



# **Q1 2022 Earnings Call**

May 12, 2022, 09:00 CEST

# Good profitability despite challenging market conditions

## Turbulent macroenvironment

**Net revenue of MSEK 186 representing a -9.1% decline. Organic growth -12.3%. Consumer demand negatively affected by turbulent macroenvironment.**

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## Good profitability despite challenges

**11.6% EBIT margin (22 MSEK) despite lower gross margin (category mix effects) and unusually high marketing investments (continued high advertising intensity).**

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## 2-year growth and profitability development still outstanding

**Comparables vs Q1 '21 challenging, but net revenue +74.3%, orders +101.9%, and EBIT +22.2% vs Q1 '20. All values underlining strong mid-term trajectory.**

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## All-time high NPS value

**Continued investments in developing consumer proposition and ensuring high satisfaction levels paying off as evident by all-time high NPS value of 68.**

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## Progress on strategic initiatives

**RugVista Essentials representing increasing share of sales. Next iteration of web-shop planned to be released by summer in one more market.**



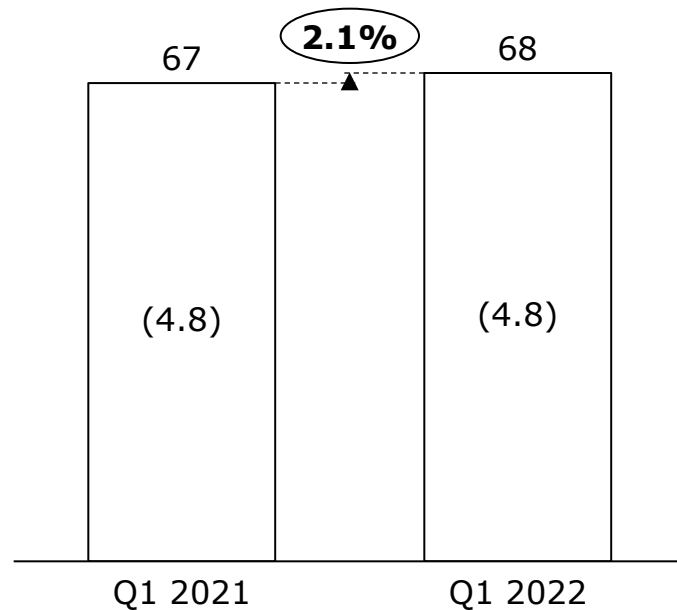
# Business Update



# All-time high NPS rating; challenging quarter due to macroeconomic climate for growth related KPIs

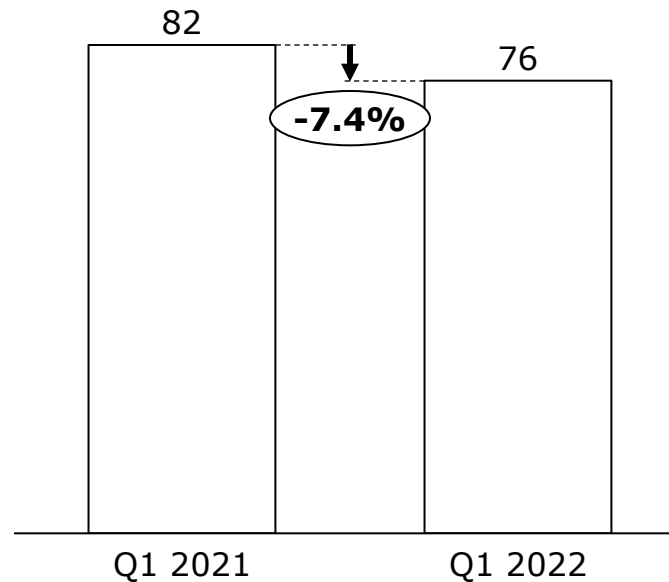
Maintain outstanding customer satisfaction levels

**Net Promotor Score (NPS) rating**  
(TrustPilot rating)



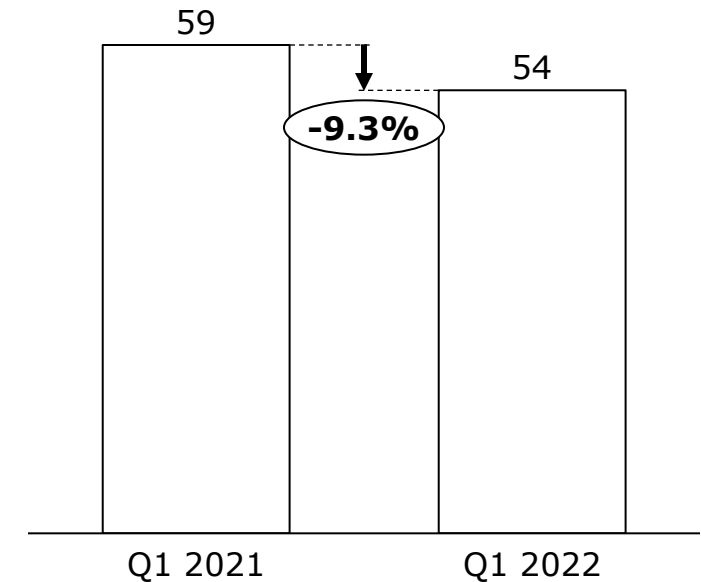
Increase market penetration

**# of orders (thousand)**



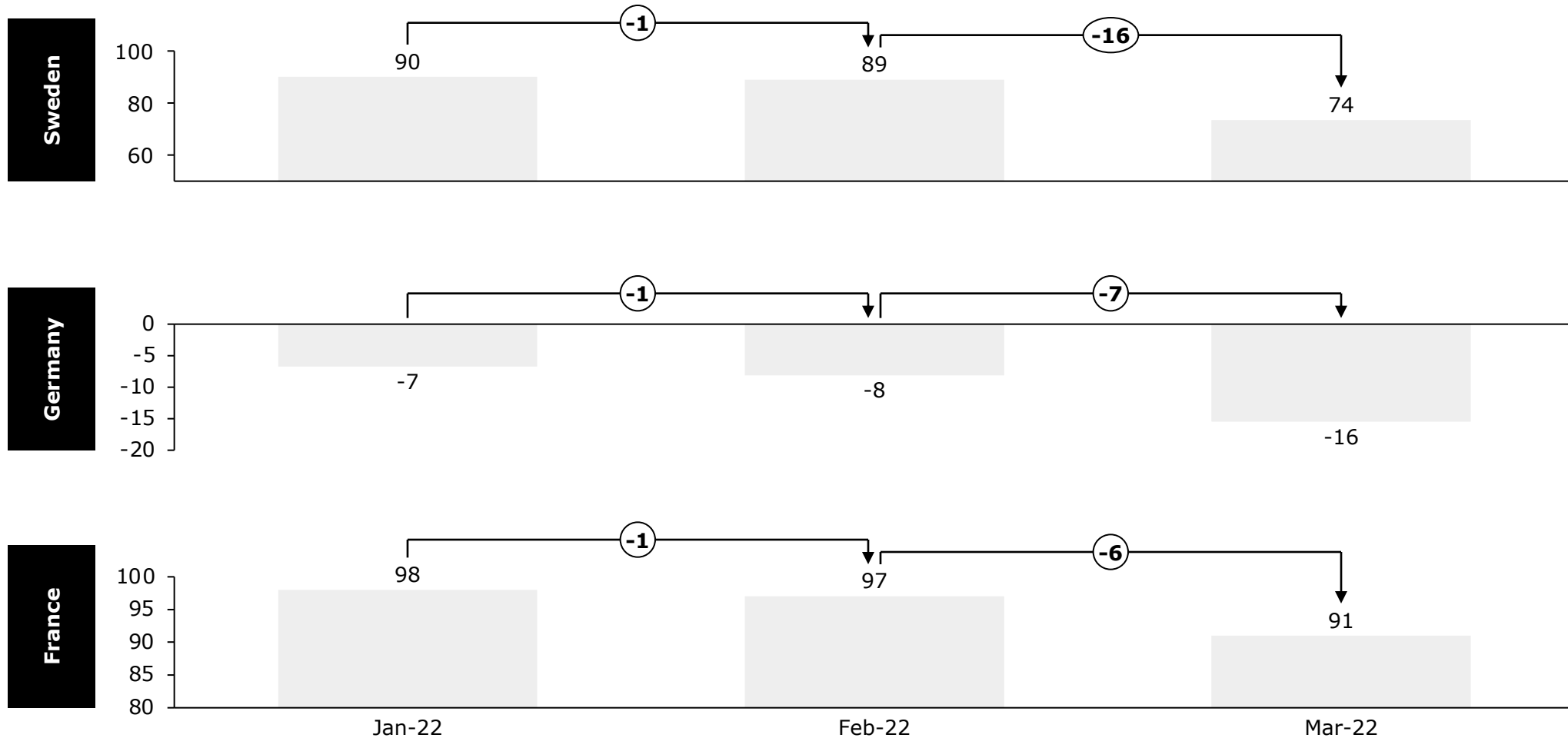
Attract new customers

**# of new customers (thousand)**

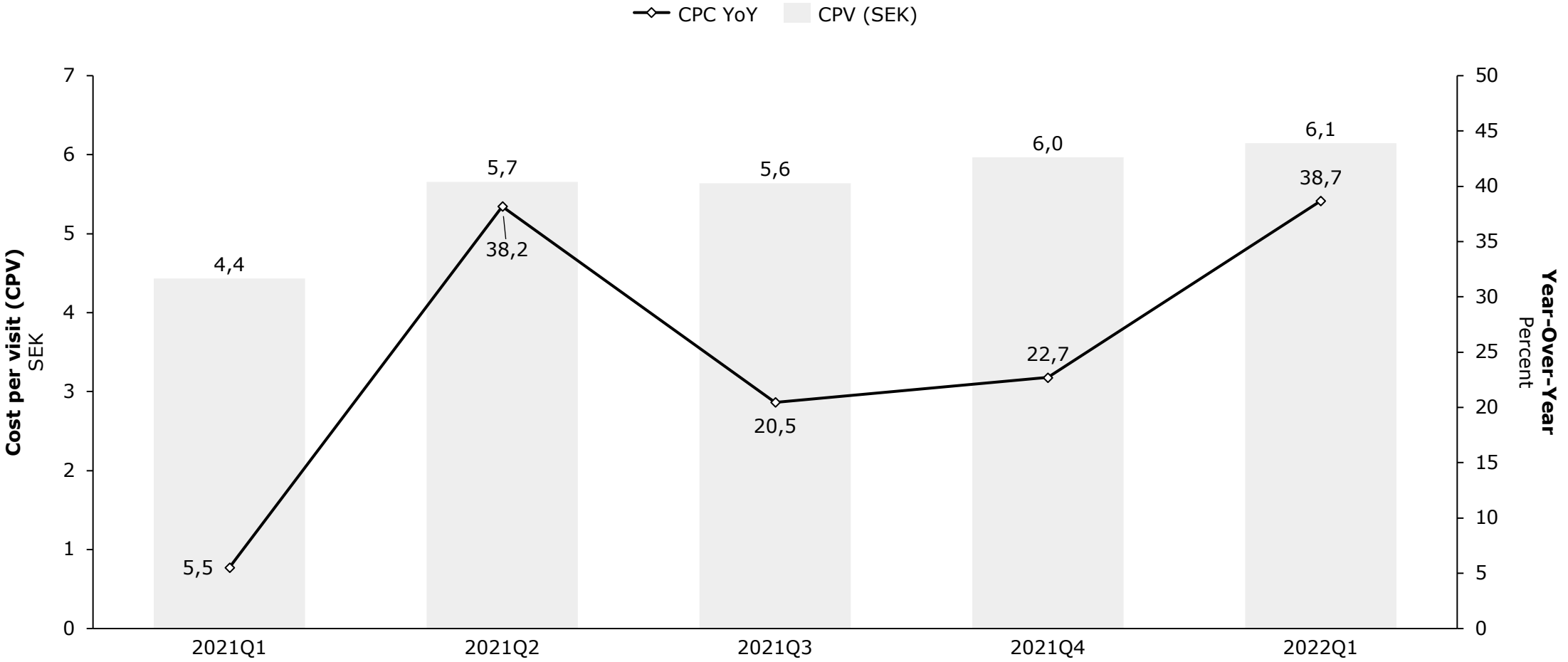


# Significant decrease in consumer sentiment across key markets during Q1

Consumer confidence index across selected key markets



# Traffic costs spiked during Q1 driven by continued high advertising intensity and lower consumer demand





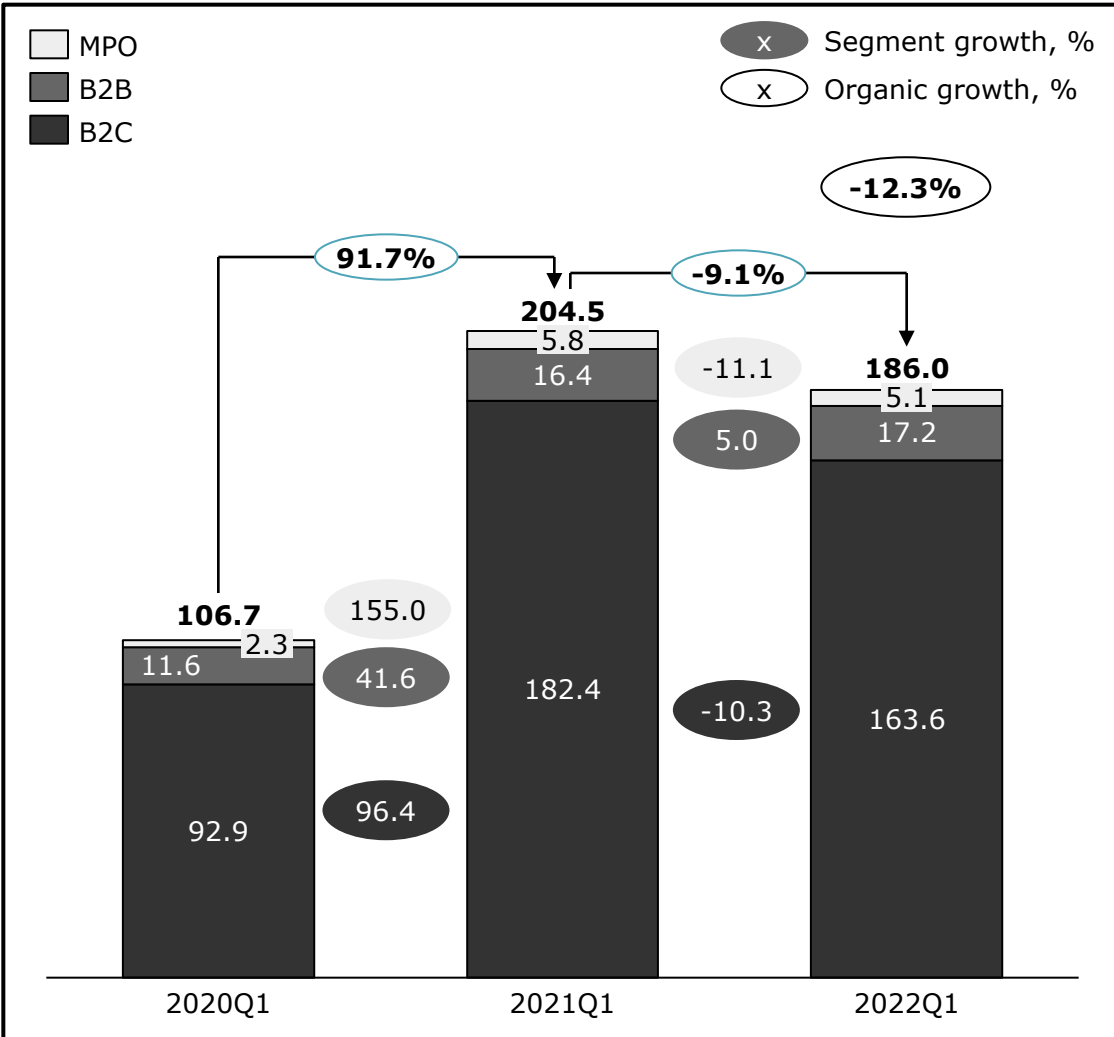
# Financial Update



# Reduced consumer purchasing power and confidence and tough comparable resulting in negative growth in Q1 2022

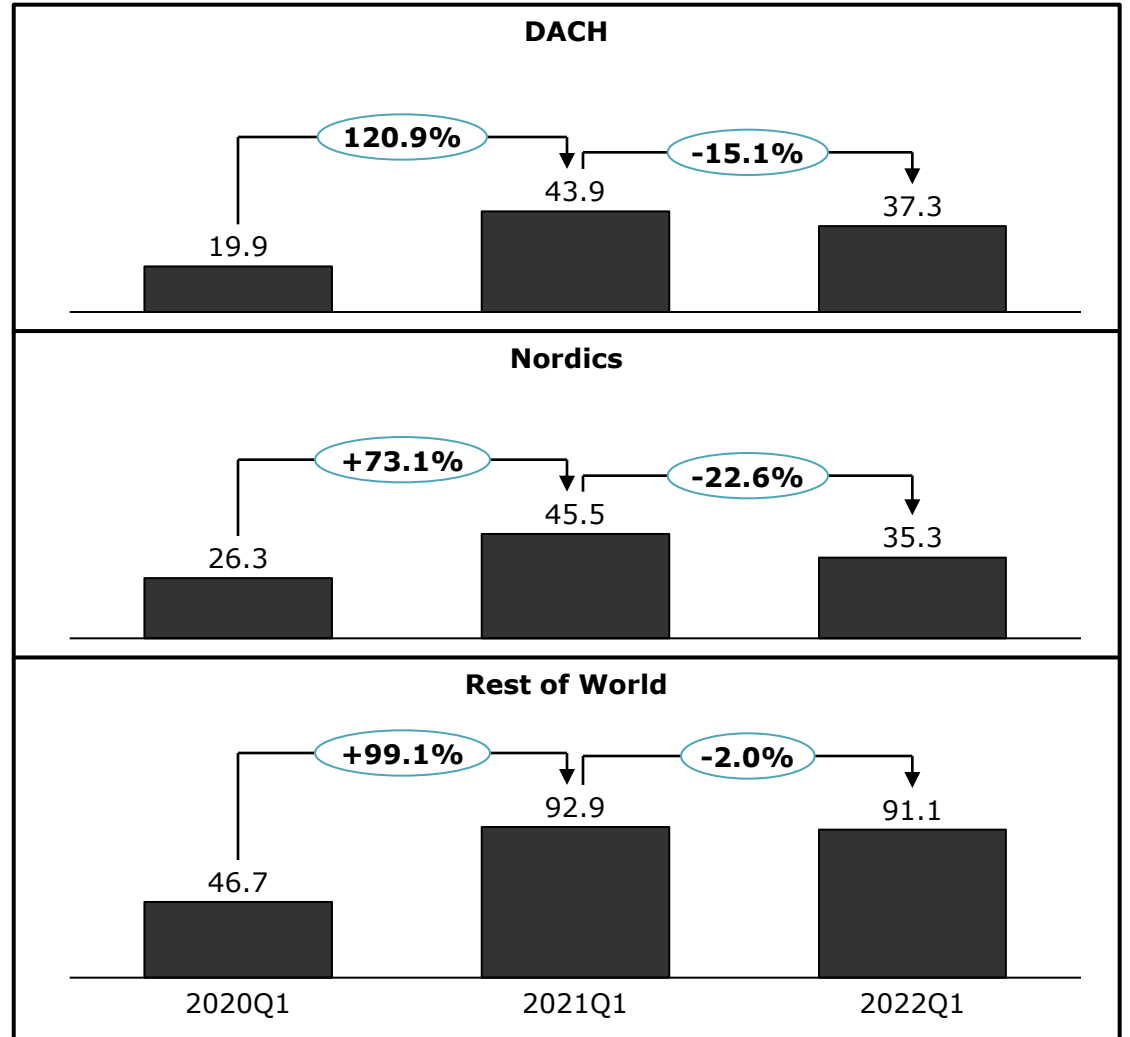
Net revenue – Group (Q1)<sup>1</sup>

SEK million



Net revenue – B2C by Region (Q1)

SEK million

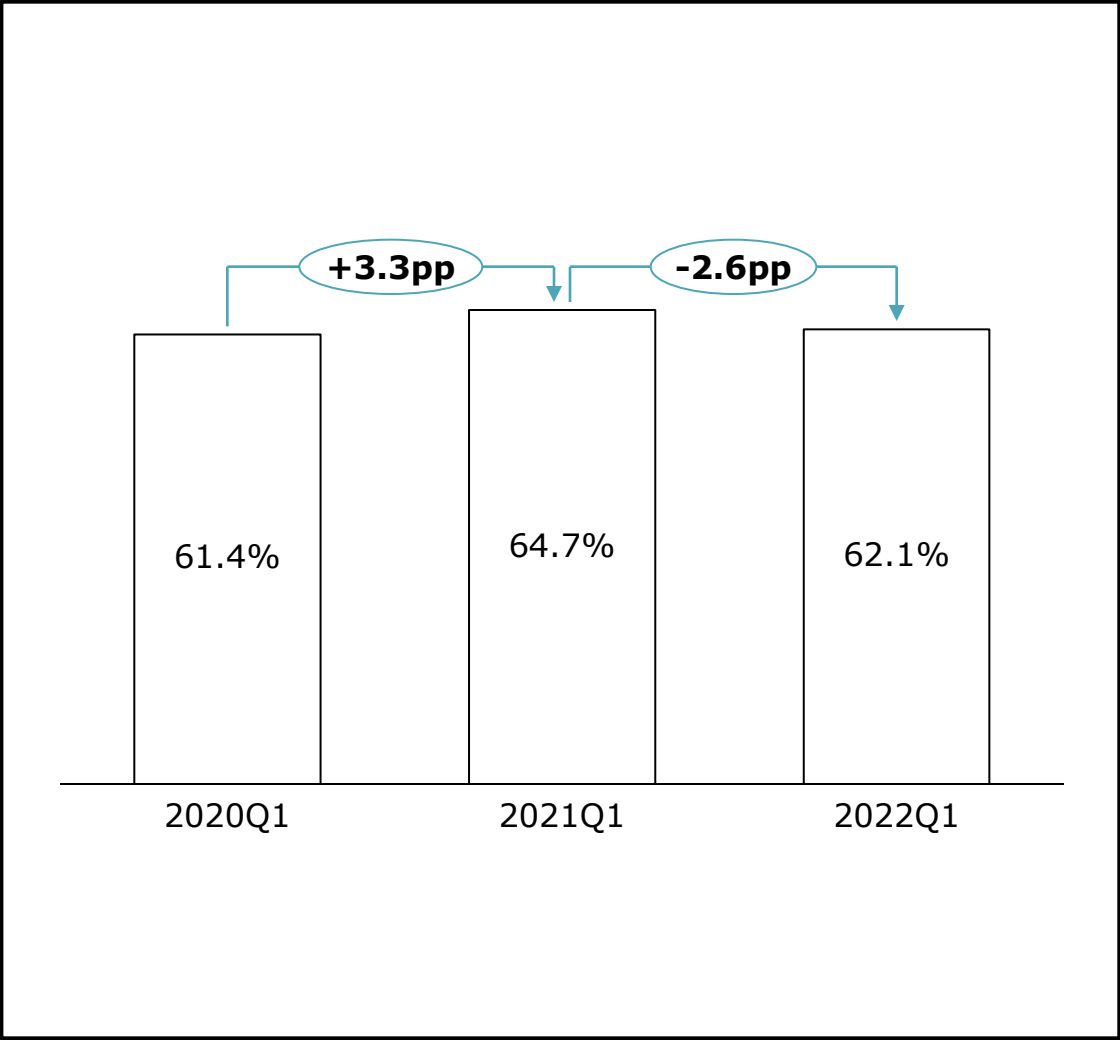


Note 1: Excluding divested operations  
 Note: Reported net revenue not including other income  
 Note: Rounding differences may occur

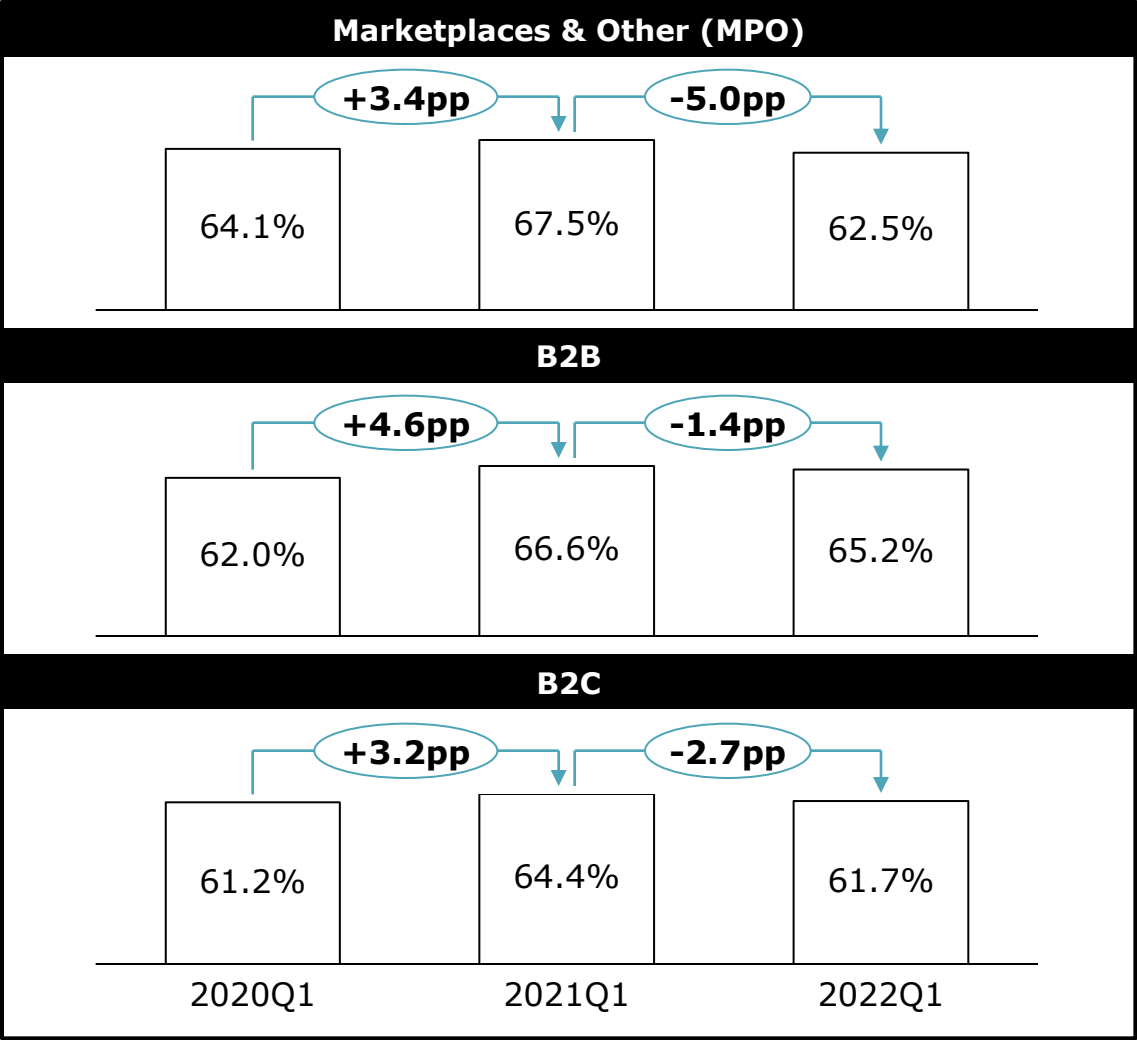


# Decreased gross margin driven by category mix and higher shipping costs due to carrier mix and fuel charges

Gross margin – Group  
% of net revenue



Gross Margin – Segments (Q4)  
% of net revenue



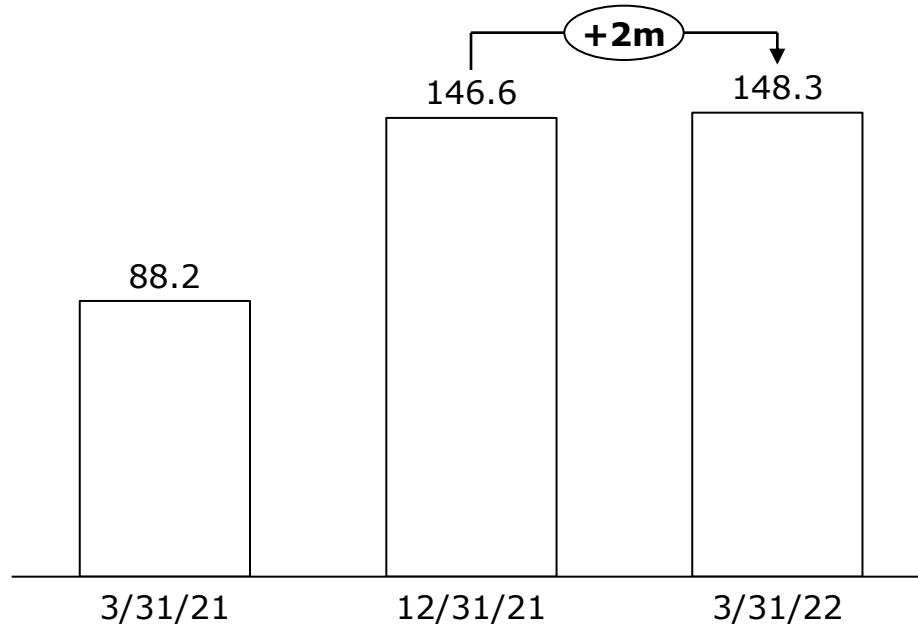
Note: Rounding differences may occur  
Note: Excluding divested operations and other income

# Reduced operating margin primarily driven by lower gross margin and higher marketing investments

Cost ratios & margins Percent of net revenue	Q1				
	2020	2021	2022	Δ '22 vs '21	
<b>Goods for resale</b>	-39.7%	-35.3%	-37.9%	-2.6pp	Category mix effects and increased shipping expenses
<b>Other external expenses</b>	-35.1%	-36.6%	-39.2%	-2.6pp	Increase mainly driven by marketing investments
<b>Personnel expenses</b>	-9.8%	-8.0%	-9.1%	-1.2pp	Increase driven by negative scale effect and planned recruitments
<b>Other operating expenses</b>	1.8%	0.0%	-0.9%	-0.9pp	Increase driven by the depreciation of the SEK against most other currencies during Q1 2022
<b>Depreciation &amp; Amortization</b>	-1.8%	-1.0%	-1.5%	-0.6pp	
<b>EBIT</b>	15.9%	19.4%	11.6%	-7.8pp	
<b>Adjusted EBIT<sup>1</sup></b>	15.9%	24.2%	11.6%	-12.7pp	

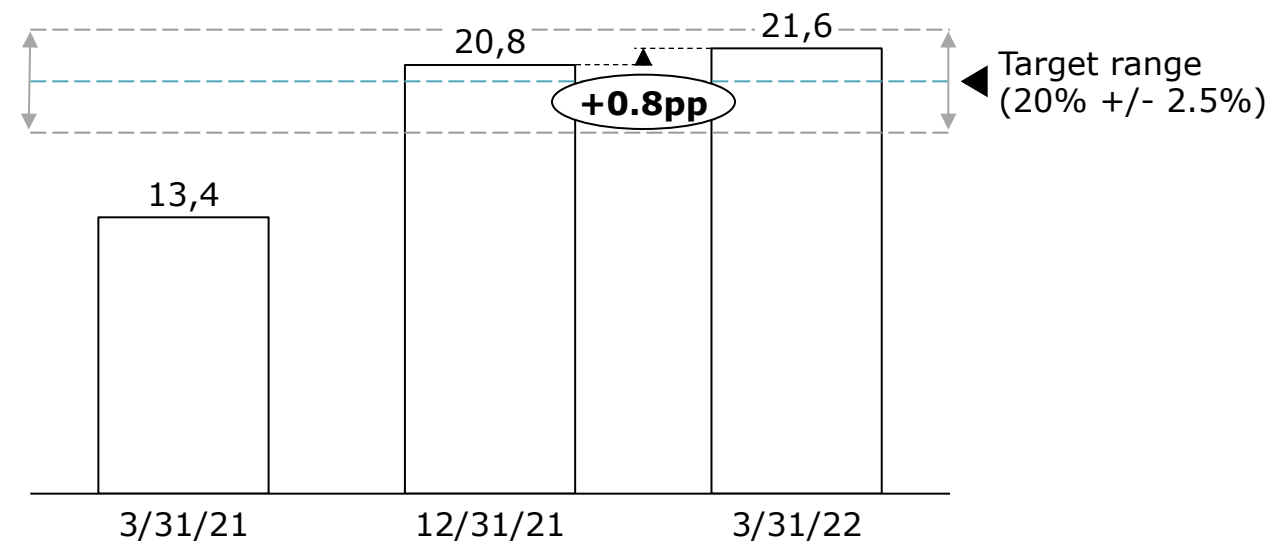
# Limited investments in inventory during Q1 2022 – LTM ratio remains within the target range

**Inventory value**  
SEK million



**SEK 2 million increase in  
stock value during Q1 2022**

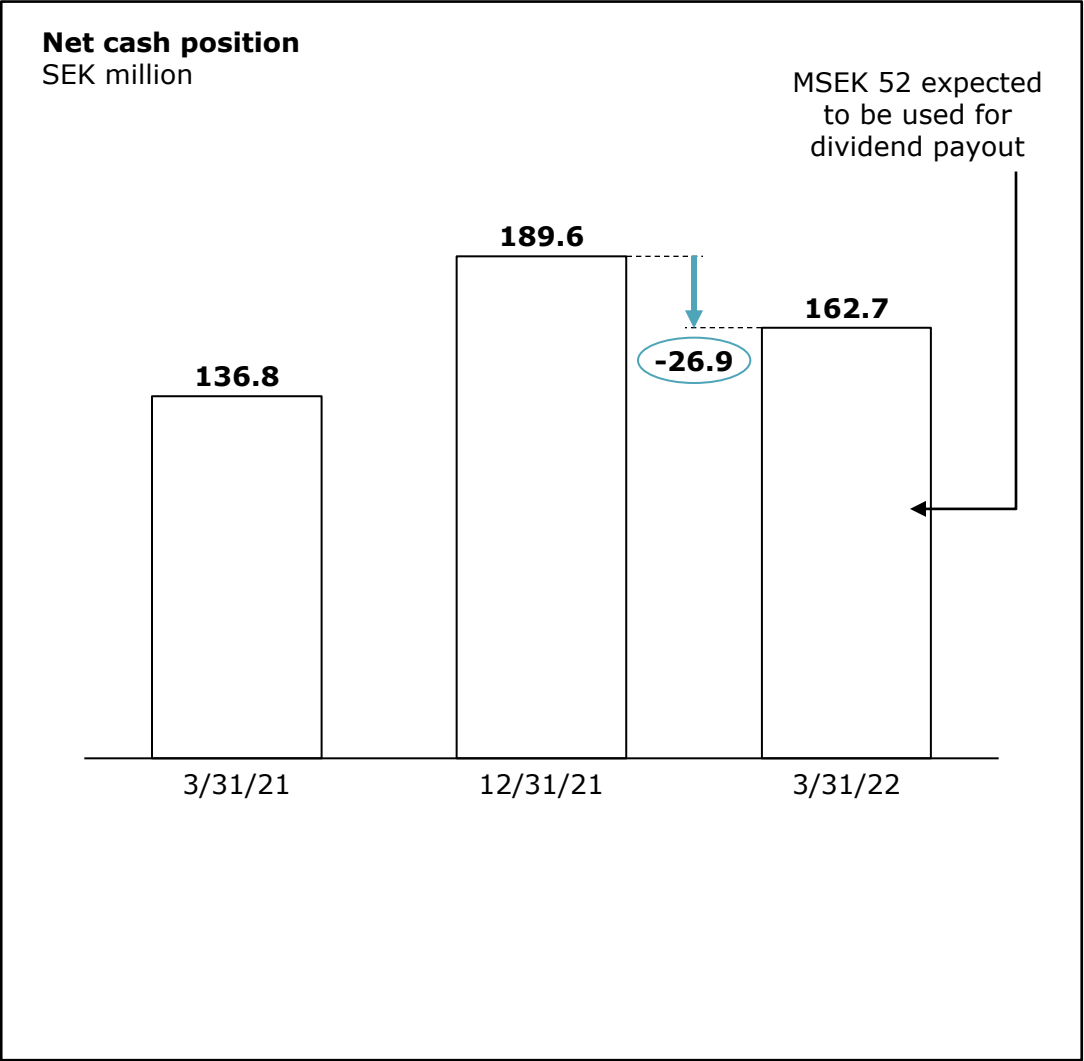
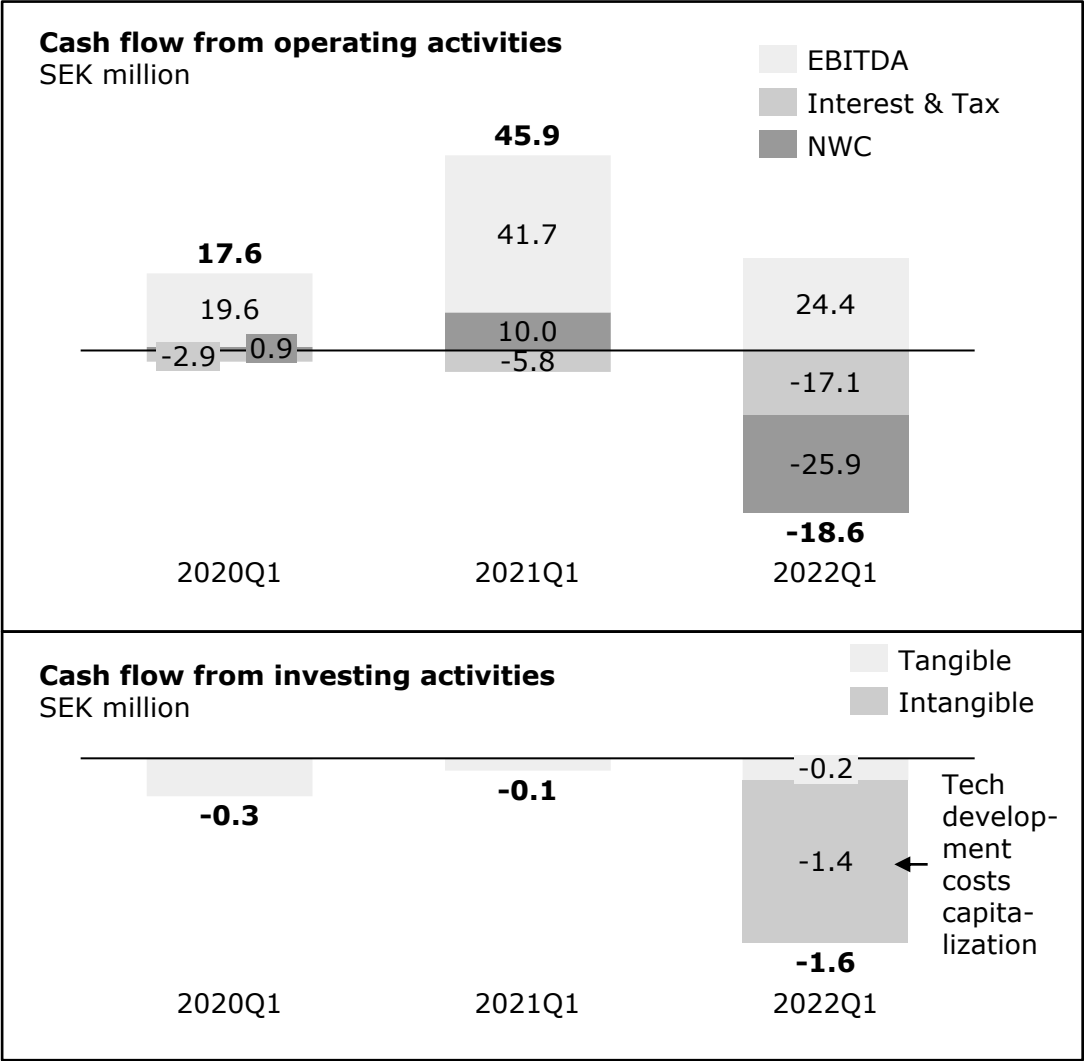
**Inventory as share of LTM<sup>1</sup> net revenue**  
Percent



**Inventory level remains  
in-line with target range**



# Cash flow adversely impacted by lower operating profit, higher tax and increased NWC – capitalization of development costs initiated



## Tough macroenvironment

- Consumer demand negatively affected by turbulent macroenvironment
  - Net revenue growth was -9.1% (MSEK 186)
  - Organic growth was -12.3% with SEK depreciation vs EUR primary driver
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## Good profitability and strong balance sheet

- EBIT was MSEK 22 representing a 11.6% EBIT margin with decline driven by lower gross margin and unusually high marketing investments
  - Net cash position MSEK 162.7 highlighting continued strong balance sheet
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## 2-year growth and profitability development still outstanding

- Comparables vs Q1 '21 challenging
  - Net revenue +74.3%, orders +101.9%, and EBIT +22.2% vs Q1 '20
  - 2-year development emphasizing strong mid- to long-term trajectory
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## Progress on strategic initiatives

- RugVista Essentials representing increasing share of sales
  - Next iteration of web-shop planned to be released by summer in one more market
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## Short-term uncertain – confidence in long-term ambition remains

- Near-term macroeconomic climate uncertain and outlook difficult to predict
- Confidence that efforts will position us well to achieve financial targets and vision *to be center of gravity for the European rug industry*





# Q&A





# **Additional information**



## Financial calendar

Event	Date	Report release	Earnings call
○ Annual General Meeting 2022 (Malmö, Sweden)	May 20, 2022	-	-
○ Interim report January – June 2022 (Q2 2022)	August 18, 2022	07:30 CEST	09:00-10:00 CEST
○ Interim report January – September 2022 (Q3 2022)	November 10, 2022	07:30 CET	09:00-10:00 CET
○ Capital Markets Day	December 8, 2022 <sup>1</sup>	-	-
○ Interim report January – December 2022 (Q4 2022)	February 9, 2022	07:30 CET	09:00-10:00 CET

<sup>1</sup> New date

## Contact information

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Sweden

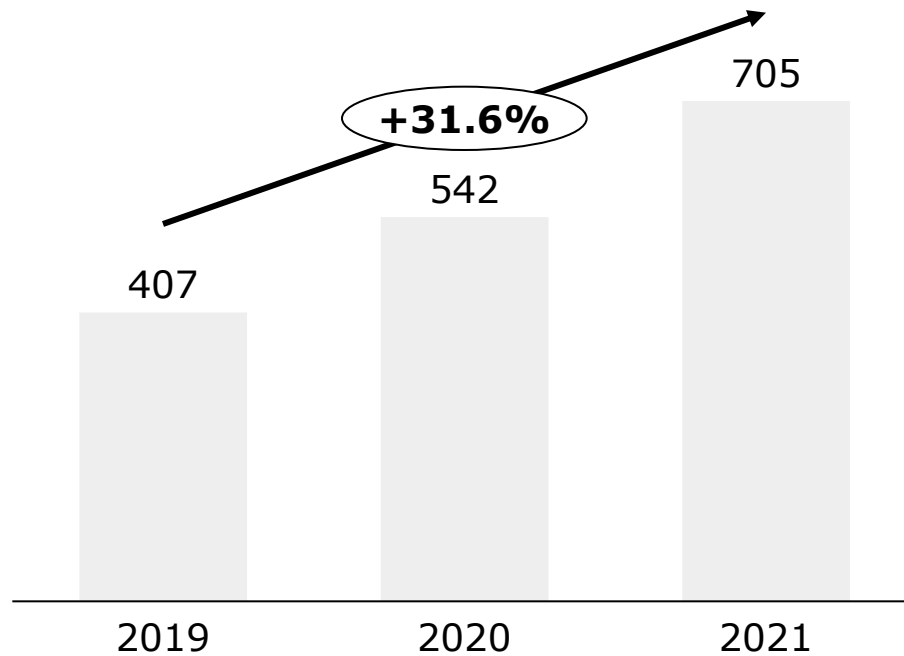
## Certified Advisor

### FNCA Sweden AB

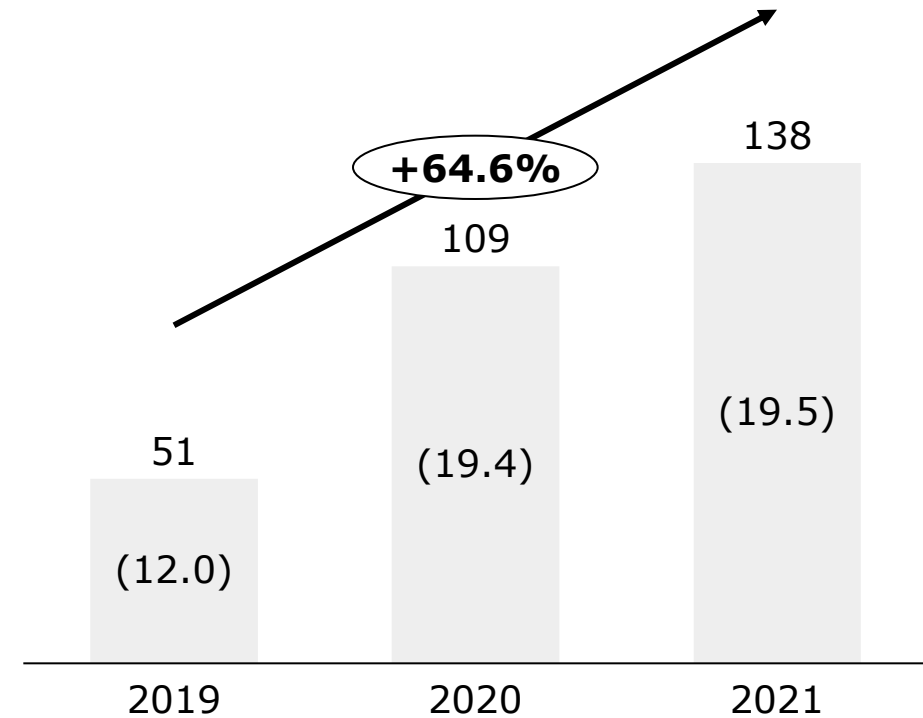
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# 2019 – 2021 net revenue & adjusted EBIT CAGR

**Ongoing net revenue<sup>1</sup>**  
MSEK



**Adjusted EBIT**  
MSEK (adjusted EBIT %)



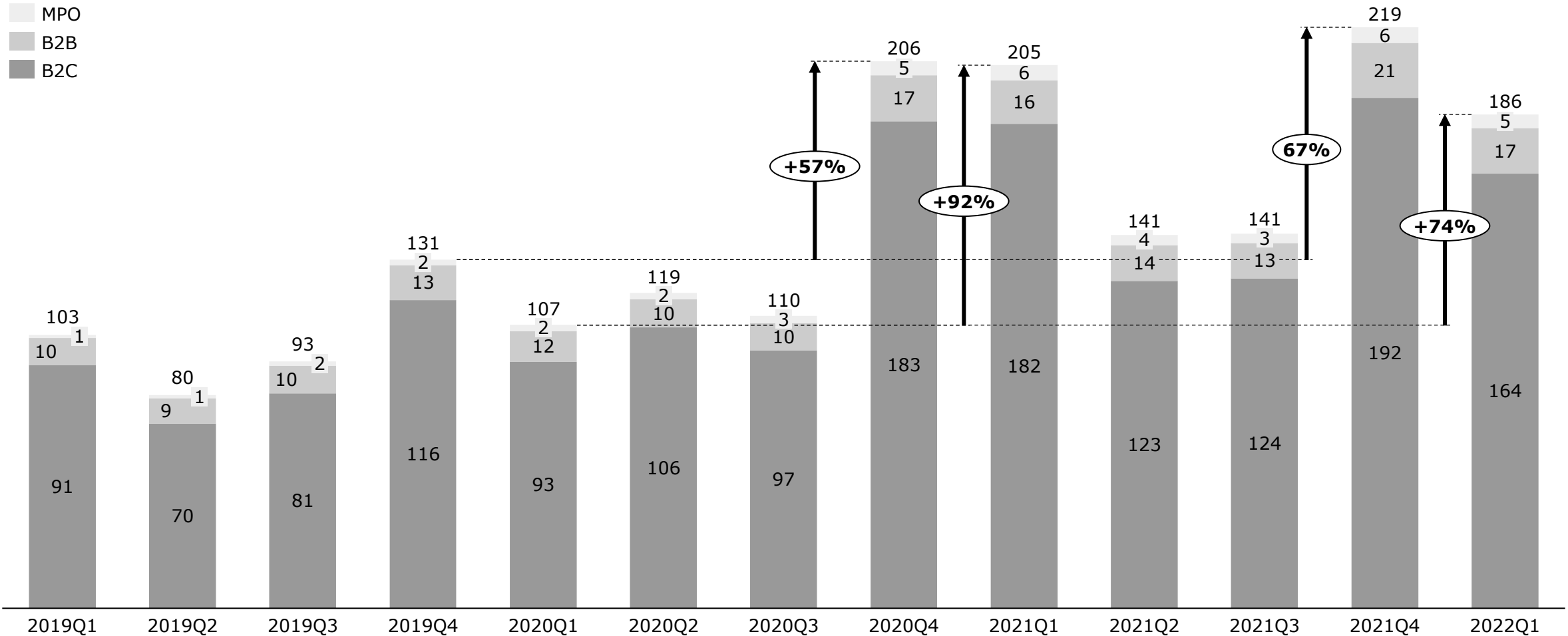
<sup>1</sup> Excludes divested operations, i.e., Artglass i Malmö



# Historical quarterly information

## Quarterly net revenue by segment

SEK million



Note: Above graph excludes divested operations

# About RugVista Group (publ)

## Introduction

RugVista Group is one of the leading European direct-to-consumer online platforms within carpet and rug sales through its online stores, available in 20 different languages, using the RugVista and CarpetVista brands.

The company was founded in 2005 and offers a broad and relevant range of quality design and traditional carpets and rugs. RugVista Group offers its EU based customers free deliveries and returns free of charge.

The Group's operations are divided into three segments: B2C, B2B, and Marketplaces & Other (MPO). The B2C segment represents the consumer market and is the Company's core segment.

## Purpose and vision

RugVista Group's purpose is ***to help people to a home they love.***

RugVista Group has defined three visions, each of which has a clear ambition.

- *Business*  
**To be the center of gravity for the European rug industry.**
- *Sustainability*  
**To lead the rug industry towards a socially and environmentally sustainable future.**
- *People*  
**To attract, motivate, and retain extraordinary people.**

## Strengths and competitive advantages

RugVista Group considers itself having several strengths and competitive advantages which contributes to the Group's ability to realize strategic objectives and reaching financial targets.

- Large European rug market with strong momentum for online sales.
- Attractive position on a market in which size is important.
- Large and growing customer base in Europe.
- Product expertise and assortment.
- Data-driven operational platform.
- Financial profile combining growth and profitability.
- A well-qualified Board of Directors and management team with extensive and relevant experience.

## Financial targets

The Board of Directors has adopted the following financial targets for the medium to long term:

- RugVista Group targets to organically grow net revenues by approximately 20 percent per year.
- RugVista Group targets to maintain an EBIT margin of at least 15 percent.
- RugVista Group targets to invest resources into growth and developing the business. In addition, RugVista Group aims to pay out up to 50 percent of annual net profits in dividends to shareholders.

# Introduction to what we are aiming to achieve

## *Strategic initiatives*

### **Win the key European markets,**

e.g., enhanced localization and invest into building a known and preferred brand over time.

### **Showcase our assortment,**

e.g., emphasize our exclusive products, more inspirational & informative content, and improve website usability.

### **Be world-class in everything we do,**

e.g., more tools & processes to steer and optimize commercial as well as operational performance.

### **Capture selected marketplace opportunities,**

e.g., scale Amazon business through assortment optimization and leveraging available tools.

## *Vision*

**To become the  
*Center of Gravity*  
for the European rug  
industry**

**Continue to ensure high customer satisfaction ratings and  
leverage data & technology to fuel the initiatives**