



RUG
V I S T A

Q3 2022 Earnings Call

Nov 11, 2022, 09:00 CET

Positive impact from profitability enhancing actions

Profitability positively impacted by initiatives

EBIT margin increased ~12.5pp vs Q2 and was 13.0% (SEK 16.6 million). Improvement driven by implemented actions, e.g., price adjustments and marketing spend efficiency focus.

Macroeconomic climate deteriorated further

Consumer demand negatively impacted by inflationary pressure and consumer confidence declined to all-time lows across multiple key markets.

Growth impacted by challenging market

Net revenue was SEK 128 million (-9.3% vs last year) and organic net revenue growth was -12.7% with SEK depreciating versus EUR.

Continued strong financial position

No debt to financial institutions, assortment investments materializing, and MSEK 55 in net cash even after challenging YTD operational performance.

Customer satisfaction at all-time high

We continue to deliver on our customer promises with all-time high average NPS value of 72 reached during Q3.

Business Update



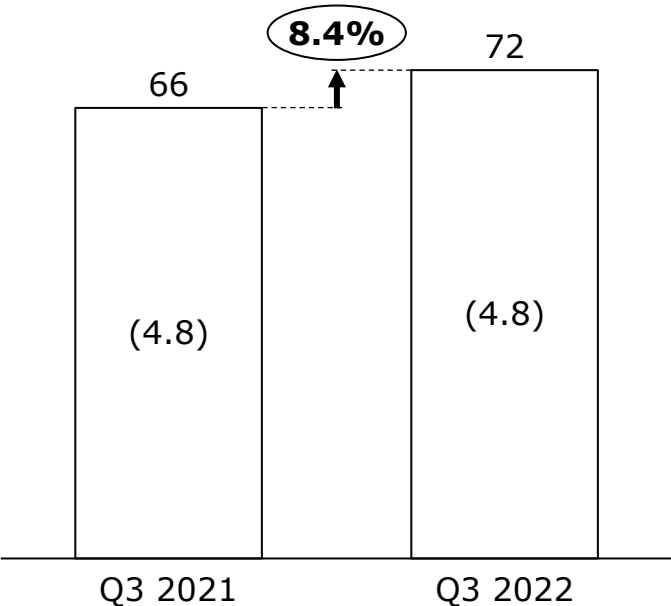
Another all-time high NPS-rating achieved, but negative development for the growth related KPIs

Maintain outstanding customer satisfaction levels

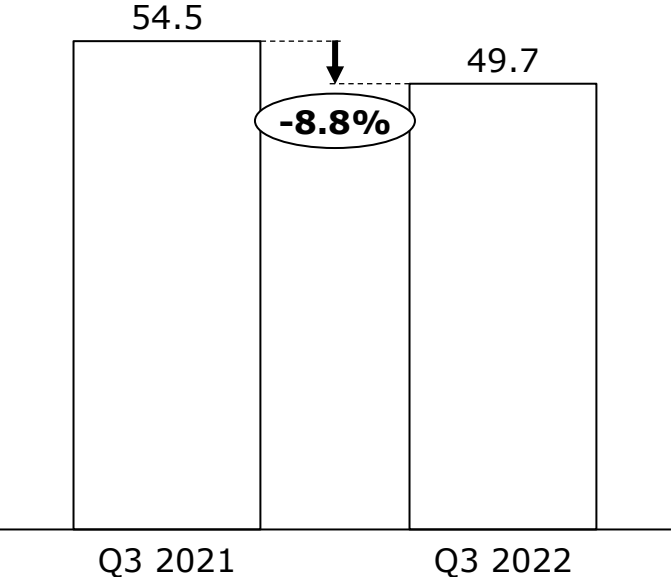
Increase market penetration

Attract new customers

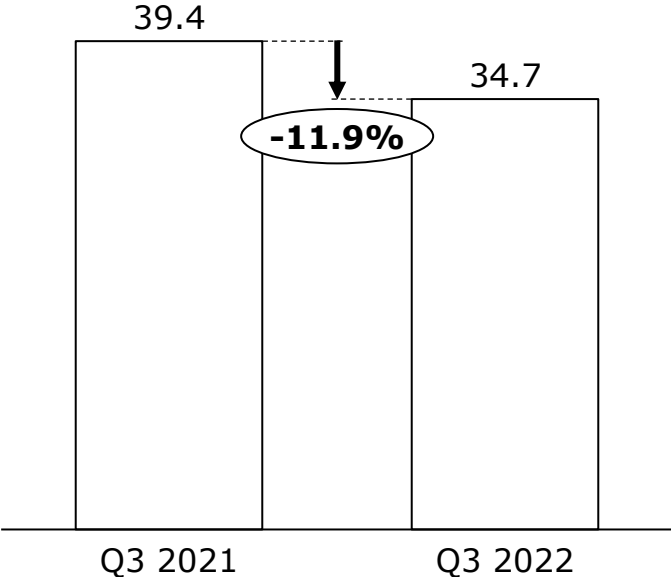
Net Promotor Score (NPS) rating
(TrustPilot rating)



of orders (thousand)

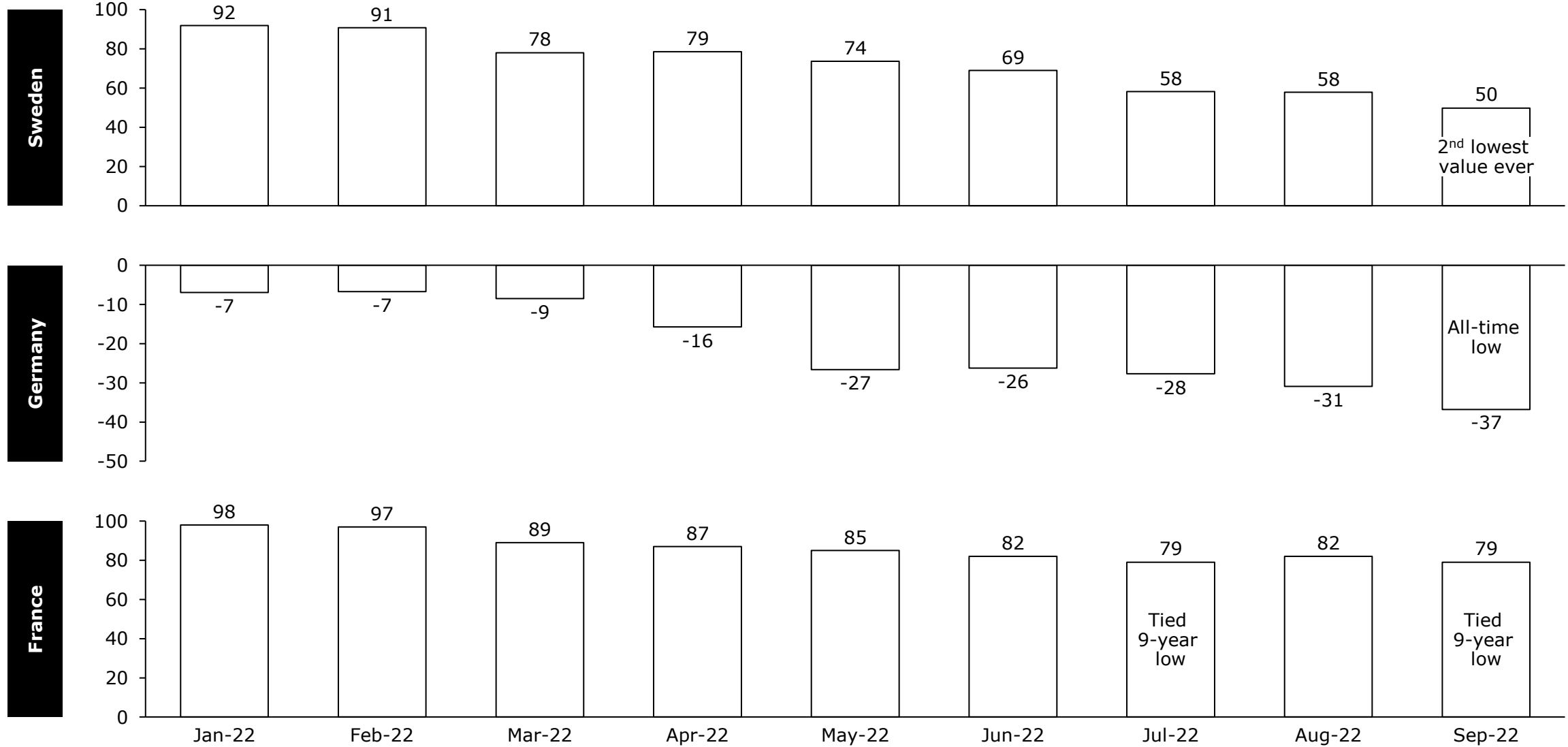


of new customers (thousand)



Consumer confidence indicators declined further during Q3

Consumer confidence index across selected key markets

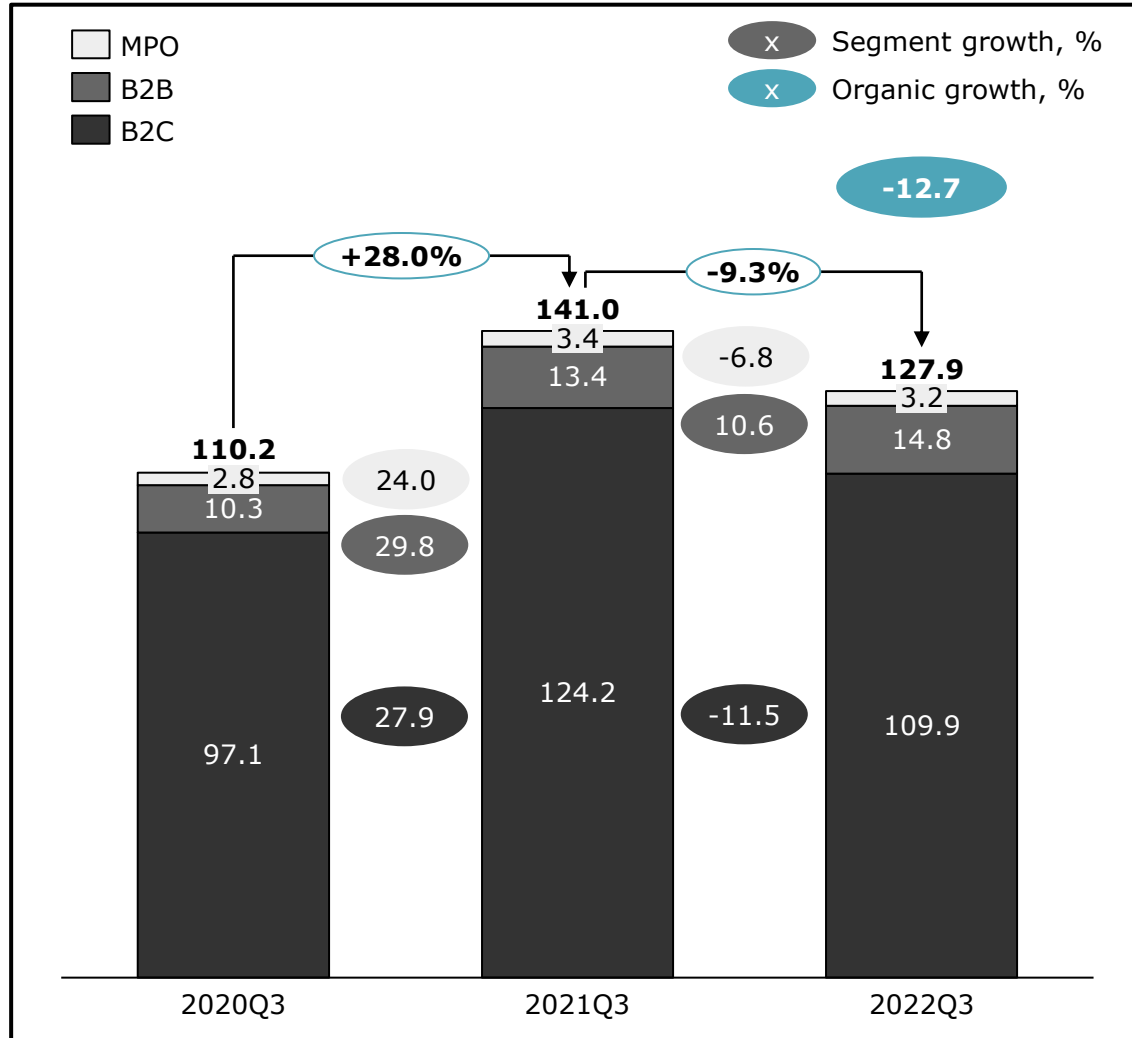


Financial Update

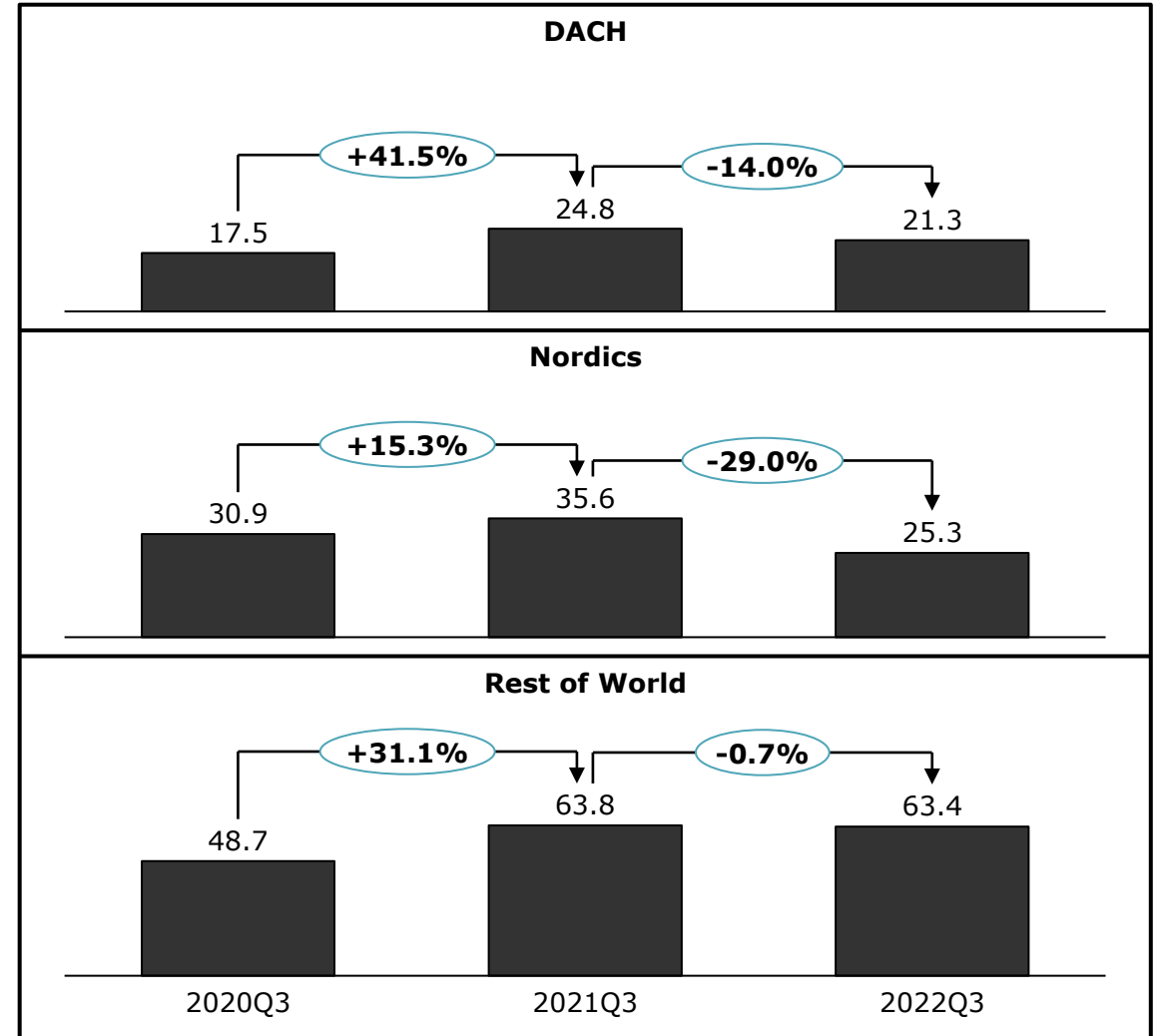


Continued challenging market conditions and focus on profitability

Group net revenue – Quarter¹
SEK million



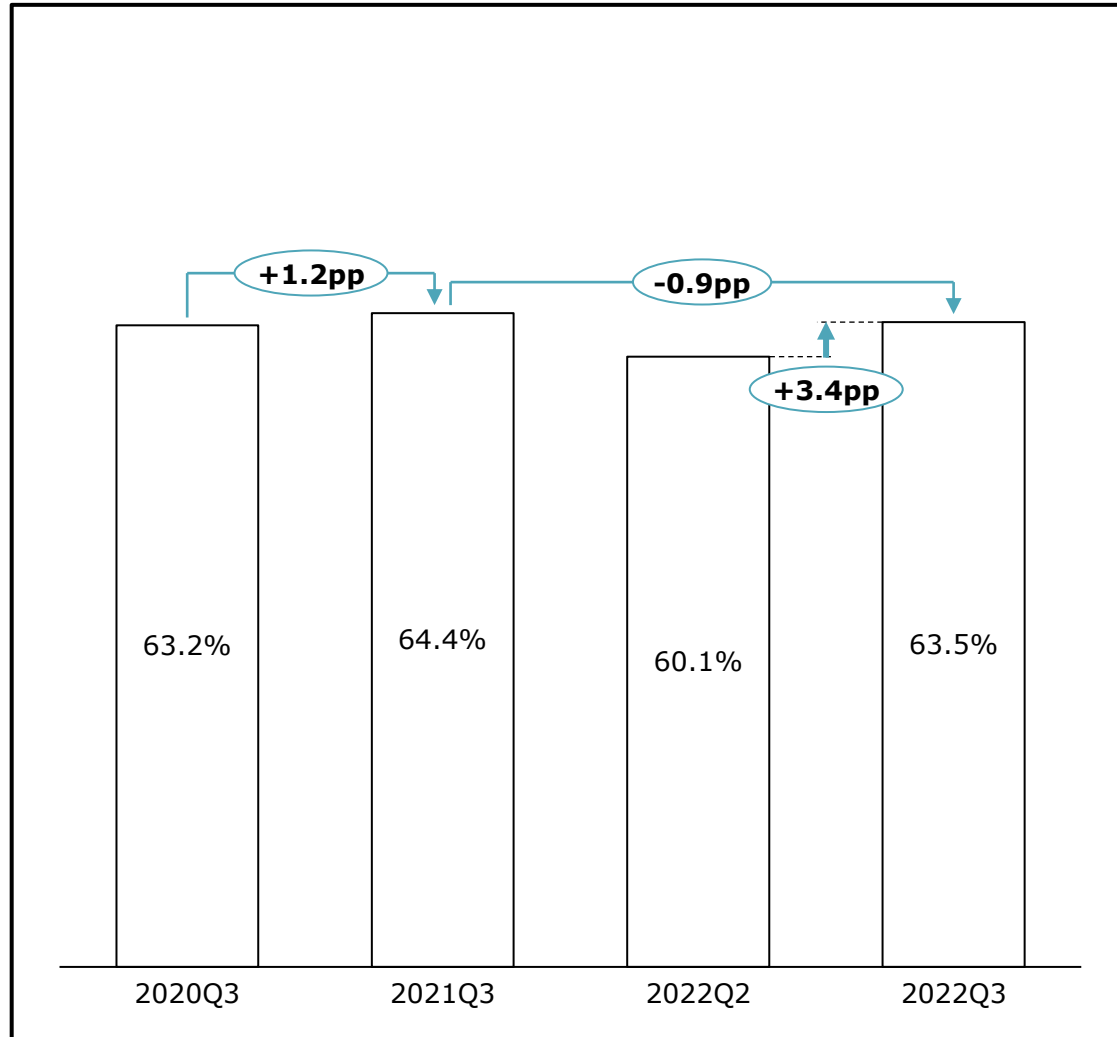
Net revenue B2C by region – Quarter
SEK million



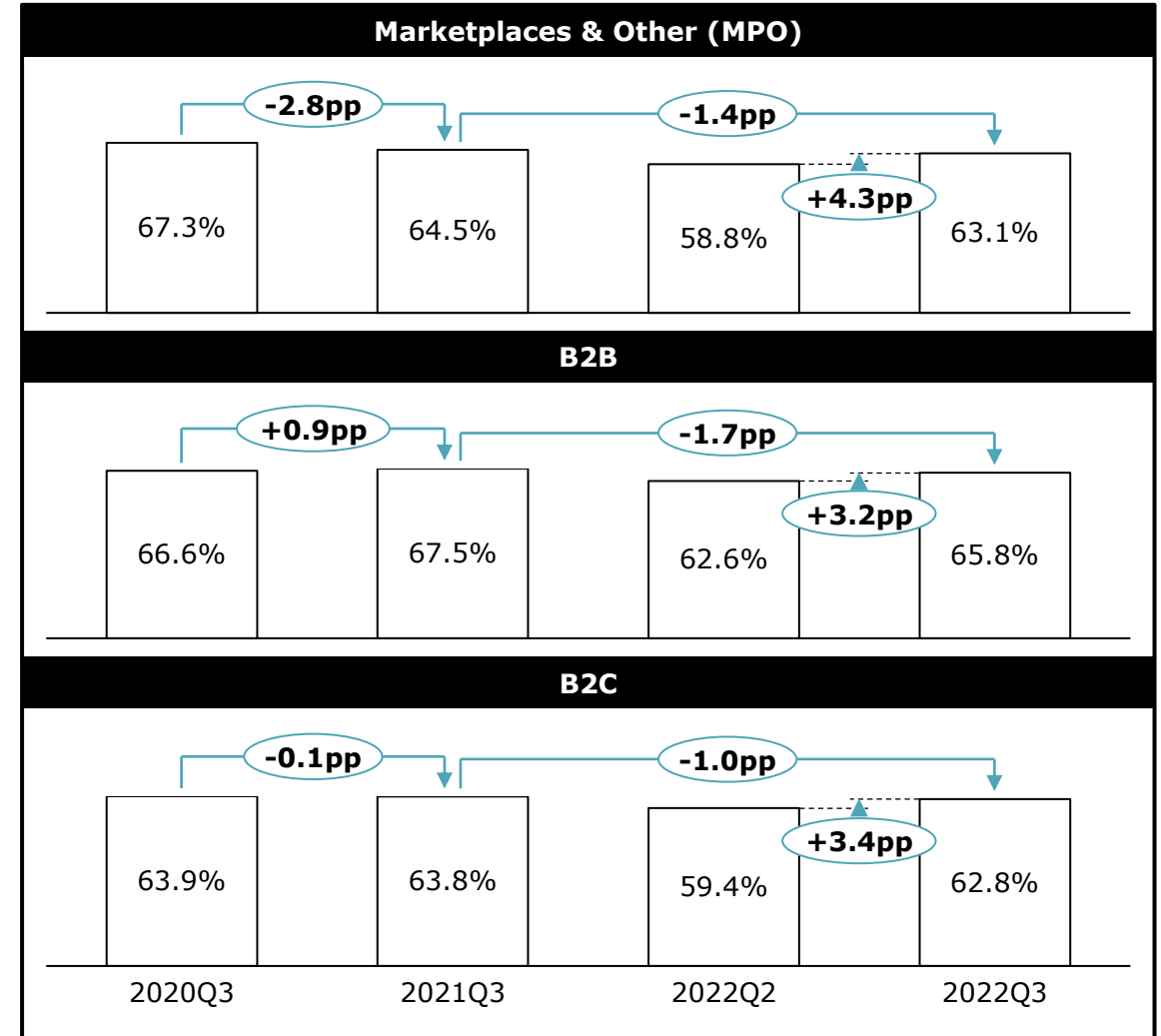
R Note 1: Excluding divested operations
 Note: Reported net revenue does not include other income
 Note: Rounding differences may occur

Price increases implemented early Q3 main driver for improved gross margin compared to Q2

Gross margin – Group
% of net revenue



Gross Margin – Segments
% of net revenue



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

EBIT margin lower vs last year but improved ~12.5pp compared to Q2

Cost ratios & margins Percent of net revenue	YTD				Q3				
	2020	2021	2022	Δ '22 vs '21	2020	2021	2022	Δ '22 vs '21	
Goods for resale	-38.4%	-35.7%	-38.3%	-2.5pp	-37.3%	-35.8%	-36.9%	-1.0pp	<p>Increase vs last year driven by fuel surcharges, category mix effects, and higher discount levels</p> <p>Decline driven by efforts to improve marketing spend efficiency</p> <p>Increase driven by higher FTE count and negative scale effects</p> <p>Increase driven by the depreciation of the SEK against most other currencies during Q3 2022</p>
Other external expenses	-33.0%	-35.7%	-38.1%	-2.3pp	-32.8%	-36.5%	-34.3%	+2.1pp	
Personnel expenses	-9.2%	-9.2%	-12.0%	-2.8pp	-8.9%	-9.3%	-11.9%	-2.5pp	
Other operating expenses	0.3%	-0.3%	-1.2%	-0.9pp	1.1%	-0.9%	-2.3%	-1.4pp	
Depreciation & Amortization	-1.7%	-1.3%	-1.9%	-0.7pp	-1.7%	-1.5%	-2.1%	-0.5pp	
EBIT	18.5%	18.0%	8.9%	-9.1pp	21.0%	16.2%	13.0%	-3.3pp	
Adjusted EBIT¹	18.5%	20.0%	8.9%	-11.1pp	21.0%	16.2%	13.0%	-3.3pp	

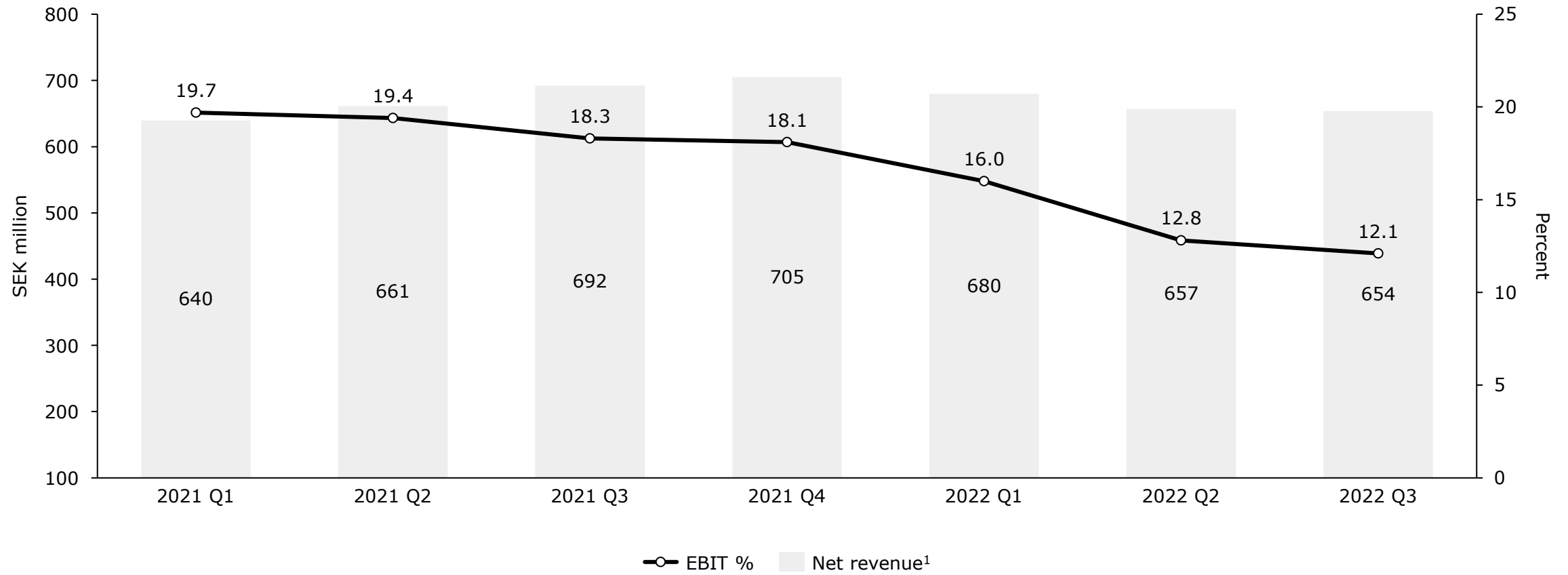


Note: Rounding differences may occur
1 Excluding costs related to the IPO in Q1 2021

YTD challenging from a growth perspective, but double digit LTM EBIT margin maintained

LTM net revenue¹ and EBIT margin development

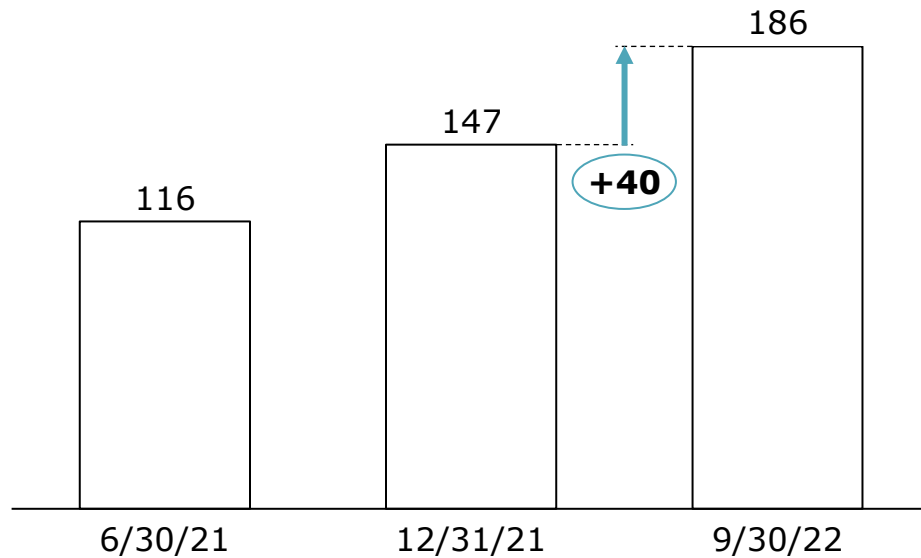
SEK million; Percent



¹ Excluding divested operations

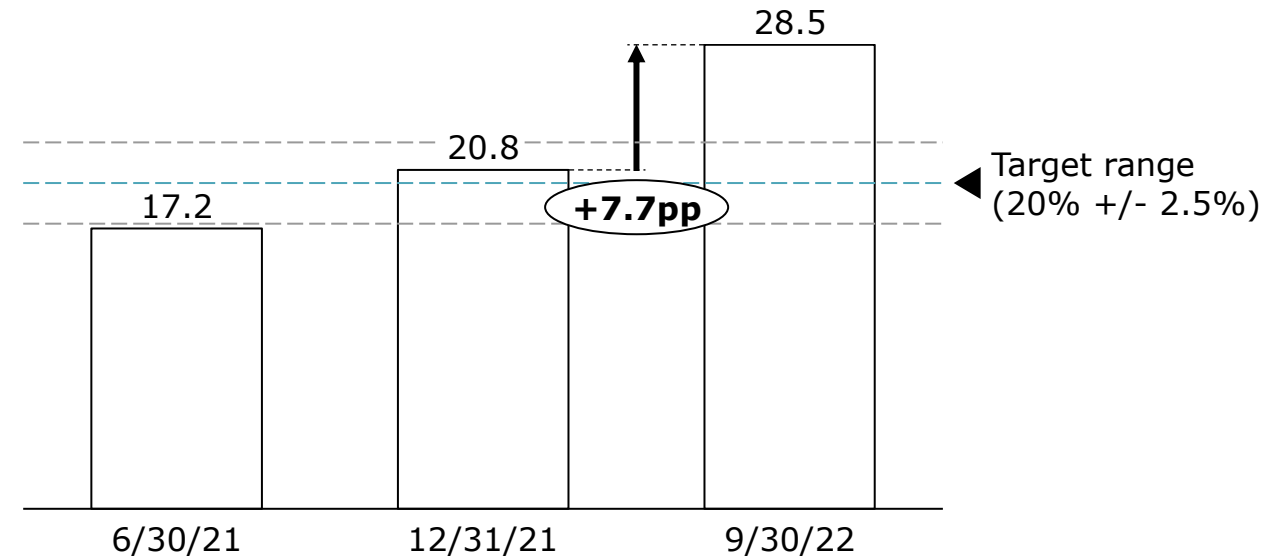
Assortment investments materialized ahead of peak-season and lower YTD net revenue resulting in LTM-ratio above target

Inventory value
SEK million



SEK 40 million increase in stock value during Q3 2022

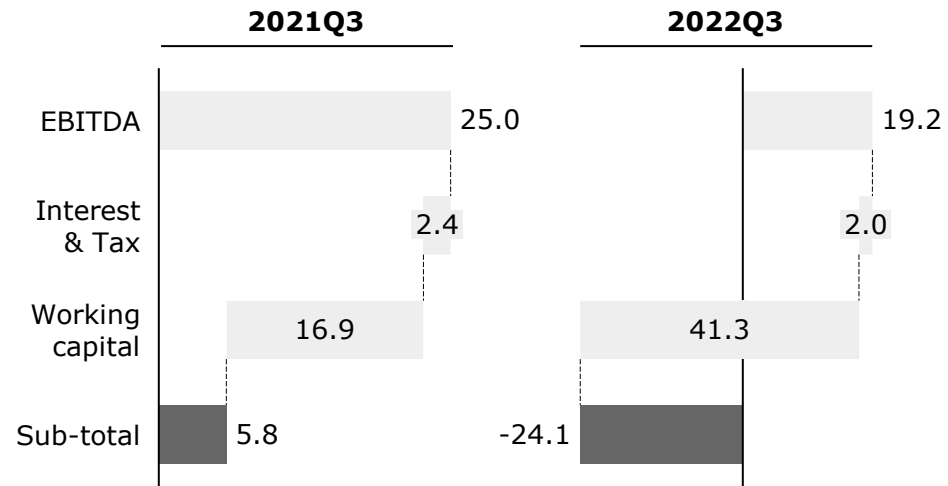
Inventory as share of LTM¹ net revenue
Percent



Investments in assortment development, delayed during the Covid-period, have now caught up and resulted in higher inventory

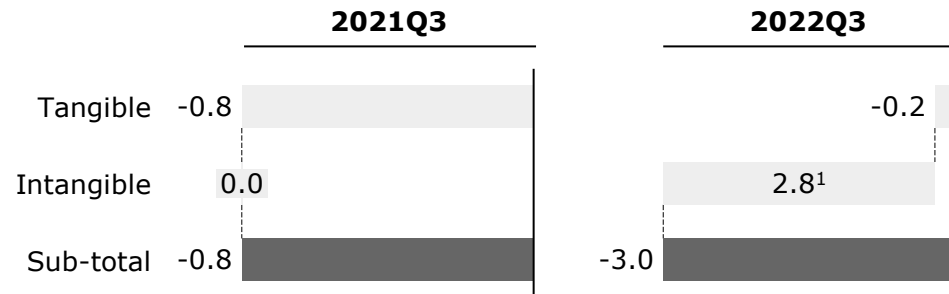
Strong net cash position

Cash flow from operating activities SEK million

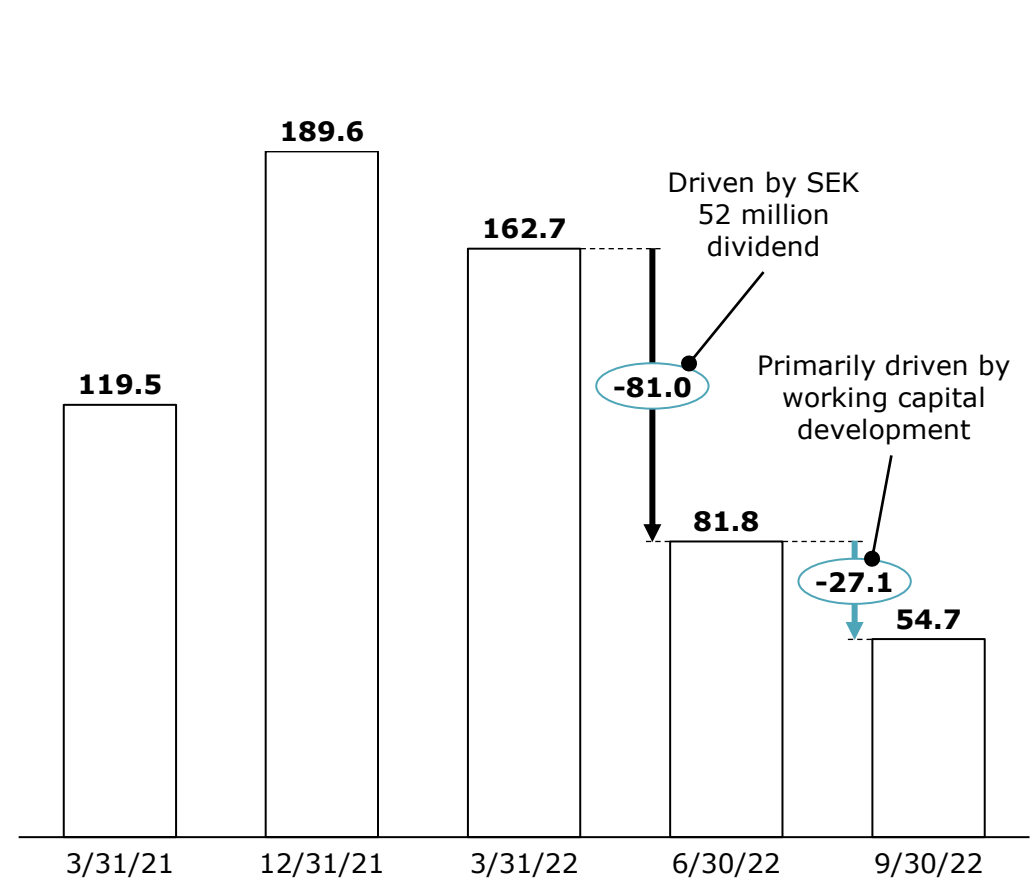


Cash flow from investing activities SEK million

1 Tech development capitalization



Net cash position SEK million



Confidence in ability to navigate current market and important peak-season

Financial position remains strong and actions to improve profitability successful

- SEK 55 million net cash position, SEK 82 million cash-on-hand, and no debt to financial institutions
 - Investments into assortment materializing ahead of peak-season
 - Q3 EBIT margin of 13.0% representing an increase of ~12.5pp vs Q2 driven by implemented actions
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Challenging YTD market conditions and operational performance

- Net revenue of SEK 435 million (-10.5% vs last year)
 - Organic net revenue growth of -13.6%
 - YTD EBIT-margin of 8.9% (SEK 39 million)
 - LTM EBIT-margin of 12.1% despite YTD operational performance
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Continue focus on adapting to market conditions and uncertain outlook

- Early Q4 warehouse operations re-organization to further optimize business
 - Roll-out freight booking platform and new carriers in additional markets
 - Monitor USD:EUR exchange rate development to ensure healthy gross margin
 - Maintain cost consciousness across all internal functions
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Confidence in ability to navigate important Q4 and Q1 peak-season

- Continue to deliver on customer promises with focus on world-class execution across all functions
- Maintain high marketing spend efficiency
- Capitalize on early signs of recovering consumer demand when possible

Q&A



Additional information



Financial calendar

Event	Date	Earnings call
○ Year-end report 2022 (Q4 2022)	February 9, 2022	09:00-10:00 CET
○ Capital Markets Day	February 13, 2023	-
○ Annual Report	April 13, 2023	-
○ Interim report January – March 2023	May 11, 2023	09:00-10:00 CEST
○ AGM 2023	May 25, 2023	-
○ Interim report January – June 2023	Aug 17, 2023	09:00-10:00 CEST
○ Interim report January – September 2023	Nov 9, 2023	09:00-10:00 CET
○ Year-end report 2023 (Q4 2023)	Feb 8, 2023	09:00-10:00 CET

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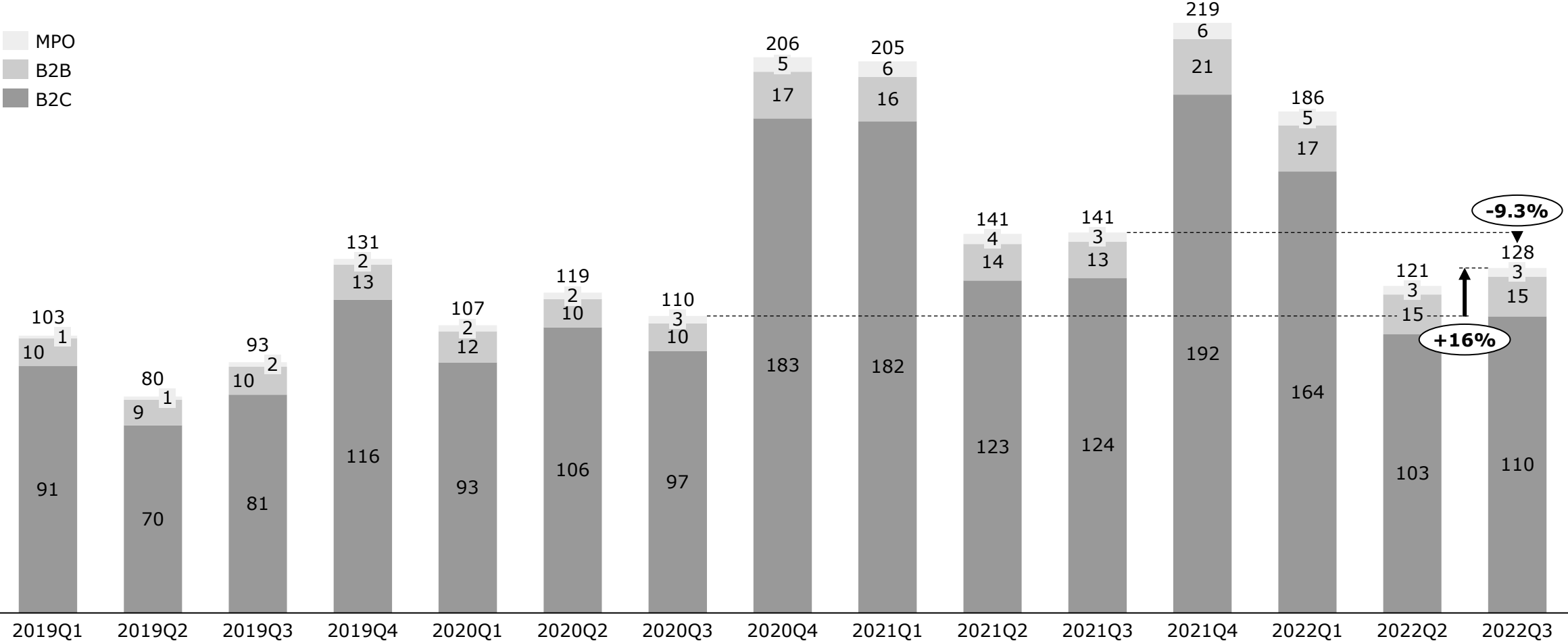
Certified Advisor

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Historical quarterly information – net revenue

Quarterly net revenue by segment
SEK million

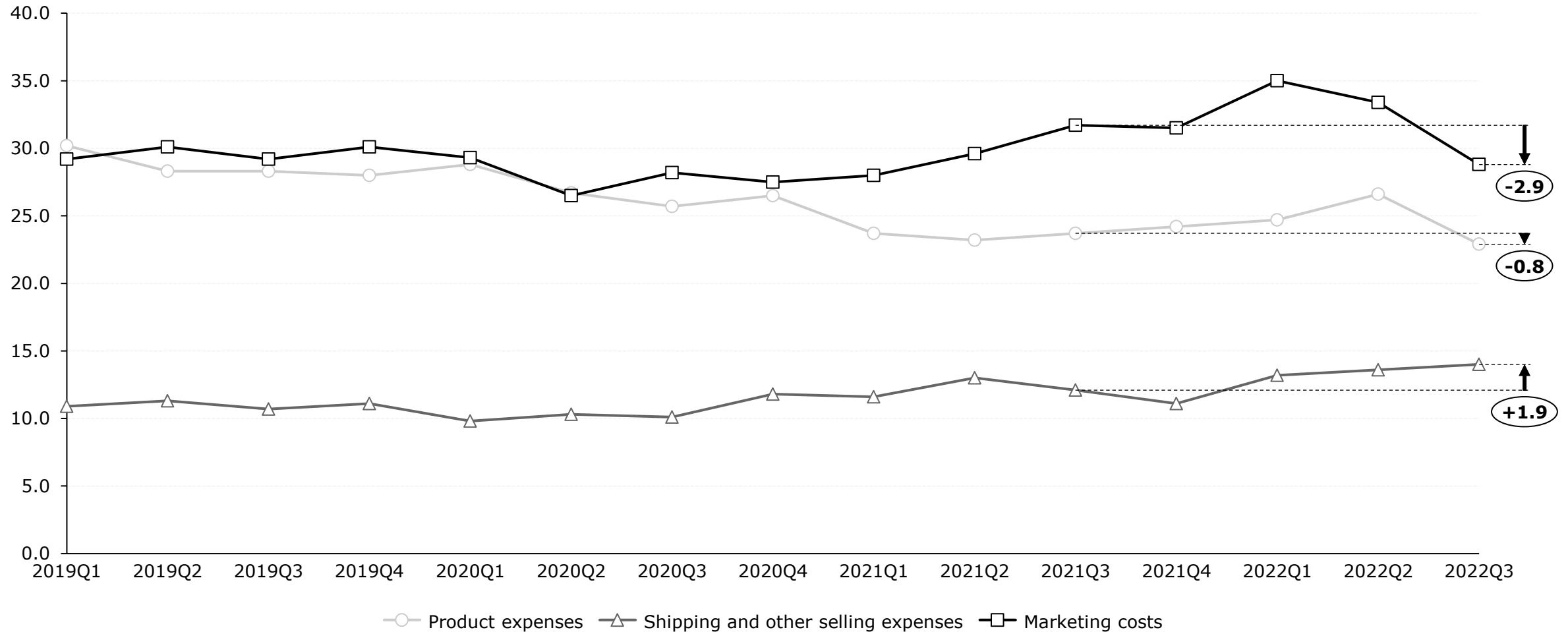


Note: Above graph excludes divested operations

Historical quarterly information – selected cost items

Quarterly development selected cost items

Percent of net revenue



Note: Above graph excludes divested operations

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

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.