

RUGVISTA

Earnings Call

2022 Q4

RugVista Group AB (publ)

Good profitability despite challenging market

Good profitability and cash flow

EBIT margin for Q4 was 17.8% (SEK 36.4 million). Focus on efficiency and cost control continues to be effective. SEK 61.7 million in positive cash flow from operating activities.

Continued challenging economic climate

Consumer sentiment stabilized at low level during the quarter. Downward pressure on purchasing power across multiple markets continuing.

Focus on profitability vs growth

Q4 net revenue was SEK 204.1 million (-6.7% vs last year) and organic net revenue growth was -12.7%. Growth negatively impacted by focus on profitability and challenging macroeconomic climate.

Financial position further strengthened

Increased net cash position to SEK 112 million driven by no debt to financial institutions, profitable operational performance, and reduced working capital during Q4.

Challenging performance on strategic growth KPIs

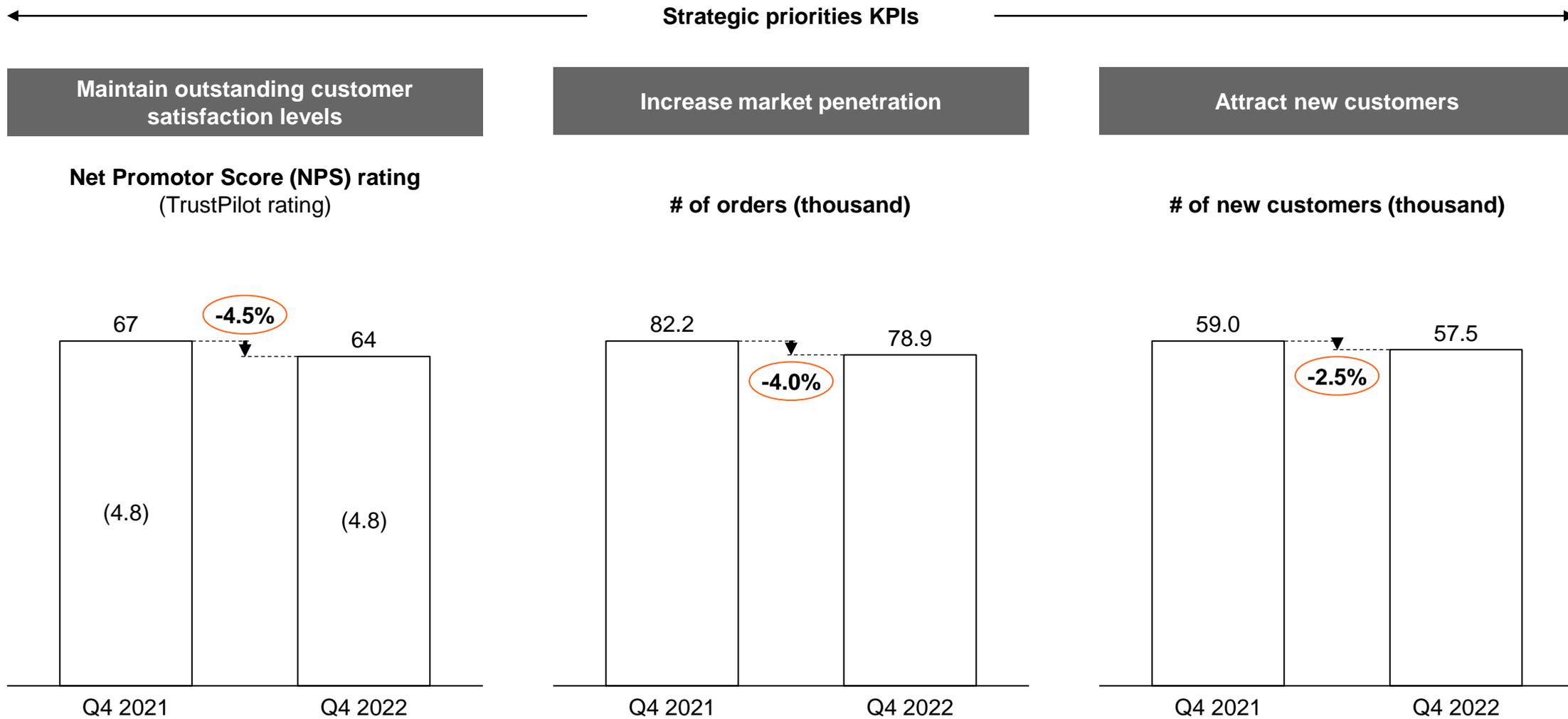
Continued high customer satisfaction scores despite NPS-value decreasing to 64. Growth KPIs negatively impacted by macro climate and focus on profitability.

Business Update

RUGVISTA

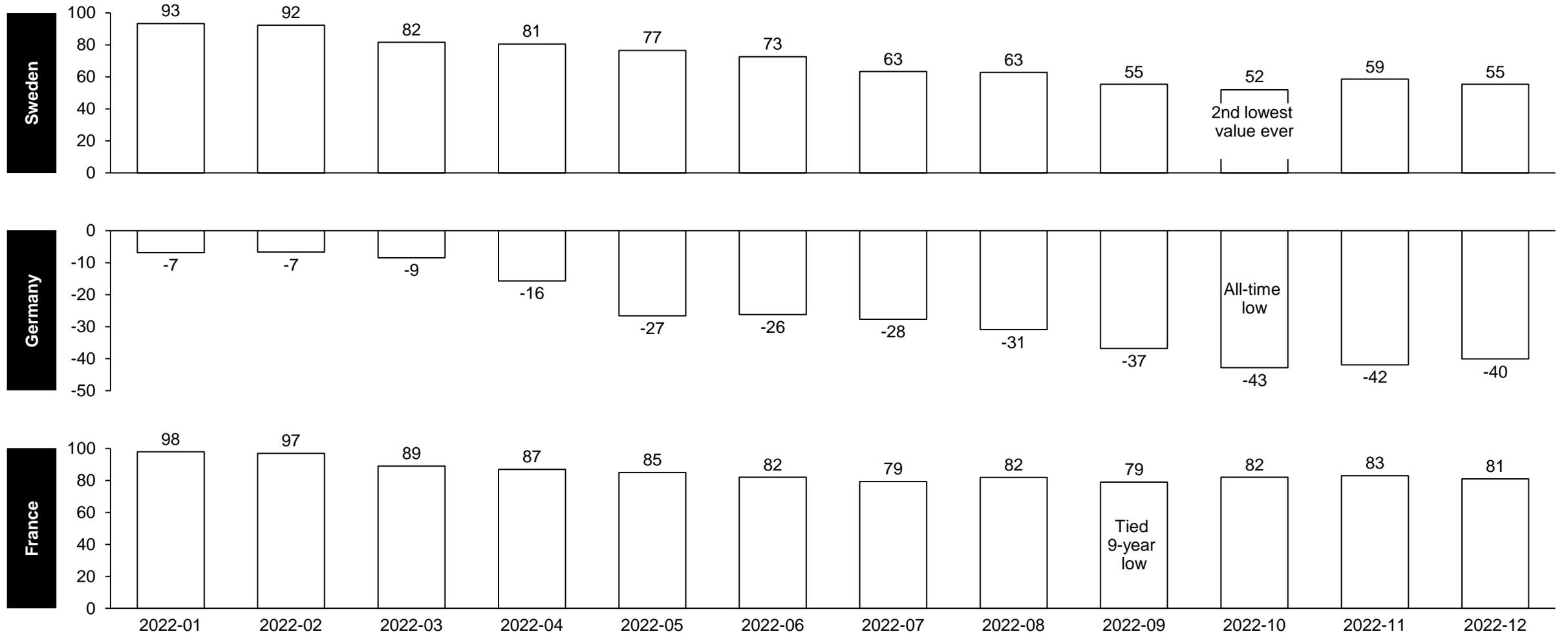


Challenging development across all strategic KPIs during Q4



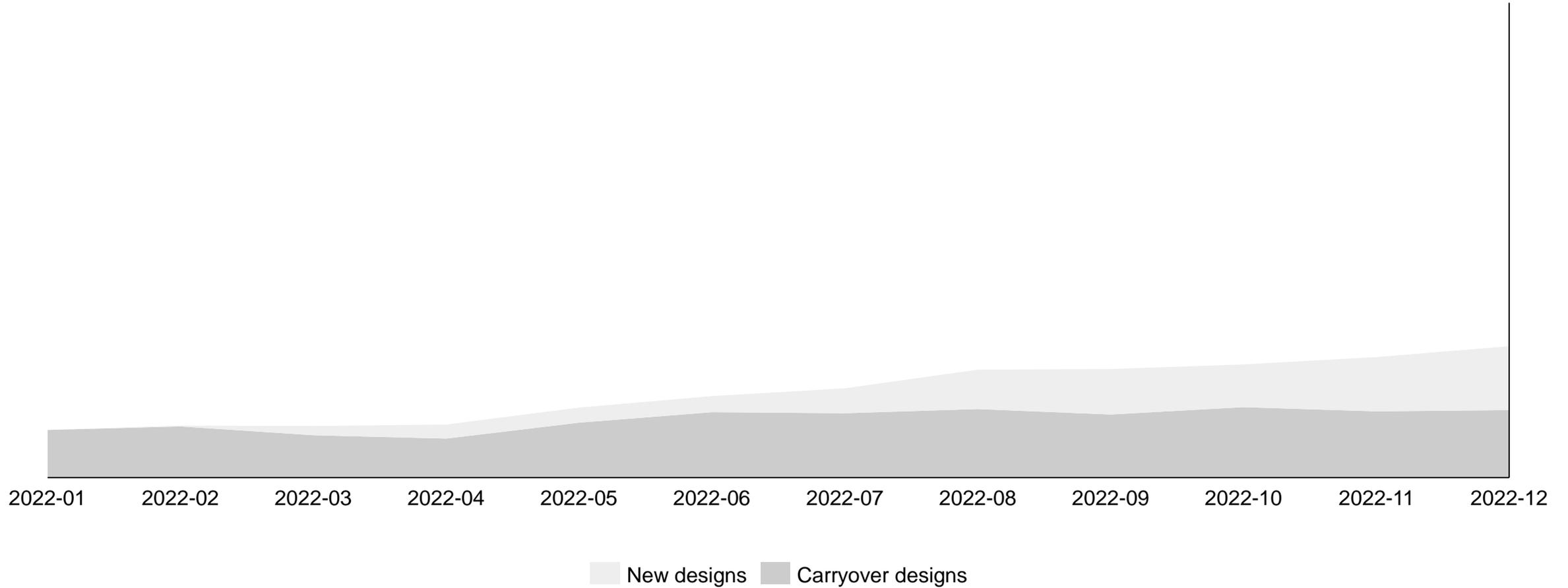
Consumer confidence stabilized at low levels during Q4

Consumer confidence index across selected key markets



Rugvista Essentials a success

Rugvista Essentials share of design items sold
Percent



Introducing the refreshed Rugvista brand (1/3)

OUR PERSPECTIVE

Rugs deserve to be in focus.

Rugs are important.

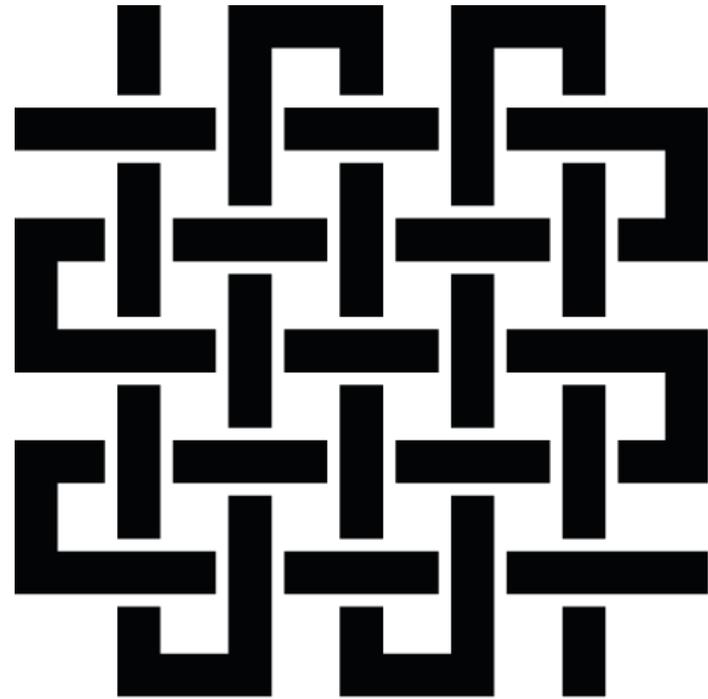
Rugs make an arena for life.

Rugs are diverse.

Introducing the refreshed Rugvista brand (2/3)

Set the
scene

Introducing the refreshed Rugvista brand (3/3)



RUGVISTA

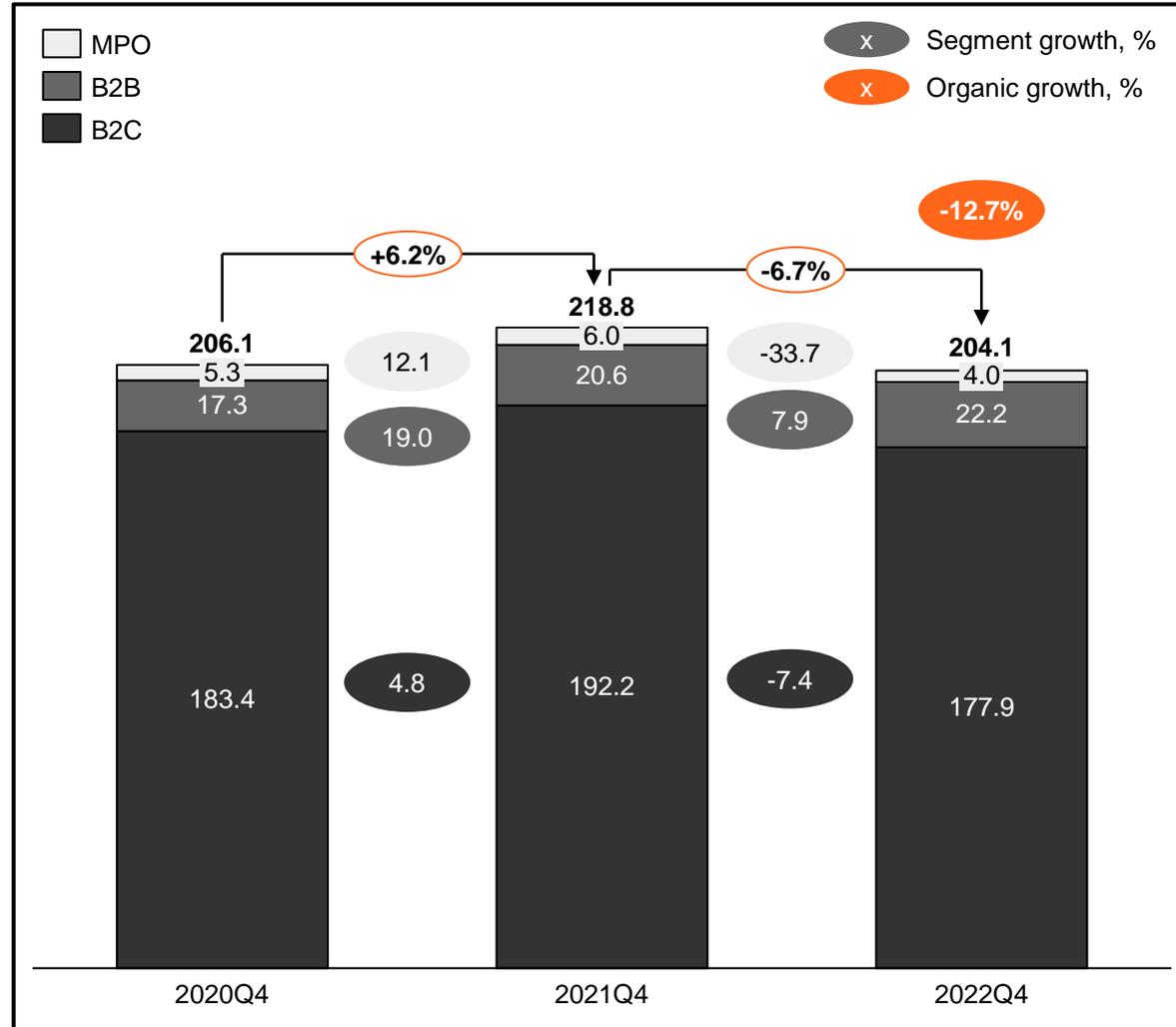
Financial Update

RUGVISTA

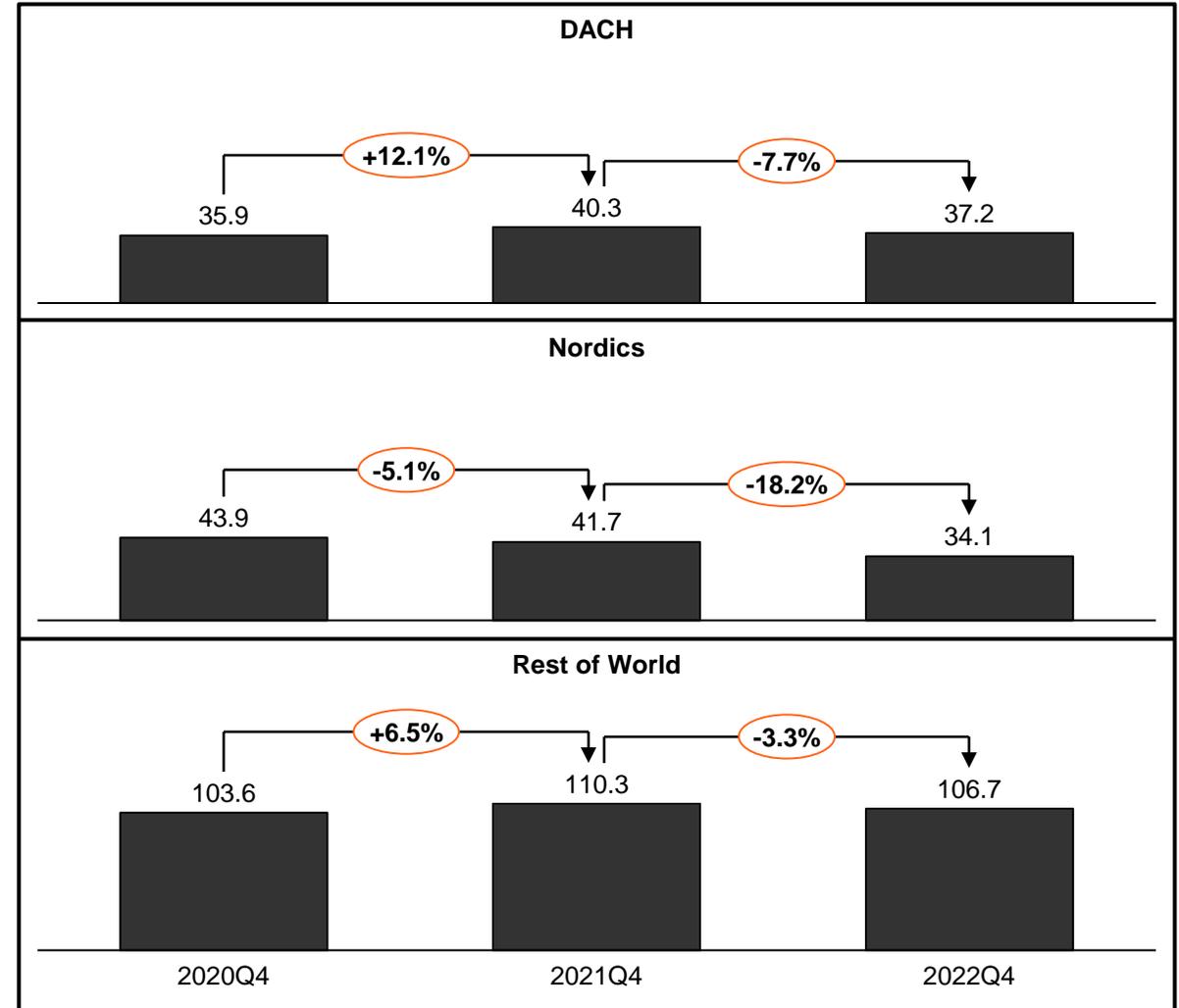


Tough comparable, focus on profitability, and continued challenging market conditions negatively affecting growth

Group net revenue – Quarter¹
SEK million

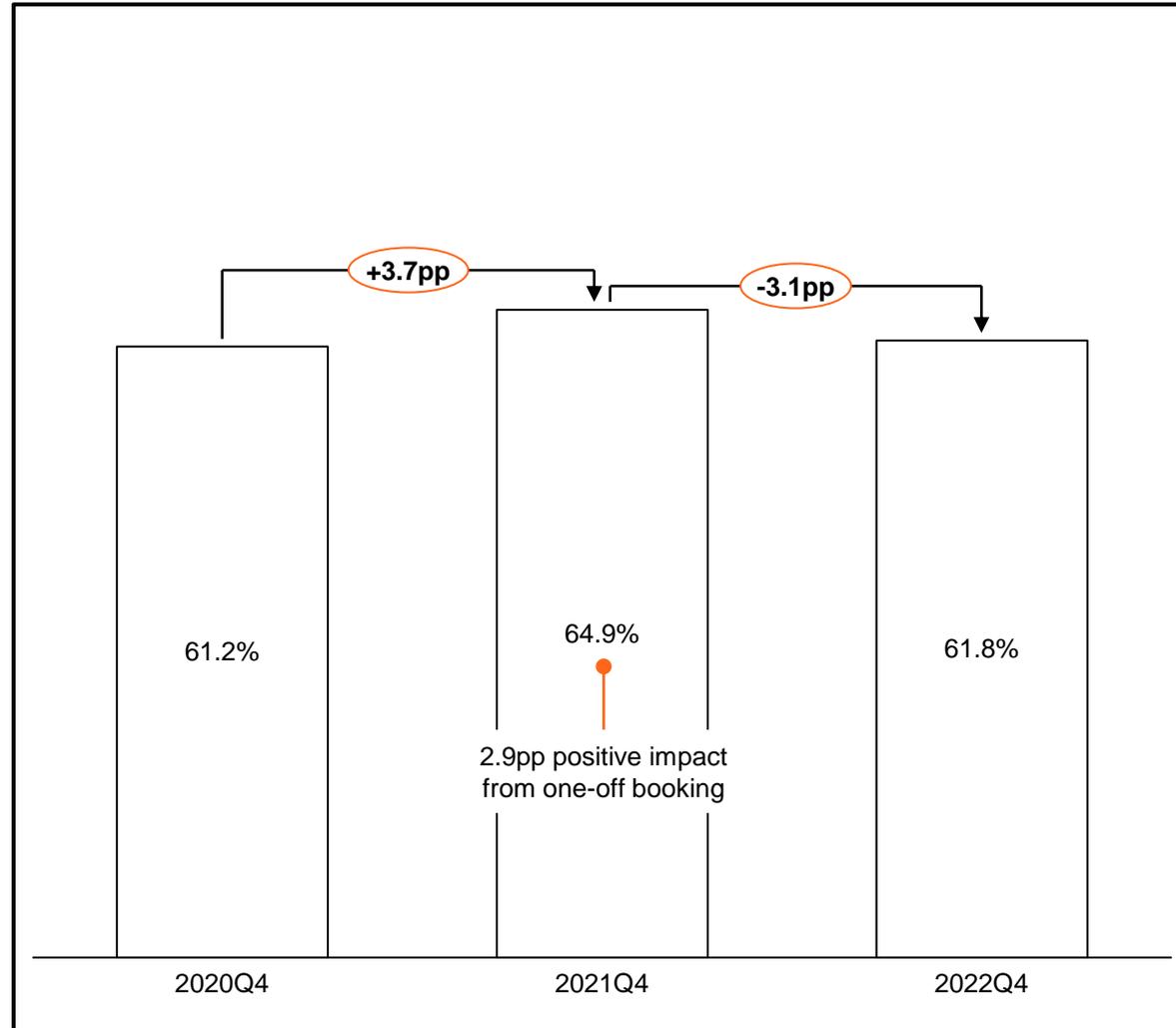


Net revenue B2C by region – Quarter
SEK million

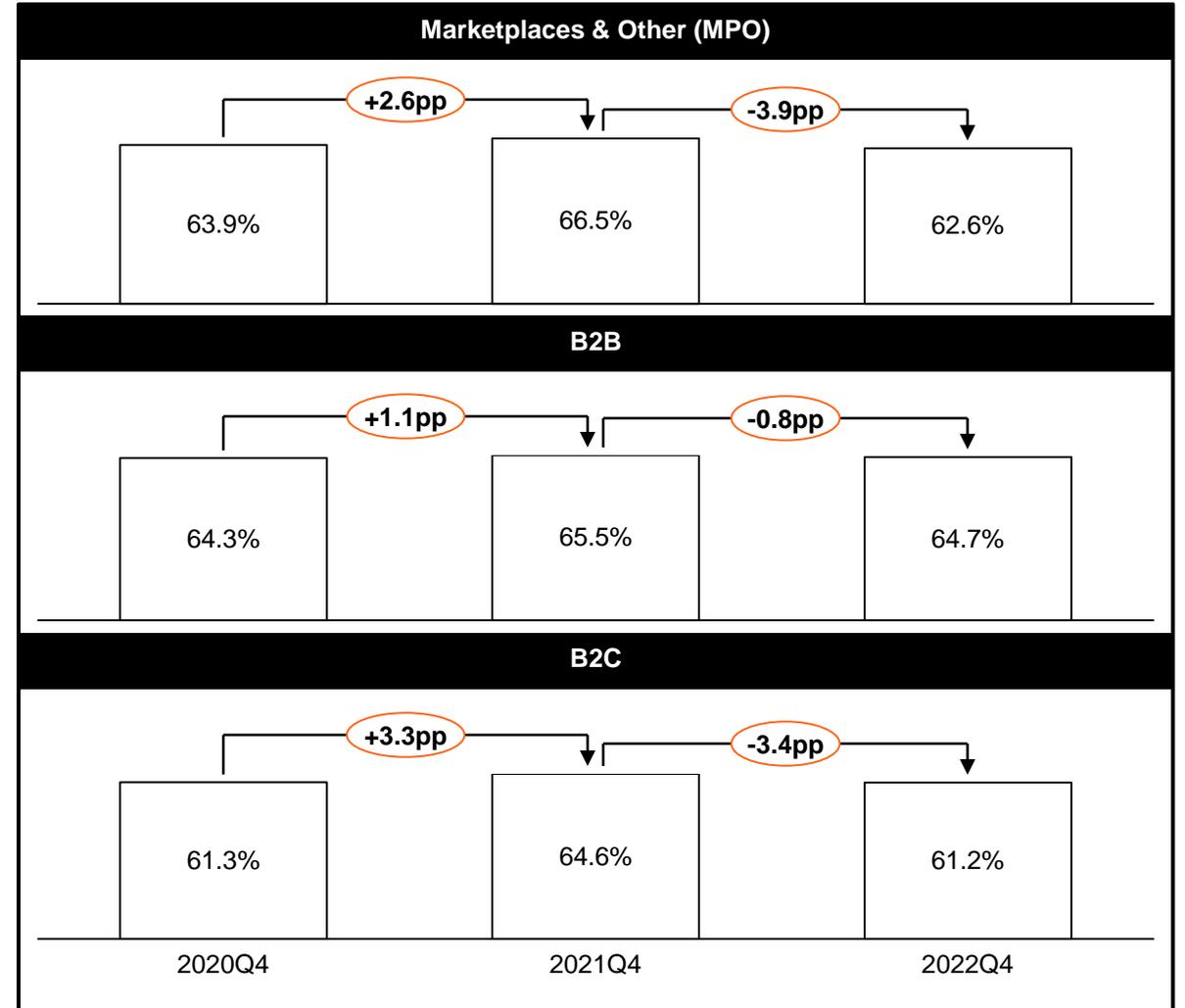


Stable gross margin compared to recent years when adjusted for one-off effects

Gross margin – Group
% of net revenue



Gross Margin – Segments
% of net revenue

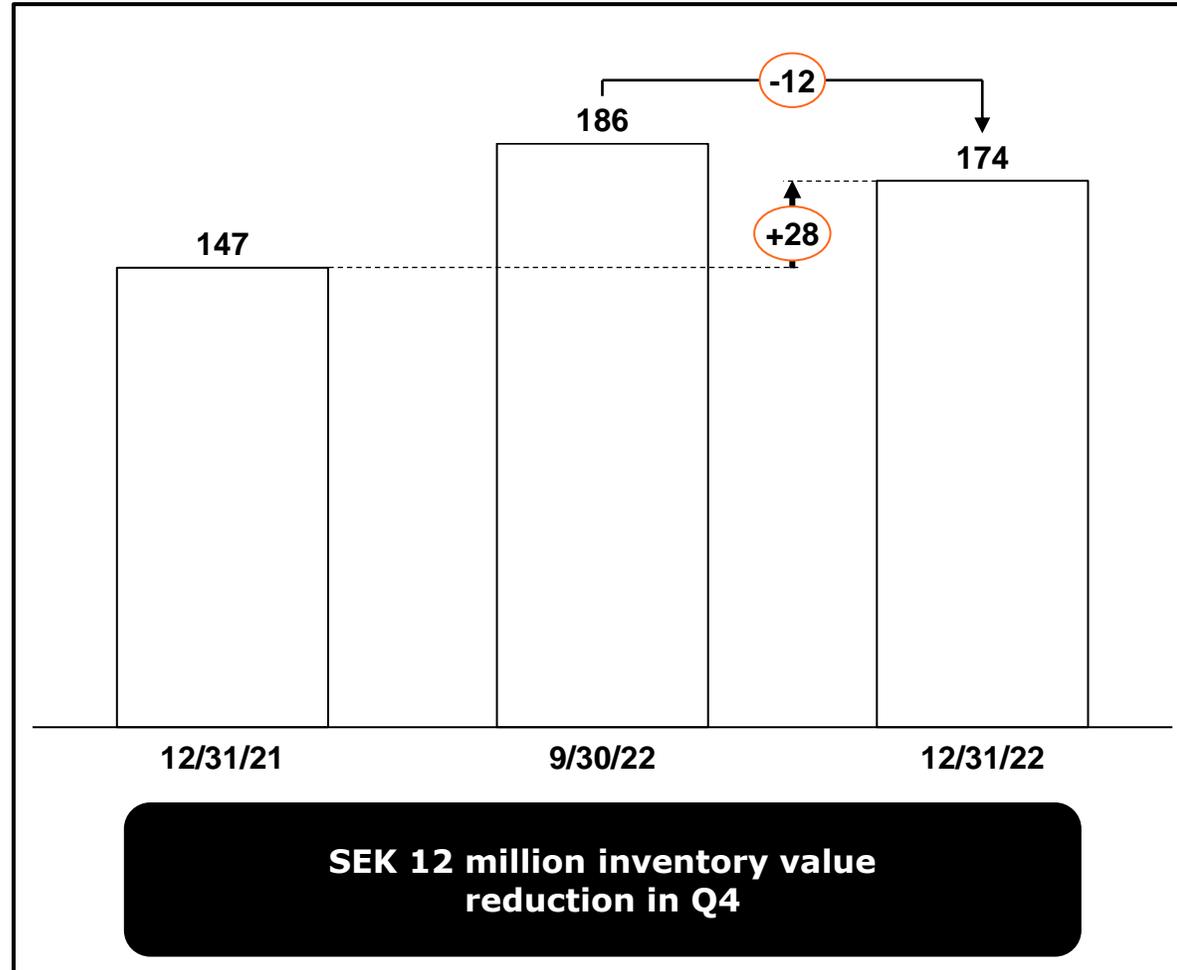


Good profitability driven by implemented actions and continued cost efficiency focus

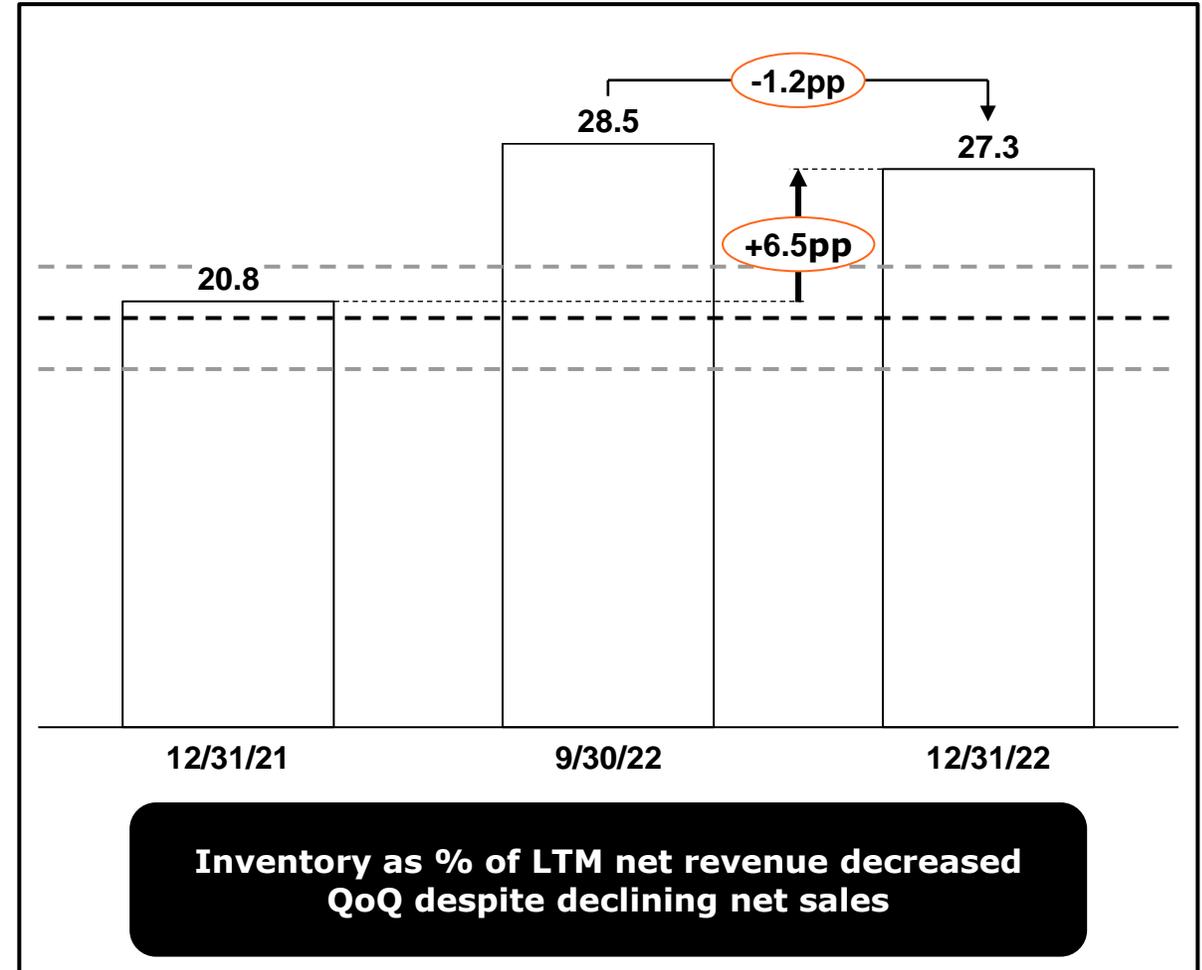
Cost ratios & margins Percent of net revenue	YTD				Q4				
	2020	2021	2022	Δ '22 vs '21	2020	2021	2022	Δ '22 vs '21	
Goods for resale	-38.6%	-35.6%	-38.3%	-2.7pp	-39.0%	-35.3%	-38.4%	-3.1pp	Last year affected by one-off positive effect of 2.9pp. High freight costs continued
Other external expenses	-33.6%	-35.9%	-37.0%	-1.1pp	-34.5%	-36.3%	-34.9%	+1.4pp	Decline driven by continued focus on marketing spend efficiency
Personnel expenses	-8.5%	-9.0%	-10.9%	-1.9pp	-7.3%	-8.5%	-8.6%	-0.1pp	
Other operating expenses	-0.2%	-0.4%	-0.6%	-0.2pp	-1.1%	-0.6%	0.8%	+1.4pp	Stable vs last year despite lower net revenue.
Depreciation & Amortization	-1.4%	-1.2%	-1.7%	-0.5pp	-0.9%	-1.0%	-1.3%	-0.3pp	Foreign exchange effects during the quarter.
EBIT	18.5%	18.1%	11.7%	-6.4pp	18.6%	18.4%	17.8%	-0.6pp	
Adjusted EBIT¹	19.4%	19.5%	11.7%	-7.8pp	21.0%	18.4%	17.8%	-0.6pp	

Inventory investments ahead of peak season currently being utilized

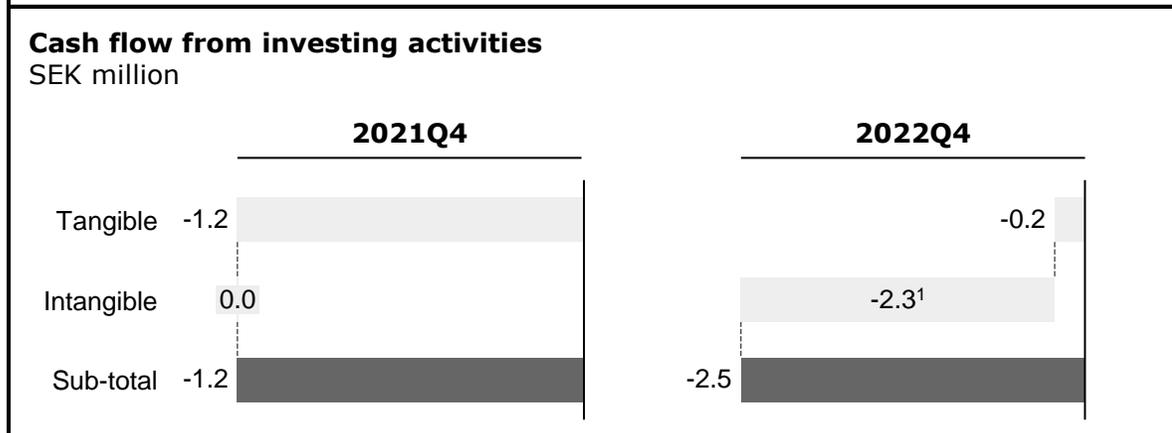
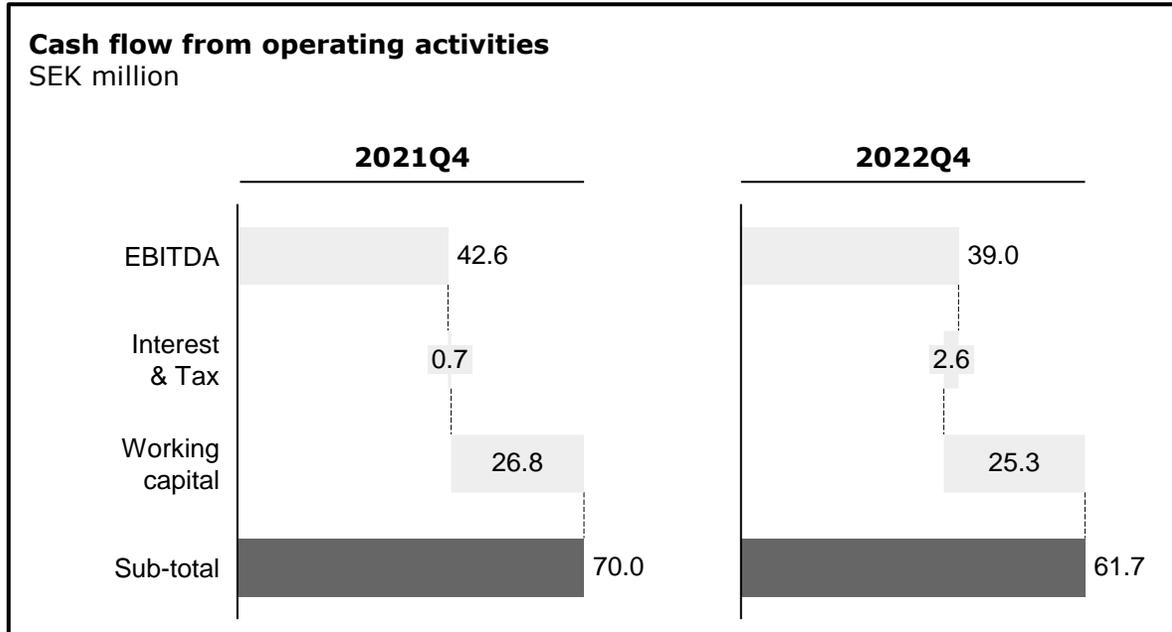
Inventory value
SEK million



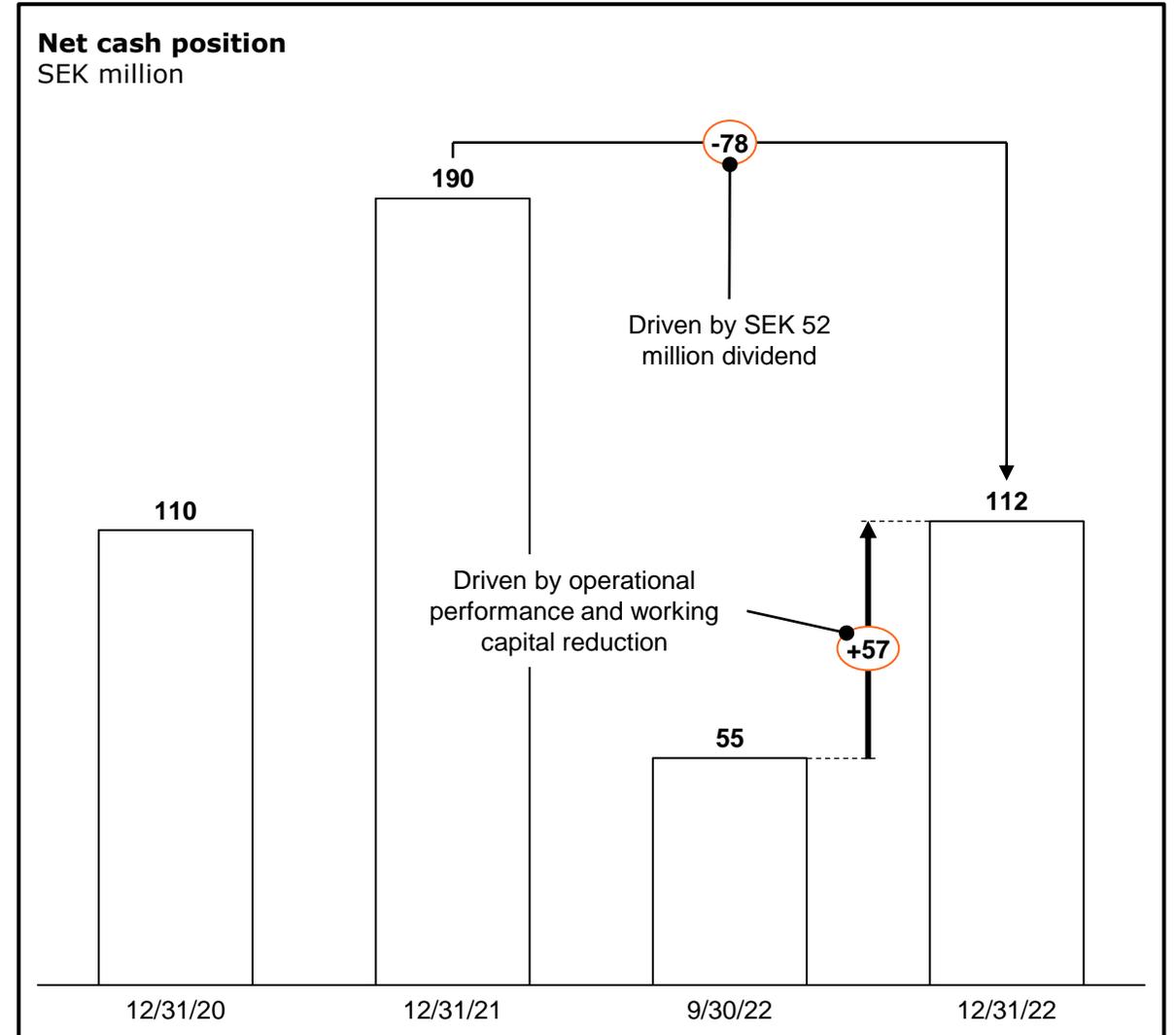
Inventory as share of LTM¹ net revenue
Percent



Net cash position further improved based on profitable Q4 performance



¹ Tech development capitalization



Strength in DTC business model proven during challenging year

Solid full year profitability considering macroeconomic climate

- Net revenue declined -9.3% to SEK 639 million driven by macroeconomic climate and focus on profitability
 - Organic net revenue growth of -13.1% with SEK depreciating versus EUR in particular
 - EBIT margin of 11.7% (SEK 74.9 million) driven by positive impact from implemented actions during second half of the year
-

Financial position further strengthened during second half of 2022

- SEK 112 million net cash position, SEK 140 million cash-on-hand, and no debt to financial institutions
 - SEK 39 million in positive cash flow from operating activities during Q4
 - SEK 25 million in positive cash flow from working capital during Q4
 - SEK 1.50 (SEK 31.2 million) in proposed dividend by Board of Directors
-

Strong position to face uncertain near-term outlook

- Strength in DTC business model proven with significant impact from implemented profitability measures
- Progress on several strategic initiatives made during the year (e.g., Rugvista Essentials, freight booking platform, and completed preparations for Rugvista brand journey) and to be leveraged in 2023 to further strengthen customer proposition
- Adapted fixed cost base, profitable operating performance, and strong financial position provides solid starting point for facing uncertain near-term outlook



Q&A

Additional information



RUGVISTA

Financial calendar

Event	Date	Time
Annual report	April 13, 2023	-
Interim report January – March 2023	May 11, 2023	09:00-10:00 CEST
Capital Markets Day	May 25, 2023	Tba
AGM 2023	May 25, 2023	Tba
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

Certified Advisor

FNCA Sweden AB

Box 5216
Nybrogatan 34, SE-102 45 Stockholm
info@fnca.se

Contact information

Michael Lindskog

CEO
Michael.Lindskog@rugvista.se

Joakim Tuvner

CFO
Joakim.Tuvner@rugvista.se

Corporate & investor information

InvestorRelations@rugvistagroup.com
www.rugvistagroup.com
+46 40 668 81 04

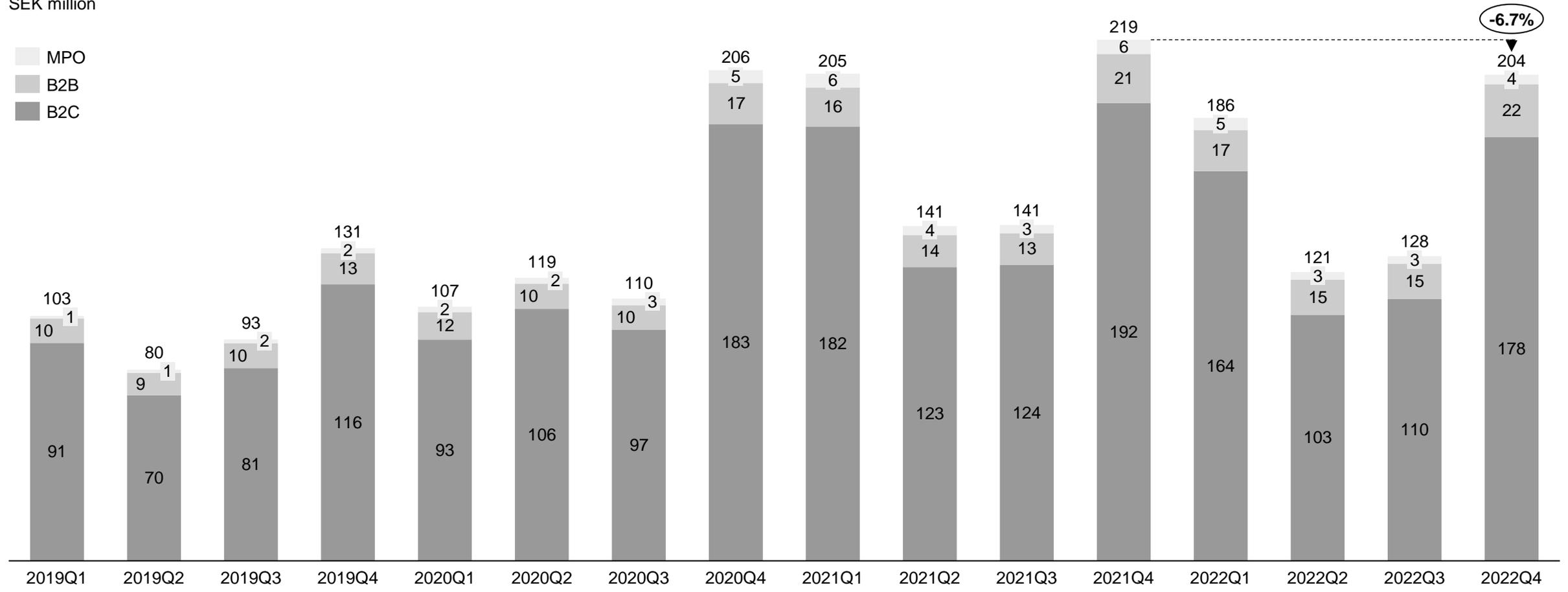
Headquarters and visitor address

RugVista Group AB (publ)

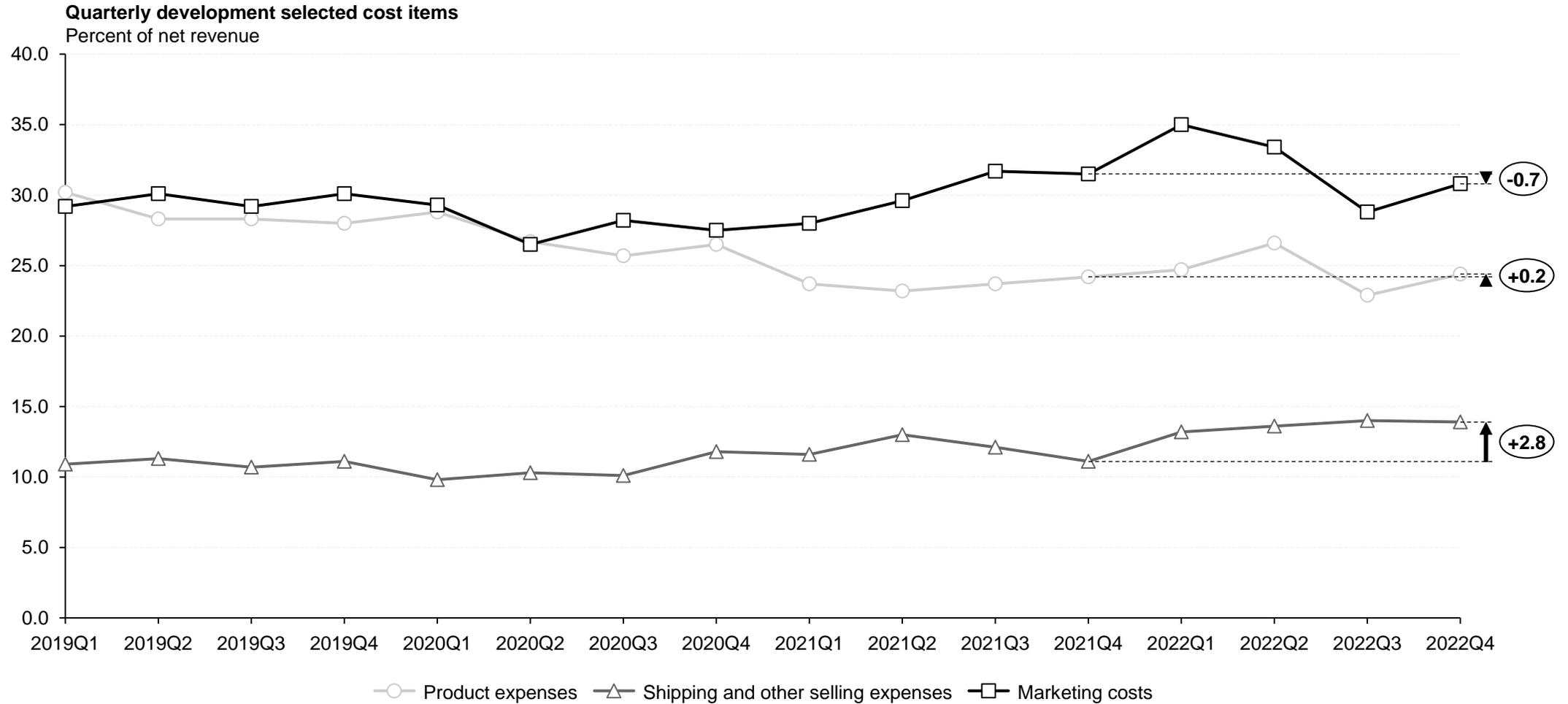
Ringugnsgatan 11
SE-216 16 Limhamn
Sweden

Historical quarterly information – net revenue

Quarterly net revenue by segment
SEK million



Historical quarterly information – selected cost items



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
Leverage data & technology to fuel the initiatives**

About RugVista Group AB (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

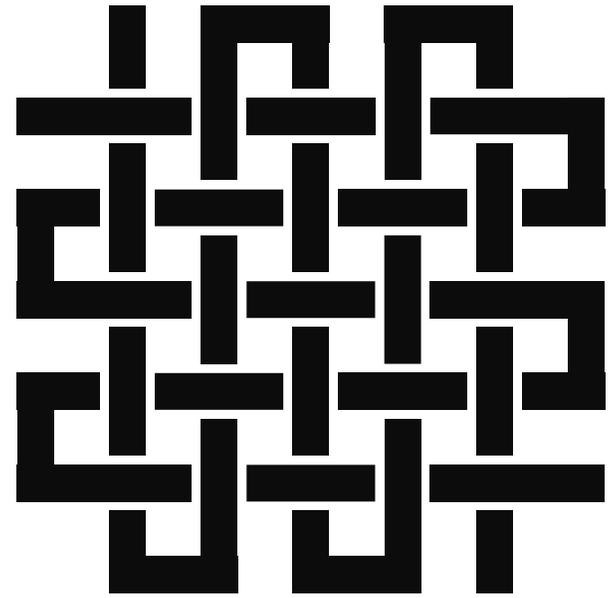
Rugvista Group considers itself having several strengths and competitive advantages which contributes to the Group's ability to realize strategic objectives and reaching financial targets.

- 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.



RUGVISTA

Ringugnsgatan 11, SE-216 16 Limhamn, Sweden
www.rugvistagroup.com