8.8%).

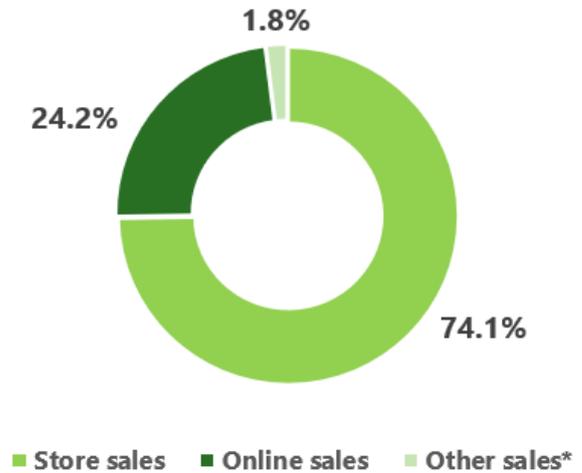
Store sales increased by 1.6% to EUR 165.1 million (EUR 162.5 million). We added a net nine directly operated stores during the half-year to our network. Like-for-like store sales growth was 1.3% (6.2%). Online sales increased by 10.7% to EUR 53.9 million (EUR 48.7 million). Like-for-like online sales growth was 12.8% (17.7%). Online sales accounted for 24.2% (22.9%) of total net sales.

The number of loyal customers increased by 3.5% to 1,563 thousand (1,511 thousand). Rolling 12 months average spend per loyal customer was EUR 187.9 (EUR 180.8) as per 31 March 2024.

Net sales by segment 10/2023-3/2024



Net sales by channel 10/2023-3/2024



*Other sales include franchise fees and wholesale.

Result

January – March 2024

Group adjusted EBITA decreased by 26.1% to EUR 6.6 million (EUR 8.9 million). The decrease was due to consumer climate and pressure in gross profit. However, good performance in the central warehouse and disciplined cost control supported the profitability. Recent movements of the local currencies SEK and NOK had a negative impact of EUR 0.3 million on adjusted EBITA. Adjusted EBITA margin was 6.1% (8.7%).

Gross margin decreased to 43.9% (45.1%) due to targeted investment in price and campaign activities combined with unfavorable year-on-year currency exchange rate development. The share of sales of own and exclusive brands remained at a good level of 51.6% (52.3%). The share of employee benefits and other operating expenses as percentage of sales was 40.4% (30.4%) driven by significant amount of non-recurring costs resulting from the public tender offer.

Depreciation amounted to EUR 8.4 million (EUR 7.8 million) and amortization amounted to EUR 1.5 million (EUR 1.3 million). Main driver is the growing store network via IFRS 16 impact.

There were EUR 10.3 million (EUR 0.5 million) adjustments to EBITA in the reporting period. The adjustments include costs relating to the public tender offer, the value added taxes related to IPO, and the product recall which was made in November.

Unadjusted operating profit decreased by 173.4% to EUR -5.2 million (EUR 7.1 million). The amount of non-recurring cost items was significant during Q2. The costs were attributable mainly to the public tender offer. Also, the product recall of certain SMAAK-products in November caused non-recurring costs. In addition, the Board of Directors decided in December 2023, based on the combination agreement with the Offeror, that the rewards for the performance period 2021-2023 of the long-term incentive plan will be settled fully in cash in January 2024 which also had an adverse impact on the cash flow.

Profit before taxes amounted to EUR -5.9 million (EUR 6.3 million). The impact of financial income and expenses (net) on profit before taxes was EUR 0.7 million negative (EUR 0.7 million negative), mainly due to interest expenses. Loss for the period was EUR -4.8 million (EUR 4.8 million) and basic earnings per share was -0.15 (0.14).

October 2023 – March 2024

Group adjusted EBITA decreased by 7.8% to EUR 19.0 million (EUR 20.6 million). The decrease was due to consumer climate and pressure in gross profit. Recent movements of the local currencies SEK and NOK had a negative impact of EUR 0.7 million on adjusted EBITA (EUR 1.3 million negative in the comparison period). Adjusted EBITA margin was 8.5% (9.7%).

Gross margin decreased to 44.9% (45.5%). The share of sales of own and exclusive brands was 52.3% (53.0%). The share of employee benefits and other operating expenses as percentage of sales was 35.2% (29.6%) driven by the significant amount of non-recurring costs.

Depreciation amounted to EUR 16.5 million (EUR 15.2 million) and amortization amounted to EUR 2.8 million (EUR 2.9 million). Main driver is the growing store network via IFRS 16 impact.

There were EUR 11.9 million adjustments to EBITA in the reporting period (EUR 0.5 million in the comparison period). The adjustments include costs relating to the public tender offer, the value added taxes related to IPO, and the product recall which was made in November.

Unadjusted operating profit decreased by 75.5% to EUR 4.2 million (EUR 17.2 million). The amount of non-recurring costs was significant during Q2. The costs were attributable mainly to the public tender offer. Also, the product recall of certain SMAAK-products in November caused non-recurring costs. In addition, the Board of Directors decided in December 2023, based on the combination agreement with the Offeror, that the rewards for the performance period 2021-2023 of the long-term incentive plan will be settled fully in cash in January 2024 which also had an adverse impact on the cash flow.

Profit before taxes amounted to EUR 1.6 million (EUR 15.3 million). The impact of financial income and expenses (net) on profit before taxes was EUR 2.6 million negative (EUR 1.8 million negative), mainly due to interest expenses. Profit for the period was EUR 1.0 million (EUR 11.8 million) and basic earnings per share was 0.03 (0.35).

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 disagreed 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 the Company recognized EUR 0.4 million of VAT as an expense. The Tax Administration issued a new decision on the matter in February 2024. Based on the decision, the Company recognized 0.2 million EUR VAT-receivables as an expense, after which the Company does not have any receivables regarding the tax audit in its balance sheet. The decision is not final as the period of appeal has not yet been expired.

Financial position and cash flow

In January-March 2024, the net cash flow from operating activities totaled EUR 7.2 million (EUR 9.7 million) negatively affected by the non-recurring costs and long-term incentives which were paid in cash. Change in net working capital had an impact of EUR 5.5 million (EUR -2.8 million) to the cash flow during the quarter. Cash flow used in investing activities during the quarter amounted to EUR 4.5 million (EUR 3.2 million).

In October 2023 - March 2024, the net cash flow from operating activities totaled EUR 22.9 million (EUR 28.4 million). Change in net working capital had an impact of EUR 2.5 million (EUR -1.6 million) to the cash flow during the period. Cash flow used in investing activities during the period amounted to EUR 11.3 million (EUR 8.7 million).

Cash and cash equivalents at the end of the period amounted to EUR 23.8 million (30 September 2023: EUR 22.0 million). Total consolidated assets amounted to EUR 404.2 million (30 September 2023: EUR 394.2 million).

Equity attributable to owners of the parent company totaled EUR 161.3 million (30 September 2023: EUR 164.3 million).

Gearing at the end of the reporting period was 87.2% (30 September 2023: 83.9%) and net debt amounted to EUR 140.7 million (30 September 2023: EUR 137.9 million). At the end of the period, the interest-bearing loans and commercial papers included in net debt amounted to EUR 84.7 million (30 September 2023: EUR 79.4 million) and lease liabilities EUR 79.0 million (30 September 2023: EUR 79.8 million).

Musti Group focuses on maintaining sufficient liquidity in the group. In addition to the cash and cash equivalents of EUR 23.8 million at the end of the period, Musti Group had an unutilized EUR 5.0 million bank overdraft, unutilized revolving credit facilities in total of EUR 40 million and a EUR 50 million commercial paper program of which EUR 15 million was in use.

On March 28th Musti Group signed a bridge financing agreement of EUR 90 million to refinance maturing debt in April 2024. The new facility consists of a term loan and a revolving credit facility and secures the group's financing for the next 12 months.

Investments

In January-March investments in tangible and intangible assets amounted to EUR 3.9 million (EUR 3.1 million). Investments were mainly related to new and relocated stores, logistics and production machinery as well as IT and digital platform development projects. No acquisitions were made during the period.

In October 2023 – March 2024, investments in tangible and intangible assets amounted to EUR 7.9 million (EUR 6.1 million). Investments were mainly related to new and relocated stores, logistics and production machinery as well as IT and digital

platform development projects. In addition, in October 2023 - March 2024 EUR 3.3 million were invested in business acquisitions of stores in Sweden. During the first half of the financial year, Musti Group acquired 4 pet stores in Sweden as business acquisitions.

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	1-3/2024	1-3/2023	Change %	10/2023-3/2024	10/2022-3/2023	Change %	FY2023
Net sales	46.6	44.9	3.7%	97.8	92.5	5.8%	189.9
Net sales growth, %	3.7%	10.9%		5.8%	9.7%		11.9%
LFL segment sales growth, %	0.4%	11.8%		1.9%	9.3%		9.7%
EBITDA	11.2	12.3	-9.2%	25.2	24.9	1.3%	52.6
EBITDA margin, %	23.9%	27.3%		25.8%	26.9%		27.7%
Adjusted EBITDA	11.2	12.3	-8.8%	25.5	24.9	2.4%	52.6
Adjusted EBITDA margin, %	24.0%	27.3%		26.0%	26.9%		27.7%
EBITA	8.3	9.5	-12.9%	19.5	19.4	0.4%	41.5
EBITA margin, %	17.7%	21.1%		19.9%	21.0%		21.8%
Adjusted EBITA	8.3	9.5	-12.5%	19.7	19.4	1.8%	41.5
Adjusted EBITA margin, %	17.8%	21.1%		20.2%	21.0%		21.9%
Number of stores	137	139	-1.4%	137	139	-1.4%	136
of which directly operated	137	139	-1.4%	137	139	-1.4%	136

January – March 2024

Net sales in Finland increased by 3.7% to EUR 46.6 million (EUR 44.9 million). Sales growth was a result of the acquisition of Premium Pet Food Suomi Oy pet food factory, which was carried out during Q3/2023, and growth especially in online channels. Sales were still negatively affected by the product recall, which was made in November 2023, as recalled SKU's have not been replaced yet. Like-for-like growth was 0.4%.

EBITA decreased by 12.9% to EUR 8.3 million (EUR 9.5 million). Adjusted EBITA decreased by 12.5% to EUR 8.3 million (EUR 9.5 million). The decrease in profitability was due to pressure in gross margin arising from targeted investment in price and campaign activities, and somewhat weak consumer climate. Adjusted EBITA margin was 17.8% (21.1%).

There were no changes in the store network during Q2.

October 2023 – March 2024

Net sales in Finland increased by 5.8% to EUR 97.8 million (EUR 92.5 million). Sales growth was a result of steady growth especially in online channels and the acquisition of Premium Pet Food Suomi Oy pet food factory, which was carried out during Q3/2023. Sales were negatively affected by the product recall in November 2023. Like-for-like growth was 1.9%.

EBITA increased by 0.4% to EUR 19.5 million (EUR 19.4 million). Adjusted EBITA increased by 1.8% to EUR 19.7 million (EUR 19.4 million). Adjusted EBITA margin was 20.2% (21.0%).

During H1, one new directly operated store was 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	1-3/2024	1-3/2023	Change %	10/2023-3/2024	10/2022-3/2023	Change %	FY2023
Net sales	43.6	41.6	4.8%	89.5	86.4	3.6%	170.9
Net sales growth, %	4.8%	7.2%		3.6%	5.7%		3.6%
LFL segment sales growth, %	2.9%	9.5%		3.7%	8.3%		8.6%
EBITDA	8.8	8.5	3.2%	19.0	17.9	5.8%	36.3
EBITDA margin, %	20.2%	20.5%		21.2%	20.7%		21.2%
Adjusted EBITDA	8.8	8.6	2.1%	19.2	18.0	6.1%	36.5
Adjusted EBITDA margin, %	20.3%	20.8%		21.4%	20.9%		21.4%
EBITA	5.8	5.7	0.9%	13.2	12.5	5.4%	25.5
EBITA margin, %	13.3%	13.8%		14.7%	14.4%		14.9%
Adjusted EBITA	5.8	5.9	-0.6%	13.3	12.6	5.9%	25.7
Adjusted EBITA margin, %	13.3%	14.1%		14.9%	14.6%		15.0%
Number of stores	130	131	-0,8%	130	131	-0,8%	131
of which directly operated	125	116	7.8%	125	116	7.8%	119

January – March 2024

Net sales in Sweden increased by 4.8% to EUR 43.6 million (EUR 41.6 million). The weakened SEK exchange rate decreased sales by EUR 1.2 million in Q2. The growth excluding the adverse effect from the currency exchange rate change was 6.0%. The like-for-like growth, which is calculated in local currencies, was 2.9%.

EBITA increased by 0.9% to EUR 5.8 million (EUR 5.7 million). Adjusted EBITA decreased by 0.6% to EUR 5.8 million (EUR 5.9 million). Adjusted EBITA margin decreased to 13.3% (14.1%).

During Q2, one franchise store was acquired, and four franchise stores left the chain.

October 2023 – March 2024

Net sales in Sweden increased by 3.6% to EUR 89.5 million (EUR 86.4 million). The weakened SEK exchange rate decreased sales by EUR 2.5 million in H1. The growth excluding the adverse effect from the currency exchange rate change was 6.5%. The like-for-like growth, which is calculated in local currencies, was 3.7%.

EBITA increased by 5.4% to EUR 13.2 million (EUR 12.5 million). Adjusted EBITA increased by 5.9% to EUR 13.3 million (EUR 12.6 million). Adjusted EBITA margin increased to 14.9% (14.6%).

During H1, two new directly operated stores were opened, four stores were acquired, and five franchise stores 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	1-3/2024	1-3/2023	Change %	10/2023-3/2024	10/2022-3/2023	Change %	FY2023
Net sales	17.1	15.2	12.4%	35.5	33.2	7.0%	64.9
Net sales growth, %	12.4%	15.5%		7.0%	19.8%		14.9%
LFL segment sales growth, %	12.0%	11.2%		11.1%	8.7%		11.3%
EBITDA	3.6	3.2	13.8%	8.3	7.9	5.6%	15.1
EBITDA margin, %	21.0%	20.8%		23.4%	23.7%		23.2%
Adjusted EBITDA	3.6	3.2	14.1%	8.4	7.9	6.6%	15.1
Adjusted EBITDA margin, %	21.1%	20.8%		23.6%	23.7%		23.2%
EBITA	2.1	1.7	22.5%	5.3	5.0	6.3%	9.4
EBITA margin, %	12.2%	11.2%		15.0%	15.1%		14.5%
Adjusted EBITA	2.1	1.7	23.1%	5.4	5.0	7.9%	9.4
Adjusted EBITA margin, %	12.3%	11.2%		15.3%	15.1%		14.5%
Number of stores	77	72	6.9%	77	72	6.9%	75
of which directly operated	77	72	6.9%	77	72	6.9%	75

January – March 2024

Net sales in Norway increased by 12.4% to EUR 17.1 million (EUR 15.2 million), driven by like-for-like growth of 12.0% and ramp-up of the stores opened during the latest twelve months. The NOK exchange rate in Q2 had a EUR 1.3 million negative impact on net sales. The growth excluding the adverse effect from the currency exchange rate change was 15.8%.

EBITA increased by 22.5% to EUR 2.1 million (EUR 1.7 million). Adjusted EBITA increased by 23.1% to EUR 2.1 million (EUR 1.7 million) supported by good sales and disciplined cost control, despite adverse development of currency exchange rates. Adjusted EBITA margin improved to 12.3% (11.2%).

There were no changes in the store network during Q2.

October 2023 – March 2024

Net sales in Norway increased by 7.0% to EUR 35.5 million (EUR 33.2 million), driven by like-for-like growth of 11.1% and ramp-up of the stores opened during the latest twelve months. The NOK exchange rate in H1 had a EUR 2.8 million negative impact on net sales. The growth excluding the adverse effect from the currency exchange rate change was 15.4%.

EBITA increased by 6.3% to EUR 5.3 million (EUR 5.0 million). Adjusted EBITA increased by 7.9% to EUR 5.4 million (EUR 5.0 million). The currency exchange rate continued to affect profitability negatively throughout H1. Adjusted EBITA margin was 15.3% (15.1%).

During H1, two directly operated stores were opened.

Group functions

January – March 2024

The EBITA impact of the Group functions was EUR -19.8 million (EUR -8.5 million). The costs relating to the public tender offer were the main driver for the increased costs.

Adjusted EBITA was EUR -9.6 million (EUR -8.2 million). The adjustments include costs relating to the public tender offer, the value added taxes related to IPO, and the product recall which was made in November. Adjusted Group functions cost in relation to group net sales was 9.0% (8.0%). The increase related to the changed structure of the Group functions after the integration of Premium Pet Food Suomi Oy's production; without the impact of production the cost of Group functions in relation to Group net sales would have been 8.0%.

October 2023 – March 2024

The EBITA impact of the Group functions was EUR -30.9 million (EUR -16.8 million). The costs relating to the public tender offer were the main driver for the increased costs.

Adjusted EBITA was EUR -19.5 million (EUR -16.5 million). The adjustments include costs relating to the public tender offer, the value added taxes related to IPO, and the product recall which was made in November. Adjusted Group functions cost in relation to group net sales was 8.8% (7.8%). The increase related to the changed structure of the Group functions after the integration of Premium Pet Food Suomi Oy's production; without the impact of production the cost of Group functions in relation to Group net sales would have been 7.8%.

Personnel

At the end of the reporting period on 31 March 2024, the number of personnel was 1,690 (1,580) of whom 703 (648) were employed in Finland, 667 (641) in Sweden and 320 (291) in Norway.

Changes in Group structure

There were no changes in Group structure during October 2023 – March 2024.

Changes in Group management

There were no changes in Group management during October 2023 – March 2024.

Governance

Annual General Meeting

Musti Group plc's Annual General Meeting was held on 31 January 2024 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 Annual General Meeting adopted the annual accounts for the financial year 1 October 2022 – 30 September 2023 and discharged the persons who have acted as the members of the Board of Directors and CEO during the financial year from liability. In its advisory resolution, the Annual General Meeting did not approve the Remuneration Report for the governing bodies.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that the profit for the financial year 1 October 2022 – 30 September 2023 be added to retained earnings and that no dividend will be paid. Instead, the Annual General Meeting resolved to authorize the Board of Directors, at its discretion, to decide on the payment of a return of capital of an aggregate maximum of EUR 0.60 per share from the Company's invested unrestricted equity reserve in one or more instalments later.

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors that the members of the Board of Directors be paid the following annual remuneration:

- Chair of the Board of Directors: EUR 65,000

- Other members of the Board of Directors: EUR 35,000

In addition, members of the Audit Committee and the Remuneration Committee of Board of Directors will be paid the following annual remuneration:

- Chair of the Committee: EUR 7,500
- Other Committee members: EUR 5,000

The Annual General Meeting decided that the number of members of the Board of Directors shall be five (5). Jeffrey David, Ingrid Jonasson Blank, Ilkka Laurila, Inka Mero and Johan Dettel were re-elected as members of the Board of Directors for a term of office expiring at the end of the next Annual General Meeting.

Ernst & Young Oy, Authorized Public Accountants, was re-elected as the auditor of the Company for a term of office ending at the end of the next Annual General Meeting. Ernst & Young Oy has notified the Company that Johanna Winqvist-Ilkka, Authorized Public Accountant, will act as the auditor with principal responsibility. The Annual General Meeting decided that the remuneration to the auditor shall be paid against a reasonable invoice approved by the Audit Committee.

The Annual General Meeting decided that the transfer restriction on the Board of Directors' remuneration shares resolved at the Annual General Meeting held on 27 January 2022 be waived. The waiver of the transfer restriction enables the members of the Board of Directors holding such remuneration shares, should they wish, to participate in the Tender Offer with such shares.

Extraordinary General Meeting

Musti Group plc's ("Musti", "Company") Extraordinary General Meeting was held on 12 April 2024 in Helsinki.

The Extraordinary General Meeting decided that the number of members of the Board of Directors shall be five (5). The Extraordinary General Meeting elected Maria Cláudia Teixeira de Azevedo, João Pedro Magalhães da Silva Torres Dolores and João Nonell Günther Amaral as new members, and Jeffrey David and Johan Dettel were re-elected as members of the Board of Directors. The term of office of those members of the Board of Directors of Musti who were not re-elected, ended upon the closing of the Extraordinary General Meeting.

The Extraordinary General Meeting decided that section 10 of the Articles of Association of Musti is amended to read as follows:

10 §

The financial period of the Company shall be the calendar year (1 January–31 December).

The Extraordinary General Meeting decided also that the current financial period of the Company, which commenced on 1 October 2023, shall continue until 31 December 2024. The length of the current financial period shall thus be 15 months. From 1 January 2025 onwards, the financial period of Musti will be the calendar year (1 January–31 December) in accordance with the amended Articles of Association.

In its organizing meeting following the Extraordinary General Meeting, the Board of Directors of Musti Group Plc elected Cláudia Azevedo as the Chair of the Board of Directors and Jeffrey David as the Vice-Chair of the Board of Directors. Moreover, the Board of Directors appointed members to its Audit Committee and Remuneration Committee.

João Dolores was elected as the Chair of the Audit Committee and Johan Dettel as a member of the Audit Committee.

Cláudia Azevedo was elected as the Chair of the Remuneration Committee and Jeffrey David and João Günther Amaral as other members of the Remuneration Committee.

Shares and shareholders

Share capital

At the end of the reporting period on 31 March 2024, 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 opening price of the share was EUR 26.10 on the first trading day of the second quarter on 2 January 2024. The closing price of the share on the last trading day of the reporting period on 28 March 2024 was EUR 24.98. The highest price of the share during January – March 2024 was EUR 26.46, the lowest EUR 22.30. The average closing price during January – March 2024 was EUR 25.66 and the average volume per day was 484,166 shares.

Musti Group's market capitalization was EUR 837.7 million on 28 March 2024.

Own shares

On 31 March 2024 Musti Group held 147,566 (147,566) own shares representing 0.44% (0.44%) of the total number of shares and votes.

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

Public Tender Offer for Musti's shares

A consortium comprising Sonae, Jeffrey David, Johan Dettel and David Rönnerberg announced a recommended public tender offer through Flybird Holding Oy for all shares in Musti on 29 November 2023. On 20 February 2024, the Offeror announced the final result of the tender offer and that it completes the tender offer and that it will commence a subsequent offer period for those shareholders of Musti who have not yet accepted the tender offer. On 11 March 2024, the Offeror announced the final result of the subsequent offer period. The shares validly tendered during the subsequent offer period represent approximately 80.65 per cent of the shares and votes in Musti.

Authorizations of the Board of Directors

The Annual General Meeting 31 January 2024 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 30 January 2023 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 2025.

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 30 January 2023 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 2025.

Shareholders and flagging notifications

At the end of the reporting period, the number of registered shareholders was 5,885. The proportion of nominee-registered shareholders was 6.8% of the company's shares. The 20 largest shareholders registered in the book-entry register maintained by Euroclear Finland Oy held a total of 91.66% of Musti Group's shares and votes at the end of the reporting period.

During October 2023 – March 2024, Musti Group received the following announcement under Chapter 9, Section 5 of the Securities Markets Act:

- On 23 November 2023 Musti Group plc received a notification according to which Grandeur Peak Global Advisors LLC's holding of the shares and votes of the company decreased below the threshold of 5 percent on 22 November 2023.
- On 5 December 2023 Musti Group plc received a notification according to which FMR LLC's holding of the shares and votes of the company decreased below the threshold of 5 percent on 4 December 2023.
- On 12 December 2023 Musti Group plc received a notification according to which SMALLCAP World Fund, Inc.'s holding of the shares and votes of the company decreased below the threshold of 5 percent on 8 December 2023.
- On 14 December 2023 Musti Group plc received a notification according to which The Capital Group Companies, Inc.'s holding of the shares and votes of the company decreased below the threshold of 5 percent on 13 December 2023.
- On 21 December 2023 Musti Group plc received a notification according to which The Goldman Sachs Group, Inc.'s holding of the shares and votes of the company increased above the threshold of 5 percent on 20 December 2023.
- On 22 December 2023 Musti Group plc received a notification according to which The Goldman Sachs Group, Inc.'s holding of the shares and votes of the company decreased below the threshold of 5 percent on 21 December 2023.
- On 5 January 2024 Musti Group plc received a notification according to which The Goldman Sachs Group, Inc.'s holding of the shares and votes of the company increased above the threshold of 5 percent on 3 January 2024.
- On 11 January 2024 Musti Group plc received a notification according to which Samson Rock Event Driven Master Fund Limited.'s holding of the votes of the company increased above the threshold of 5 percent on 10 January 2024.
- On 16 January 2024 Musti Group plc received a notification according to which the combined ownership of the following parties increased above the threshold of 5 percent on 15 January 2024: Sand Grove Opportunities Master Fund Ltd, Investment Opportunities SPC for the Account of Investment Opportunities 2 Segregated Portfolio, New Holland Tactical Alpha Fund, Prelude Structured Alternatives Master Fund Lp, QSMA Torus SP, Amundi Sand Grove Event Driven Fund.
- On 18 January 2024 Musti Group plc received a notification according to which JPMorgan Securities PLC's holding of the votes of the company increased above the threshold of 5 percent on 17 January 2024
- On 24 January 2024 Musti Group plc received a notification according to which JPMorgan Securities PLC's direct holding of the votes of the company increased above the threshold of 5 percent on 22 January 2024.
- On 13 February 2024 Musti Group plc received a notification according to which the combined holding of Flybird Holding Oy and Sonae – SGPS, S.A. of the shares and votes of the company increased above the threshold of 5 percent on 13 February 2024.
- On 21 February 2024 Musti Group plc received a notification according to which the combined holding of Flybird Holding Oy and Sonae – SGPS, S.A. of the shares and votes of the company increased above the threshold of 10 percent on 20 February 2024.
- On 21 February 2024 Musti Group plc received a notification according to which Samson Rock Capital LLP's holding of the voting rights of the company decreased below the threshold of 5 percent on 20 February 2024.
- On 21 February 2024 Musti Group plc received a notification according to which Samson Rock Event Driven Master Fund Limited's holding of the shares of the company decreased below the threshold of 5 percent on 20 February 2024.
- On 22 February 2024 Musti Group plc received a notification according to which the combined holding of Flybird Holding Oy and Sonae – SGPS, S.A. of the shares and votes of the company increased above the threshold of 15 percent on 21 February 2024.
- On 26 February 2024 Musti Group plc received a notification according to which JPMorgan Securities PLC's holding of the shares and votes of the company decreased below the threshold of 5 percent on 23 February 2024.
- On 5 March 2024 Musti Group plc received a notification according to which the holding of Flybird Holding Oy of the shares and votes of the company increased above the threshold of 50 percent on 5 March 2024.
- On 6 March 2024 Musti Group plc received a notification according to which the The Goldman Sachs Group, Inc.'s holding of the shares and votes of the company decreased below the threshold of 5 percent on 5 March 2024.
- On 20 March 2024 Musti Group plc received a notification according to which the holding of Flybird Holding Oy of the shares and votes of the company increased above the threshold of 2/3 on 20 March 2024.
- On 21 March 2024 Musti Group plc received a notification according to which the combined holding of the voting rights of the company of the following parties decreased below the threshold of 5 percent on 20 March 2024: Sand Grove Opportunities Master Fund Ltd, Investment Opportunities SPC for the Account of Investment Opportunities 2 Segregated Portfolio, New Holland Tactical Alpha Fund, Prelude Structured Alternatives Master Fund Lp, QSMA Torus SP, Amundi Sand Grove Event Driven Fund.

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 is 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 Board of Directors decided in December 2023 that the rewards for the performance period 2021-2023 will be settled fully in cash in January 2024.

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 was published on 15 December 2023 together with the Financial Statements and the Board of Directors' report. The report is available at <https://www.mustigroup.com/investors/reports-and-presentations/>.

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.

Musti Group's risk management and risks related to the company's operations are described in more detail in the Board of Directors' Report published on 15 December 2023 which is available at <https://www.mustigroup.com/investors/reports-and-presentations/>.

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 Board of Directors resolved on 12 April 2024 on the payment in cash of the already allocated share plan incentive based on the 2023 performance. The payment in cash was resolved in order to facilitate the establishment of a new long-term incentive plan during 2024. Such cash incentives to be paid amount to approximately EUR 2.4 million.

Financial calendar

Musti Group's Interim Report for October 2023 – June 2024 will be published on 30 July 2024.

Webcast for analysts and media

A webcast for the analysts and media will be arranged on 30 April 2024 at 11:00 EEST via Teams. To register in advance, please send an email to ir@mustigroup.com. The event will be held in English. The report will be presented by CEO David Rönnerberg and CFO Toni Rannikko.

Helsinki 30 April 2024

Board of Directors

The information in this Interim Report is unaudited.

Further Information:

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Distribution:

Nasdaq Helsinki
Principal media
www.mustigroup.com

Condensed financial information

Condensed consolidated statement of income

EUR thousand	1 Jan 2024 - 31 Mar 2024	1 Jan 2023 - 31 Mar 2023	1 Oct 2023 - 31 Mar 2024	1 Oct 2022 - 31 Mar 2023	1 Oct 2022 - 30 Sep 2023
Net sales	107,205	101,656	222,863	212,058	425,740
Other operating income	1,003	829	1,835	1,361	5,052
Share of profit of a joint venture	0	354	0	324	324
Materials and services	-60,145	-55,808	-122,727	-115,573	-231,252
Employee benefit expenses	-20,903	-19,597	-41,650	-39,262	-76,782
Other operating expenses	-22,443	-11,276	-36,761	-23,608	-48,527
Depreciation, amortization and impairment	-9,908	-9,089	-19,341	-18,103	-36,756
Operating profit	-5,190	7,070	4,219	17,196	37,800
Financial income and expenses, net	-668	-728	-2,645	-1,835	-4,083
Profit before taxes	-5,858	6,342	1,575	15,361	33,717
Income tax expense	1,024	-1,545	-569	-3,524	-7,229
Profit/loss for the period	-4,834	4,797	1,006	11,838	26,487
Attributable to:					
Owners of the parent	-4,854	4,766	981	11,822	26,448
Non-controlling interest	20	31	24	16	39
Earnings per share (EUR) for profit attributable to owners of the parent					
Basic EPS (EUR)	-0.15	0.14	0.03	0.35	0.79
Diluted EPS (EUR)	-0.14	0.14	0.03	0.35	0.79

Consolidated statement of comprehensive income, IFRS

Profit/loss for the period	-4,834	4,797	1,006	11,838	26,487
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation differences	-4,501	-1,953	-385	-3,778	-5,562
Other comprehensive income, net of tax	-4,501	-1,953	-385	-3,778	-5,562
Tax on other comprehensive income	298	154	19	299	450
Total comprehensive income	-9,038	2,999	639	8,359	21,375
Attributable to:					
Owners of the parent	-9,058	2,968	615	8,344	21,338
Non-controlling interest	20	31	24	16	37

Consolidated statement of financial position

EUR thousand	31 Mar 2024	31 Mar 2023	30 Sep 2023
ASSETS			
Non-current assets			
Goodwill	177,501	170,068	174,375
Other intangible assets	18,800	16,605	18,413
Right-of-use assets	74,884	77,345	75,771
Property, plant and equipment	28,631	18,073	27,570
Investments in joint ventures	0	1,398	0
Deferred tax assets	2,965	3,762	2,824
Derivative financial instruments	0	1,505	1,257
Other non-current receivables	85	153	111
Total non-current assets	302,866	288,909	300,322
Current assets			
Inventories	57,783	61,193	58,385
Trade and other receivables	12,605	11,314	11,575
Derivative financial instruments	1,458	607	394
Income tax receivables	5,769	3,293	1,612
Cash and cash equivalents	23,760	11,485	21,954
Total current asset	101,375	87,893	93,920
TOTAL ASSETS	404,241	376,803	394,242
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	11,002	11,002	11,002
Other reserves	123,349	123,349	123,349
Treasury shares	-5,340	-5,340	-5,340
Translation differences	-11,106	-8,938	-10,721
Retained earnings	43,353	30,860	46,009
Total equity attributable to owners of the parent	161,258	150,934	164,299
Equity attributable to non-controlling interest	74	77	88
Total equity	161,332	151,011	164,387
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	0	59,921	69,943
Lease liability	53,503	57,209	55,518
Deferred tax liabilities	5,172	3,533	4,881
Non-current interest-free liabilities	2,073	0	2,031
Total non-current liabilities	60,748	120,663	132,372
Current liabilities			
Loans from credit institutions	69,965	0	0
Commercial papers	14,766	18,391	9,412
Lease liability	25,447	24,239	24,307
Trade and other payables	67,003	57,946	61,725
Derivative financial instruments	207	231	306
Income tax liabilities	4,773	4,158	1,711
Provisions	0	163	21
Total current liabilities	182,161	105,129	97,482
Total liabilities	242,909	225,792	229,855
TOTAL EQUITY AND LIABILITIES	404,241	376,803	394,242

Consolidated statement of cash flows

EUR thousand	1 Jan 2024 - 31	1 Jan 2023 - 31	1 Oct 2023 - 31	1 Oct 2022 - 31	1 Oct 2022 - 30
	Mar 2024	Mar 2023	Mar 2024	Mar 2023	Sep 2023
Cash flows from operating activities					
Profit before income taxes	-5,858	6,342	1,575	15,361	33,717
Adjustments					
Depreciation, amortization and impairment	9,908	9,089	19,341	18,103	36,756
Financial income and expenses, net	668	728	2,645	1,835	4,083
Other adjustments	-1,843	-153	-1,769	-66	-2,174
Cash flows before changes in working capital	2,874	16,006	21,791	35,234	72,381
Change in working capital					
Increase (-) / decrease (+) in trade and other receivables	1,172	-108	-1,071	-1,928	-522
Increase (-) / decrease (+) in inventories	-1,164	645	360	-1,515	2,127
Increase (+) / decrease (-) in trade and other payables	5,516	-3,339	3,256	1,840	13,096
Cash flows from operating activities before financial items and taxes	8,398	13,205	24,336	33,631	87,082
Income taxes paid	-1,221	-3,490	-1,474	-5,224	-7,532
Net cash from operating activities	7,178	9,715	22,862	28,407	79,550
Cash flows from investing activities					
Investments in tangible and intangible assets	-3,904	-3,099	-7,926	-6,108	-11,863
Acquisition of subsidiaries and business acquisitions, net of cash acquired	-625	-127	-3,342	-2,553	-6,715
Net cash from investing activities	-4,530	-3,225	-11,268	-8,661	-18,578
Cash flows from financing activities					
Capital returns paid	0	-8,347	0	-8,347	-16,770
Dividends paid	-26	0	-26	0	0
Proceeds from non-current loans	0	0	0	0	10,044
Repayments of non-current loans	0	0	0	0	-8,427
Issuance of commercial papers	9,812	5,798	5,376	3,463	-6,138
Repayments of lease liabilities	-6,715	-6,186	-13,003	-12,175	-24,427
Interest and other financial expenses paid	-1,530	-1,148	-3,383	-1,908	-4,147
Interest and other finance income received	622	196	1,205	651	1,209
Net cash flow from financing activities	2,162	-9,687	-9,831	-18,316	-48,655
Net change in cash and cash equivalents	4,810	-3,197	1,763	1,430	12,317
Cash and cash equivalents at the beginning of the period	18,936	14,682	21,954	10,054	10,054
Foreign exchange differences and cash of acquired subsidiary	13	0	43	0	-417
Cash and cash equivalents at end of the period	23,760	11,485	23,760	11,485	21,954

Consolidated statement of changes in equity

EUR thousand	Attributable to owners of the parent						Non-controlling interest	Total equity
	Share capital	Other reserves	Own shares	Translation differences	Retained earnings	Total		
Equity at 1 Oct 2023	11,002	123,349	-5,340	-10,721	46,009	164,299	88	164,387
Profit/loss for the period					981	981	24	1,006
Translation differences				-385		-385	0	-385
Tax on other comprehensive income					19	19		19
Comprehensive income	0	0	0	-385	1,000	615	25	639
Capital return		0				0		0
Dividends						0	-26	-26
Share-based incentive plan			0		-3,668	-3,668		-3,668
Other changes					12	12	-12	0
Equity at 31 Mar 2024	11,002	123,349	-5,340	-11,106	43,353	161,258	74	161,332

EUR thousand	Attributable to owners of the parent						Non-controlling interest	Total equity
	Share capital	Other reserves	Own shares	Translation differences	Retained earnings	Total		
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					11,822	11,822	16	11,838
Translation differences				-3,777		-3,777	-1	-3,778
Tax on other comprehensive income					299	299		299
Comprehensive income	0	0	0	-3,777	12,121	8,344	15	8,359
Capital return		-16,694				-16,694		-16,694
Share-based incentive plan			1,570		-2,591	-1,021		-1,021
Other changes					12	12	-12	0
Equity at 31 Mar 2023	11,002	123,349	-5,340	-8,938	30,860	150,934	77	151,011

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 half-year financial report for 1 October 2023 – 31 March 2024 has been prepared in accordance with the IAS 34 Interim Financial Reporting standard and the accounting principles applied in the interim report are the same as in the financial statements.

The figures of the half-year financial report 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 half-year financial report is presented in thousand euros unless otherwise stated.

Critical accounting estimates and judgements

An IFRS-compliant half-year financial report 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 half-year financial report.

Segments

1/2024-3/2024

EUR thousand	Finland	Sweden	Norway	Group functions	Group
Net sales *	46,572	43,577	17,056	0	107,205
% split of net sales between segment	43%	41%	16%	0%	100%
EBITDA	11,152	8,797	3,588	-18,819	4,717
Adjustments	39	29	11	10,199	10,278
Adjusted EBITDA	11,191	8,825	3,599	-8,621	14,995
Depreciation and impairment of right-of use assets and tangible assets	-2,901	-3,008	-1,506	-1,021	-8,436
EBITA	8,251	5,789	2,082	-19,841	-3,719
Adjustments	39	29	11	10,199	10,278
Adjusted EBITA	8,291	5,817	2,093	-9,642	6,559
Amortization and impairment of intangible assets					-1,471
Operating profit					-5,190
Financial income and expenses, net					-668
Profit before taxes					-5,858
Income tax expense					1,024
Profit/loss for the period					-4,834

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

1/2023-3/2023

EUR thousand	Finland	Sweden	Norway	Group functions	Group
Net sales *	44,900	41,578	15,178	0	101,656
% split of net sales between segment	44%	41%	15%	0%	100%
EBITDA	12,276	8,525	3,154	-7,796	16,159
Adjustments	0	117	0	369	485
Adjusted EBITDA	12,276	8,642	3,154	-7,427	16,644
Depreciation and impairment of right-of use assets and tangible assets	-2,800	-2,788	-1,454	-723	-7,765
EBITA	9,475	5,738	1,700	-8,519	8,394
Adjustments	0	117	0	369	485
Adjusted EBITA	9,475	5,854	1,700	-8,150	8,879
Amortization and impairment of intangible assets					-1,324
Operating profit					7,070
Financial income and expenses, net					-728
Profit before taxes					6,342
Income tax expense					-1,545
Profit/loss for the period					4,797

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

10/2023-3/2024					
EUR thousand	Finland	Sweden	Norway	Group	Group
Net sales *	97,817	89,534	35,512	0	222,863
% split of net sales between segment	44%	40%	16%	0%	100%
EBITDA	25,205	18,969	8,303	-28,916	23,561
Adjustments	275	181	78	11,379	11,913
Adjusted EBITDA	25,480	19,150	8,381	-17,538	35,473
Depreciation and impairment of right-of use assets and tangible	-5,736	-5,813	-2,959	-2,008	-16,516
EBITA	19,469	13,156	5,344	-30,925	7,045
Adjustments	275	181	78	11,379	11,913
Adjusted EBITA	19,745	13,338	5,421	-19,546	18,958
Amortization and impairment of intangible assets					-2,825
Operating profit					4,219
Financial income and expenses, net					-2,645
Profit before taxes					1,575
Income tax expense					-569
Profit/loss for the period					1,006

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

10/2022-3/2023					
EUR thousand	Finland	Sweden	Norway	Group	Group
Net sales *	92,459	86,424	33,175	0	212,058
% split of net sales between segment	44%	41%	16%	0%	100%
EBITDA	24,877	17,928	7,863	-15,369	35,300
Adjustments	0	117	0	369	485
Adjusted EBITDA	24,877	18,045	7,863	-15,000	35,785
Depreciation and impairment of right-of use assets and tangible	-5,481	-5,449	-2,838	-1,453	-15,220
EBITA	19,396	12,479	5,026	-16,821	20,079
Adjustments	0	117	0	369	485
Adjusted EBITA	19,396	12,596	5,026	-16,452	20,565
Amortization and impairment of intangible assets					-2,883
Operating profit					17,196
Financial income and expenses, net					-1,835
Profit before taxes					15,361
Income tax expense					-3,524
Profit/loss for the period					11,838

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

FY2023

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

Business combinations

During the period 1 October 2023 - 31 March 2024 Musti Group acquired four pet stores in Sweden as business acquisitions. The total purchase price for the stores was approximately EUR 3.3 million and the resulting goodwill EUR 3.3 million. Goodwill is based on synergies from the acquisitions. The acquisitions did not have a material impact on group's net sales or result.

Personnel

	31 Mar 2024	31 Mar 2023	30 Sep 2023
Personnel on average	1,693	1,600	1,640
Personnel at the end of period	1,690	1,580	1,643

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, 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	31 Mar 2024	31 Mar 2023	30 Sep 2023
Purchases of goods and services	0	4,638	4,638
Receivables	0	76	0
Payables	0	594	0
Other receivables	0	318	0
Guarantees given on behalf of joint ventures	0	5,177	0

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.

During the financial year 2023 Musti Group had a joint venture Premium Pet Food Suomi Oy, of which the Group acquired the full ownership on 3rd of April 2023, and it became a fully owned subsidiary. Prior to the transaction, Musti Group held 49.2% of the shares in the company.

Goodwill, intangible assets and property, plant and equipment

EUR thousand	31 Mar 2024	31 Mar 2023	30 Sep 2023
Cost at the beginning of the period	220,356	205,937	205,937
Amortization, depreciation and impairment	-6,299	-6,102	-12,490
Additions	11,248	8,432	16,318
Acquisitions through business combinations	0	0	15,717
Disposals and closing of stores	0	0	-55
Exchange rate differences	-375	-3,522	-5,071
Cost at the end of the period	224,931	204,744	220,356

Leases

Right-of-use assets

EUR thousand	Land and water	Buildings and structures	Machinery and equipment	Total
31 Mar 2024				
Cost at the beginning of the reporting period	179	74,550	1,043	75,771
New contracts	0	3,502	277	3,779
Terminated contracts	0	-289	-42	-331
Revaluations and modifications	0	9,239	28	9,267
Exchange rate differences	0	-560	0	-560
Depreciation	-2	-12,799	-241	-13,042
Cost at the end of the reporting period	177	73,642	1,065	74,884

EUR thousand	Land and water	Buildings and structures	Machinery and equipment	Total
31 Mar 2023				
Cost at the beginning of the reporting period	0	75,604	623	76,227
New contracts	0	5,588	91	5,679
Terminated contracts	0	-1,223	-25	-1,247
Revaluations and modifications	0	10,952	31	10,982
Exchange rate differences	0	-2,281	-13	-2,294
Depreciation	0	-11,871	-130	-12,001
Cost at the end of the reporting period	0	76,768	577	77,345

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

Lease liability

EUR thousand	31 Mar 2024	31 Mar 2023	30 Sep 2023
Lease liability at the beginning of the reporting period	79,825	80,681	80,681
Net increases	12,114	12,935	23,553
Rent expenses	-14,358	-13,259	-26,743
Interest expense	1,370	1,092	2,334
Lease liability at the end of the reporting period	78,950	81,448	79,825

EUR thousand	31 Mar 2024	31 Mar 2023	30 Sep 2023
Non-current lease liability	53,503	57,209	55,518
Current lease liability	25,447	24,239	24,307
Total	78,950	81,448	79,825

Lease contracts in the income statement

EUR thousand	1 Jan 2024 - 31 Mar 2024	1 Jan 2023 - 31 Mar 2023	1 Oct 2023 - 31 Mar 2024	1 Oct 2022 - 31 Mar 2023	1 Oct 2022 - 30 Sep 2023
Expenses from rental agreements not included in lease liability	-211	-271	-526	-547	-1,054
Depreciation of right-of-use assets	-6,690	-6,187	-13,042	-12,001	-24,266
Interest expenses from lease liability	-719	-562	-1,370	-1,092	-2,334
Total	-7,621	-7,020	-14,938	-13,640	-27,654

Financial assets and liabilities

Financial assets

	Financial assets at fair value through profit and loss	Financial assets at amortized cost	Book value	Fair value	Fair value hierarchy
EUR thousand					
31 Mar 2024					
Non-current assets					
Other non-current assets		85	85	85	Level 2
Total		85	85	85	
Current assets					
Trade and other receivables*		7,375	7,375	7,375	Level 2
Derivative financial instruments	1,458		1,458	1,458	Level 2
Cash and cash equivalents		23,760	23,760	23,760	Level 2
Total	1,458	31,134	32,592	32,592	
Financial assets, total	1,458	31,220	32,678	32,678	

	Financial assets at fair value through profit and loss	Financial assets at amortized cost	Book value	Fair value	Fair value hierarchy
EUR thousand					
31 Mar 2023					
Non-current assets					
Derivative financial instruments	1,505		1,505	1,505	
Other non-current assets		153	153	153	Level 2
Total	1,505	153	1,658	1,658	
Current assets					
Trade and other receivables*		2,503	2,503	2,503	Level 2
Derivative financial instruments	607		607	607	Level 2
Cash and cash equivalents		11,485	11,485	11,485	Level 2
Total	607	13,988	14,595	14,595	
Financial assets, total	2,112	14,142	16,253	16,253	

	Financial assets at fair value through profit and loss	Financial assets at amortized cost	Book value	Fair value	Fair value hierarchy
EUR thousand					
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	

Financial liabilities

	Financial liabilities at fair value through profit and loss	Financial liabilities at amortized cost	Book value	Fair value	Fair value hierarchy
EUR thousand					
31 Mar 2024					
Non-current liabilities					
Lease liability		53,503	53,503	53,503	Level 2
Other non-current liabilities		2,073	2,073	2,073	Level 3
Total		55,576	55,576	55,576	
Current liabilities					
Loans from credit institutions		69,965	69,965	69,965	Level 2
Commercial papers		14,766	14,766	14,766	Level 2
Lease liability		25,447	25,447	25,447	Level 2
Trade and other payables*		29,371	29,371	29,371	Level 2
Derivative financial instruments	207		207	207	Level 2
Total	207	139,549	139,756	139,756	
Financial liabilities, total	207	195,125	195,332	195,332	

	Financial liabilities at fair value through profit and loss	Financial liabilities at amortized cost	Book value	Fair value	Fair value hierarchy
EUR thousand					
31 Mar 2023					
Non-current liabilities					
Loans from credit institutions		59,921	59,921	59,921	Level 2
Lease liability		57,209	57,209	57,209	Level 2
Total		117,129	117,129	117,129	
Current liabilities					
Commercial papers		18,391	18,391	18,391	Level 2
Lease liability		24,239	24,239	24,239	Level 2
Trade and other payables*		21,303	21,303	21,303	Level 2
Derivative financial instruments	231		231	231	Level 2
Total	231	63,933	64,165	64,165	
Financial liabilities, total	231	181,063	181,294	181,294	

	Financial liabilities at fair value through profit and loss	Financial liabilities at amortized cost	Book value	Fair value	Fair value hierarchy
EUR thousand					
30 Sep 2023					
Non-current 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 liabilities		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 liabilities, total	306	197,289	197,596	197,596	

*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	Payables at fair value	Net fair value
31 Mar 2024				
Forward exchange contracts	56,102	740	-207	533
Interest rate swaps	30,000	718		718
Total	86,102	1,458	-207	1,251

EUR thousand	Nominal value	Receivables at fair	Payables at fair value	Net fair value
31 Mar 2023				
Forward exchange contracts	30,378	607	-232	375
Interest rate swaps	30,000	1,505		1,505
Total	60,378	2,111	-232	1,880

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

Group commitments

EUR thousand	31 Mar 2024	31 Mar 2023	30 Sep 2023
Pledges given on behalf of Group companies and joint ventures			
Guarantees relating to rental payments	2,788	4,105	3,846
Other commitments	23	23	23
Total	2,812	4,128	3,870

Other commitments

Other guarantees	0	5,177	0
Lease liabilities for leases not recognized in the balance sheet	1,813	1,004	1,939
Total	1,813	6,180	1,939

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. The Tax Administration issued a new decision on the matter in February 2024. Based on the decision, the Company recognized 0.2 million EUR VAT-receivables as an expense after which the Company does not have any receivables regarding the tax audit in its balance sheet. The decision is not final as the period of appeal has not yet been expired.

Financial ratios and alternative performance measures

EUR millions or as indicated	1-3/2024	1-3/2023	Change %	YTD 2024	YTD 2023	Change %	FY2023
Net sales	107.2	101.7	5.5 %	222.9	212.1	5.1 %	425.7
Net sales growth, %	5.5 %	10.0 %		5.1 %	9.4 %		8.9 %
LFL sales growth, %	3.1 %	10.8 %		4.0 %	8.8 %		9.5 %
LFL store sales growth, %	0.1 %	9.0 %		1.3 %	6.2 %		6.7 %
LFL online sales growth, %	12.6 %	16.4 %		12.8 %	17.7 %		19.0 %
Store sales	78.6	77.1	2.0 %	165.1	162.5	1.6 %	322.3
Online sales	27.0	24.1	11.6 %	53.9	48.7	10.7 %	97.8
Online share of net sales, %	25.1 %	23.8 %		24.2 %	22.9 %		23.0 %
Gross margin, %	43.9 %	45.1 %		44.9 %	45.5 %		45.7 %
EBITDA	4.7	16.2	-70.8 %	23.6	35.3	-33.3 %	74.6
EBITDA margin, %	4.4 %	15.9 %		10.6 %	16.6 %		17.5 %
Adjusted EBITDA	15.0	16.6	-9.9 %	35.5	35.8	-0.9 %	73.6
Adjusted EBITDA margin, %	14.0 %	16.4 %		15.9 %	16.9 %		17.3 %
EBITA	-3.7	8.4	-144.3 %	7.0	20.1	-64.9 %	43.6
EBITA margin, %	-3.5 %	8.3 %		3.2 %	9.5 %		10.2 %
Adjusted EBITA	6.6	8.9	-26.1 %	19.0	20.6	-7.8 %	42.6
Adjusted EBITA margin, %	6.1 %	8.7 %		8.5 %	9.7 %		10.0 %
Operating Profit	-5.2	7.1	-173.4 %	4.2	17.2	-75.5 %	37.8
Operating Profit margin, %	-4.8 %	7.0 %		1.9 %	8.1 %		8.9 %
Profit/loss for the period	-4.8	4.8	-200.8 %	1.0	11.8	-91.5 %	26.5
Earnings/Share, basic, EUR	-0.15	0.14	-201.7 %	0.03	0.35	-91.7 %	0.79
Earnings/Share, diluted, EUR	-0.14	0.14	-201.7 %	0.03	0.35	-91.7 %	0.79
Cash flow from operating activities	7.2	9.7	-26.1 %	22.9	28.4	-19.5 %	79.6
Investments in tangible and intangible assets	3.9	3.1	26.0 %	7.9	6.1	29.8 %	11.9
Net debt	140.7	147.9	-4.8 %	140.7	147.9	-4.8 %	137.9
Gearing, %	87.2 %	97.9 %		87.2 %	97.9 %		83.9 %
Net debt / LTM Adjusted EBITDA	1.9	2.1	-10.5 %	1.9	2.1	-10.5 %	1.9
Equity ratio %	39.9 %	40.1 %		39.9 %	40.1 %		41.7 %
Nr of loyal customers, thousands	1,563	1,511	3.5 %	1,563	1,511	3.5 %	1,543
Number of stores at end of period	344	342	0.6 %	344	342	0.6 %	342
of which directly operated	339	327	3.7 %	339	327	3.7 %	330
Own & Exclusive share, %	51.6 %	52.3 %		52.3 %	53.0 %		52.4 %

Finland							
Net sales	46.6	44.9	3.7 %	97.8	92.5	5.8 %	189.9
Net sales growth, %	3.7 %	10.9 %		5.8 %	9.7 %		11.9 %
LFL sales growth, %	0.4 %	11.8 %		1.9 %	9.3 %		9.7 %
EBITDA	11.2	12.3	-9.2 %	25.2	24.9	1.3 %	52.6
EBITDA margin, %	23.9 %	27.3 %		25.8 %	26.9 %		27.7 %
Adjusted EBITDA	11.2	12.3	-8.8 %	25.5	24.9	2.4 %	52.6
Adjusted EBITDA margin, %	24.0 %	27.3 %		26.0 %	26.9 %		27.7 %
EBITA	8.3	9.5	-12.9 %	19.5	19.4	0.4 %	41.5
EBITA margin, %	17.7 %	21.1 %		19.9 %	21.0 %		21.8 %
Adjusted EBITA	8.3	9.5	-12.5 %	19.7	19.4	1.8 %	41.5
Adjusted EBITA margin, %	17.8 %	21.1 %		20.2 %	21.0 %		21.9 %
Nr of loyal customers, thousands	531	531	0.1 %	531	531	0.1 %	534
Number of stores at end of period	137	139	-1.4 %	137	139	-1.4 %	136
of which directly operated	137	139	-1.4 %	137	139	-1.4 %	136
Own & Exclusive share, %	54.0 %	56.0 %		54.5 %	56.6 %		55.9 %
Sweden							
Net sales	43.6	41.6	4.8 %	89.5	86.4	3.6 %	170.9
Net sales growth, %	4.8 %	7.2 %		3.6 %	5.7 %		3.6 %
LFL sales growth, %	2.9 %	9.5 %		3.7 %	8.3 %		8.6 %
EBITDA	8.8	8.5	3.2 %	19.0	17.9	5.8 %	36.3
EBITDA margin, %	20.2 %	20.5 %		21.2 %	20.7 %		21.2 %
Adjusted EBITDA	8.8	8.6	2.1 %	19.2	18.0	6.1 %	36.5
Adjusted EBITDA margin, %	20.3 %	20.8 %		21.4 %	20.9 %		21.4 %
EBITA	5.8	5.7	0.9 %	13.2	12.5	5.4 %	25.5
EBITA margin, %	13.3 %	13.8 %		14.7 %	14.4 %		14.9 %
Adjusted EBITA	5.8	5.9	-0.6 %	13.3	12.6	5.9 %	25.7
Adjusted EBITA margin, %	13.3 %	14.1 %		14.9 %	14.6 %		15.0 %
Nr of loyal customers, thousands	712	692	2.9 %	712	692	2.9 %	701
Number of stores at end of period	130	131	-0.8 %	130	131	-0.8 %	131
of which directly operated	125	116	7.8 %	125	116	7.8 %	119
Own & Exclusive share, %	46.2 %	46.3 %		47.1 %	47.1 %		46.4 %
Norway							
Net sales	17.1	15.2	12.4 %	35.5	33.2	7.0 %	64.9
Net sales growth, %	12.4 %	15.5 %		7.0 %	19.8 %		14.9 %
LFL sales growth, %	12.0 %	11.2 %		11.1 %	8.7 %		11.3 %
EBITDA	3.6	3.2	13.8 %	8.3	7.9	5.6 %	15.1
EBITDA margin, %	21.0 %	20.8 %		23.4 %	23.7 %		23.2 %
Adjusted EBITDA	3.6	3.2	14.1 %	8.4	7.9	6.6 %	15.1
Adjusted EBITDA margin, %	21.1 %	20.8 %		23.6 %	23.7 %		23.2 %
EBITA	2.1	1.7	22.5 %	5.3	5.0	6.3 %	9.4
EBITA margin, %	12.2 %	11.2 %		15.0 %	15.1 %		14.5 %
Adjusted EBITA	2.1	1.7	23.1 %	5.4	5.0	7.9 %	9.4
Adjusted EBITA margin, %	12.3 %	11.2 %		15.3 %	15.1 %		14.5 %
Nr of loyal customers, thousands	320	288	11.1 %	320	288	11.1 %	308
Number of stores at end of period	77	72	6.9 %	77	72	6.9 %	75
of which directly operated	77	72	6.9 %	77	72	6.9 %	75
Own & Exclusive share, %	58.4 %	57.3 %		59.4 %	58.3 %		57.9 %

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

Reconciliation of key performance indicators

EUR millions or as indicated	1 Jan 2024 - 31 Mar 2024	1 Jan 2023 - 31 Mar 2023	1 Oct 2023 - 31 Mar 2024	1 Oct 2022 - 31 Mar 2023	1 Oct 2022 - 30 Sep 2023
Gross profit					
Net sales	107.2	101.7	222.9	212.1	425.7
Material and services	-60.1	-55.8	-122.7	-115.6	-231.3
Gross profit	47.1	45.8	100.1	96.5	194.5
Gross margin (%)	43.9 %	45.1 %	44.9 %	45.5 %	45.7 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)					
Operating profit	-5.2	7.1	4.2	17.2	37.8
Depreciation, Amortization and Impairment	9.9	9.1	19.3	18.1	36.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	4.7	16.2	23.6	35.3	74.6
EBITDA margin (%)	4.4 %	15.9 %	10.6 %	16.6 %	17.5 %
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)					
Operating profit	-5.2	7.1	4.2	17.2	37.8
Depreciation, amortization and Impairment	9.9	9.1	19.3	18.1	36.8
Adjustments	10.3	0.5	11.9	0.5	-0.9
Adjusted earnings before interest, taxes, depreciation and amortization	15.0	16.6	35.5	35.8	73.6
Adjusted EBITDA margin (%)	14.0 %	16.4 %	15.9 %	16.9 %	17.3 %
Adjustments (EBITDA)					
Restructuring related expenses	0.0	0.0	0.0	0.0	0.5
Acquisition & IPO related expenses	0.2	0.0	0.2	0.0	0.4
Non-recurring costs (Public Tender Offer & product recall)	10.1	0.0	11.8	0.0	0.0
Other items affecting comparability	0.0	0.5	0.0	0.5	-1.4
Adjustments (EBITDA)	10.3	0.5	11.9	0.5	-0.9
Earnings before interest, taxes and amortization (EBITA)					
Operating profit	-5.2	7.1	4.2	17.2	37.8
Amortization and impairment of intangible assets	1.5	1.3	2.8	2.9	5.8
Earnings before interest, taxes and amortization (EBITA)	-3.7	8.4	7.0	20.1	43.6
EBITA margin (%)	-3.5 %	8.3 %	3.2 %	9.5 %	10.2 %
Adjusted earnings before interest, taxes and depreciation (Adjusted EBITA)					
Operating profit	-5.2	7.1	4.2	17.2	37.8
Amortization and impairment of intangible assets	1.5	1.3	2.8	2.9	5.8
Adjustments	10.3	0.5	11.9	0.5	-0.9
Adjusted earnings before interest, taxes and depreciation (Adjusted EBITA)	6.6	8.9	19.0	20.6	42.6
Adjusted EBITA margin (%)	6.1 %	8.7 %	8.5 %	9.7 %	10.0 %
Adjustments (Operating profit)					
Restructuring related expenses	0.0	0.0	0.0	0.0	0.5
Acquisition & IPO related expenses	0.2	0.0	0.2	0.0	0.4
Non-recurring costs (Public Tender Offer & product recall)	10.1	0.0	11.8	0.0	0.0
Other items affecting comparability	0.0	0.5	0.0	0.5	-1.4
Adjustments (Operating profit)	10.3	0.5	11.9	0.5	-0.9
Earnings per share, basic					
Profit/loss for the period	-4.8	4.8	1.0	11.8	26.5
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Average number of shares	33.4	33.3	33.4	33.3	33.4
Earnings per share, basic	-0.15	0.14	0.03	0.35	0.79

Earnings per share, diluted					
Profit/loss for the period	-4.8	4.8	1.0	11.8	26.5
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Average number of shares, diluted	33.6	33.6	33.6	33.6	33.6
Earnings per share, diluted	-0.14	0.14	0.03	0.35	0.79
Net debt					
Interest-bearing liabilities	165.8	159.8	165.8	159.8	161.2
Derivative financial instruments	-1.3	-0.4	-1.3	-0.4	-1.3
Cash and cash equivalents	23.8	11.5	23.8	11.5	22.0
Net debt	140.7	147.9	140.7	147.9	137.9
Gearing (%)					
Net Debt	140.7	147.9	140.7	147.9	137.9
Equity	161.3	151.0	161.3	151.0	164.4
Gearing (%)	87.2 %	97.9 %	87.2 %	97.9 %	83.9 %
Net debt/LTM Adjusted EBITDA					
Net debt	140.7	147.9	140.7	147.9	137.9
LTM adjusted EBITDA	73.3	69.0	73.3	69.0	73.6
Net debt/LTM adjusted EBITDA	1.9	2.1	1.9	2.1	1.9
Equity ratio (%)					
Total equity	161.3	151.0	161.3	151.0	164.4
Total assets	404.2	376.8	404.2	376.8	394.2
Advances received	0.3	0.3	0.3	0.3	0.3
Equity ratio (%)	39.9 %	40.1 %	39.9 %	40.1 %	41.7 %
LFL sales growth (%)					
Net sales	107.2	101.7	222.9	212.1	425.7
Net sales growth %	5.5 %	10.0 %	5.1 %	9.4 %	8.9 %
Other growth %	2.4 %	-0.8 %	1.1 %	0.6 %	-0.6 %
LFL sales growth (%)	3.1 %	10.8 %	4.0 %	8.8 %	9.5 %
LFL store sales growth (%)					
Store sales	78.6	77.1	165.1	162.5	322.3
Store sales total growth %	2.0 %	10.8 %	1.6 %	10.1 %	7.3 %
Other growth %	1.8 %	1.8 %	0.3 %	3.9 %	0.6 %
LFL store sales growth (%)	0.1 %	9.0 %	1.3 %	6.2 %	6.7 %
Net sales					
Store sales	78.6	77.1	165.1	162.5	322.3
Online sales	27.0	24.1	53.9	48.7	97.8
Other sales	1.6	0.4	3.9	0.9	5.7
Net sales	107.2	101.7	222.9	212.1	425.7
Online share (%)					
Net sales	107.2	101.7	222.9	212.1	425.7
Online sales	27.0	24.1	53.9	48.7	97.8
Online share (%)	25.1 %	23.8 %	24.2 %	22.9 %	23.0 %