

**RUGVISTA**

Earnings Call

**January – June 2023**

Rugvista Group AB (publ)



# Continued good profitability and signs of increased demand

## Significantly improved profitability

EBIT was SEK 11.8 million compared to SEK 0.4 million last year.

EBIT margin was 9.1% representing an increase of 8.7 percentage points vs last year.

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## Back to growth

Net revenue was SEK 129.1 million (+6.5% vs last year). Organic net revenue growth was -1.5%.

Early signs of improving market conditions, but consumer confidence still at low levels.

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## Effective cost efficiency focus

Gross margin increased to 63.6% (60.1%) driven by improved product margin.

Marketing cost ratio decreased to 31.2% (33.4%) driven by continued focus on efficiency.

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## Strong financial position maintained

Net cash of SEK 82 million and SEK 104 million cash on hand.

SEK 1.50 per share dividend payout (SEK 31 million), per AGM decision, completed during the quarter.

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## Positive impact from strategic initiatives

Investments into improved outdoor assortment contributing to YoY growth.

New e-commerce platform introduced in 7 markets with early KPIs promising.

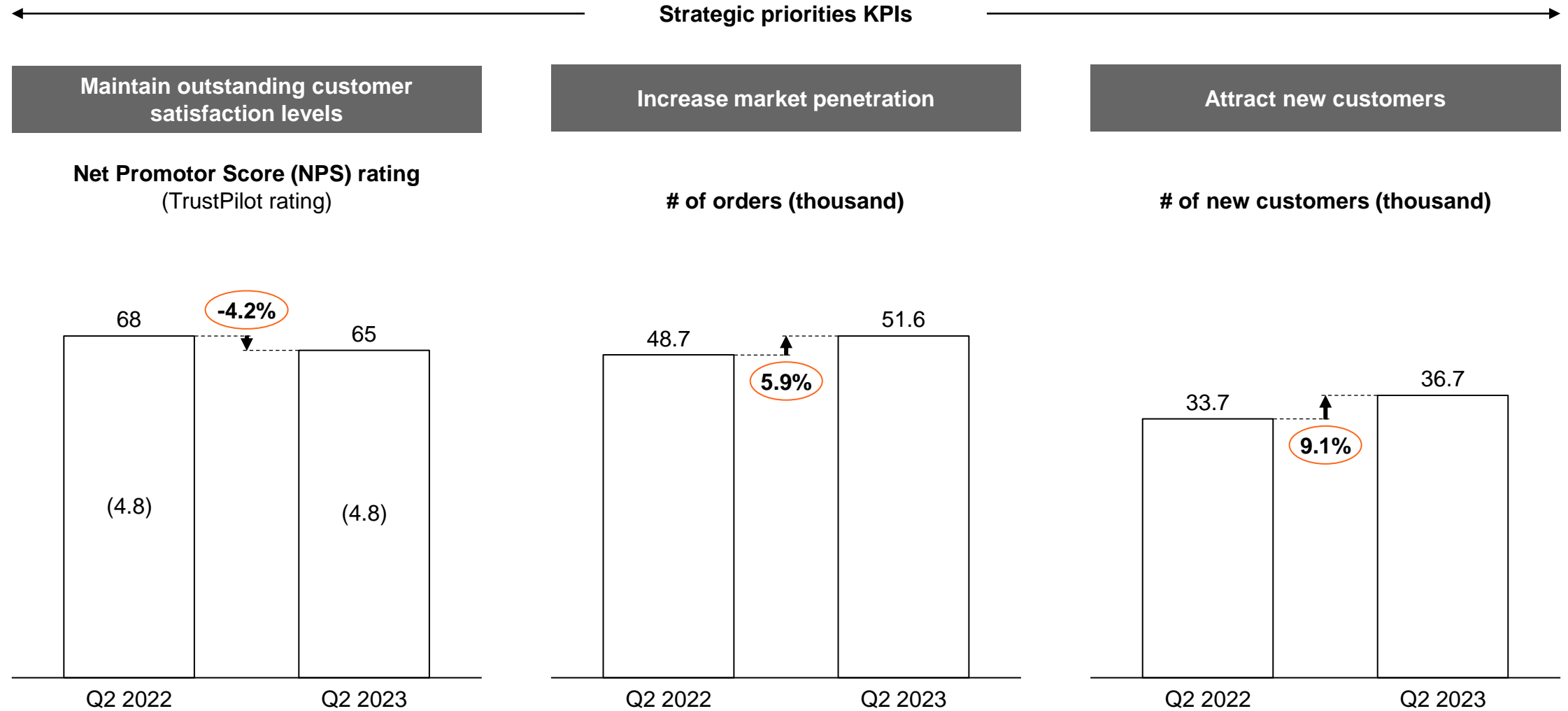
Customer satisfaction levels remain high with an NPS-value of 65.

# Business Update



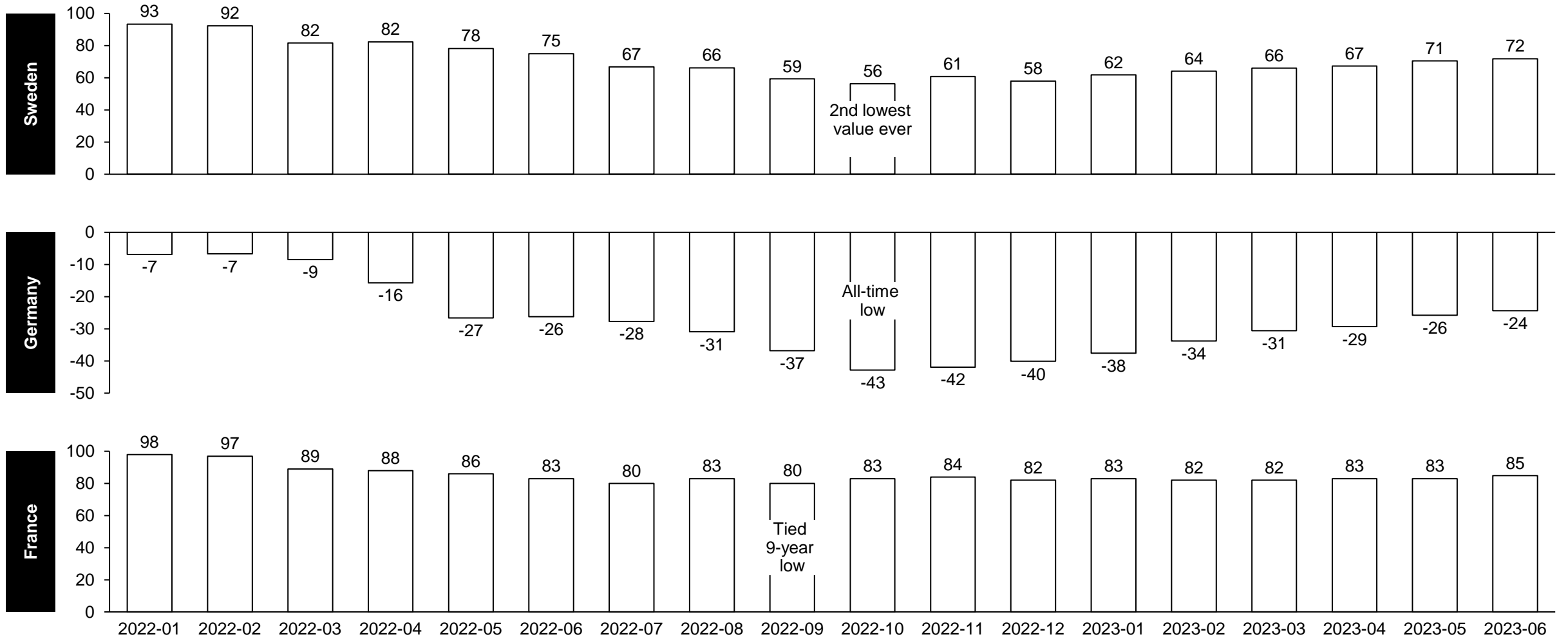
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# Strategic growth KPIs improving after five challenging quarters



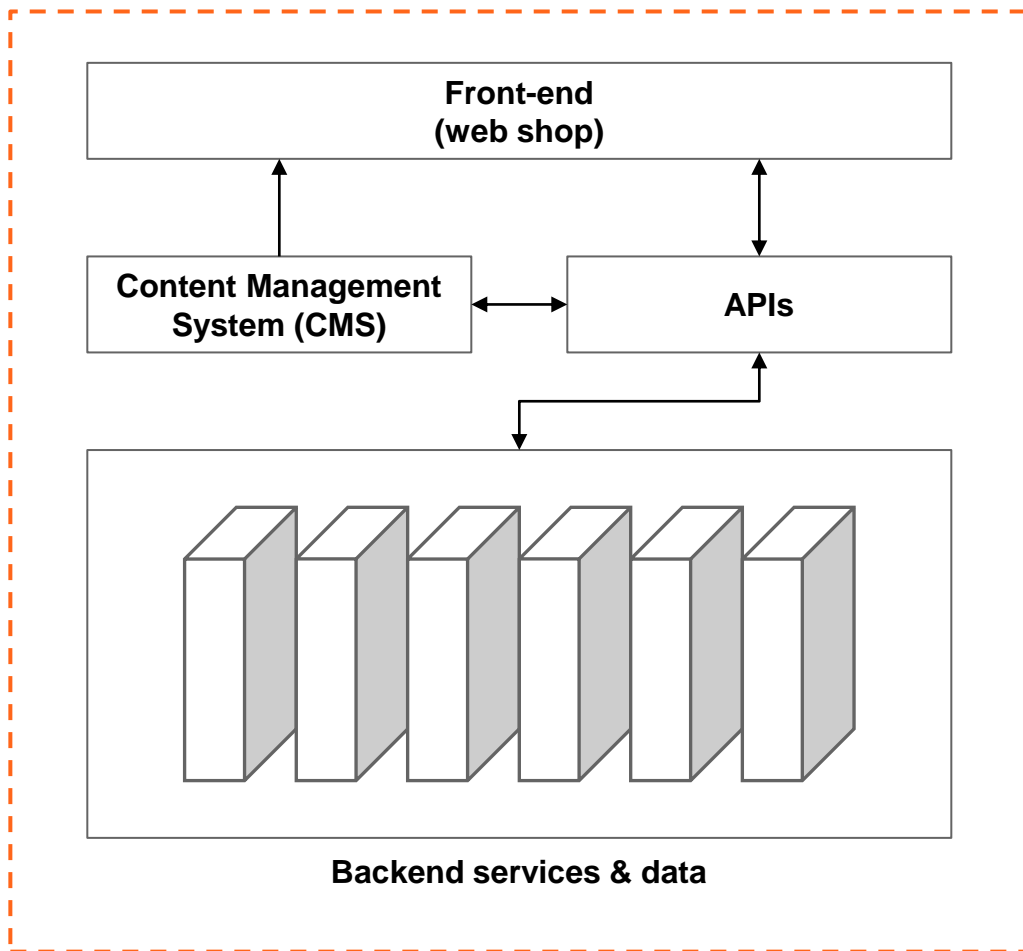
# Improvement in consumer confidence during Q2, but still at low levels

Consumer confidence index across selected key markets

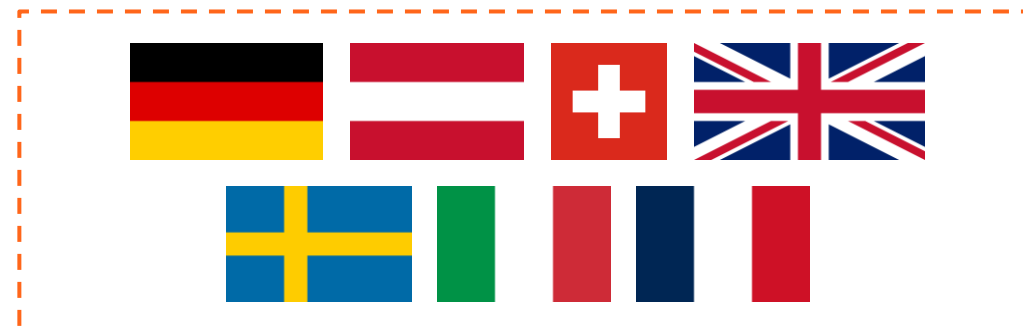


# New e-com platform released to seven domains

New e-commerce platform



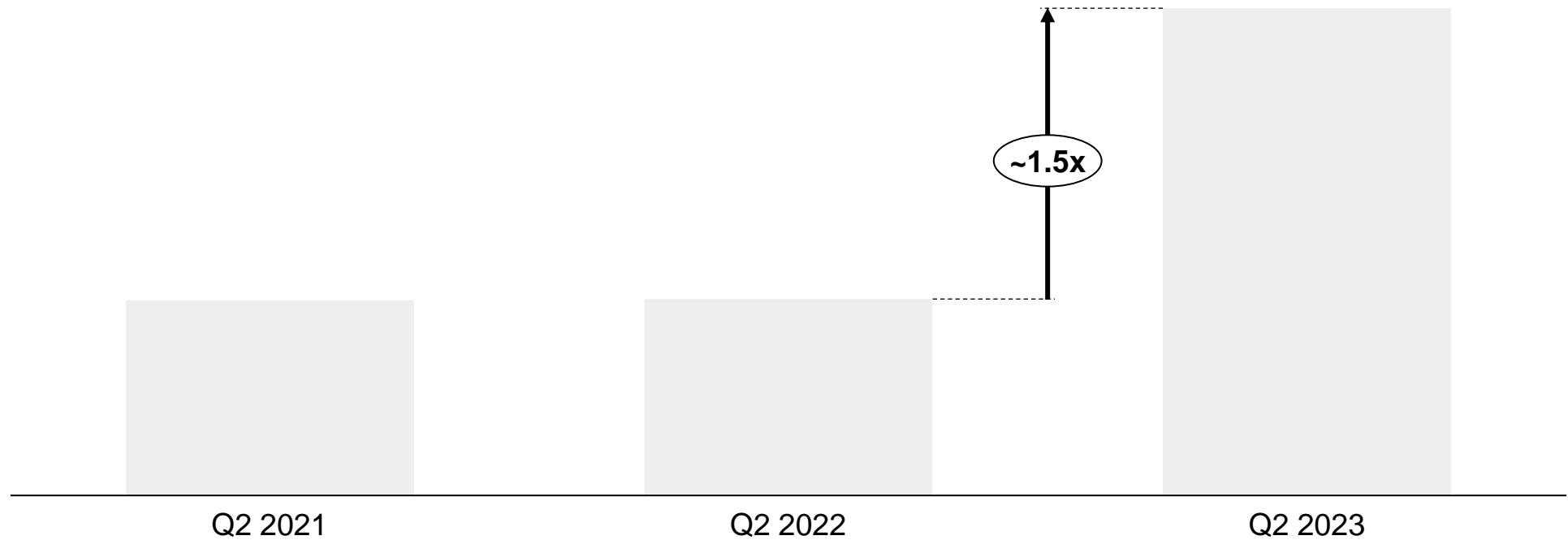
Rugvista domains on new platform



- Key attributes of new platform includes:
  - Improved performance, e.g., load-speed
  - Modernized and mobile-first user interface
  - Optimized for publishing, hosting, and indexing content, i.e., SEO optimized
  - Enables localization of consumer value proposition, commercial activities, and content
  - Easier to maintain and develop, i.e., modern architecture and code base
- Several initial KPI:s promising but platform still immature and additional features to be introduced over time, e.g., checkout
- Remaining Rugvista domains planned to be released during Q3

# Investment into enhancing outdoor rug assortment successful

Outdoor rugs as share of total rugs shipped<sup>1</sup>





# Financial Update

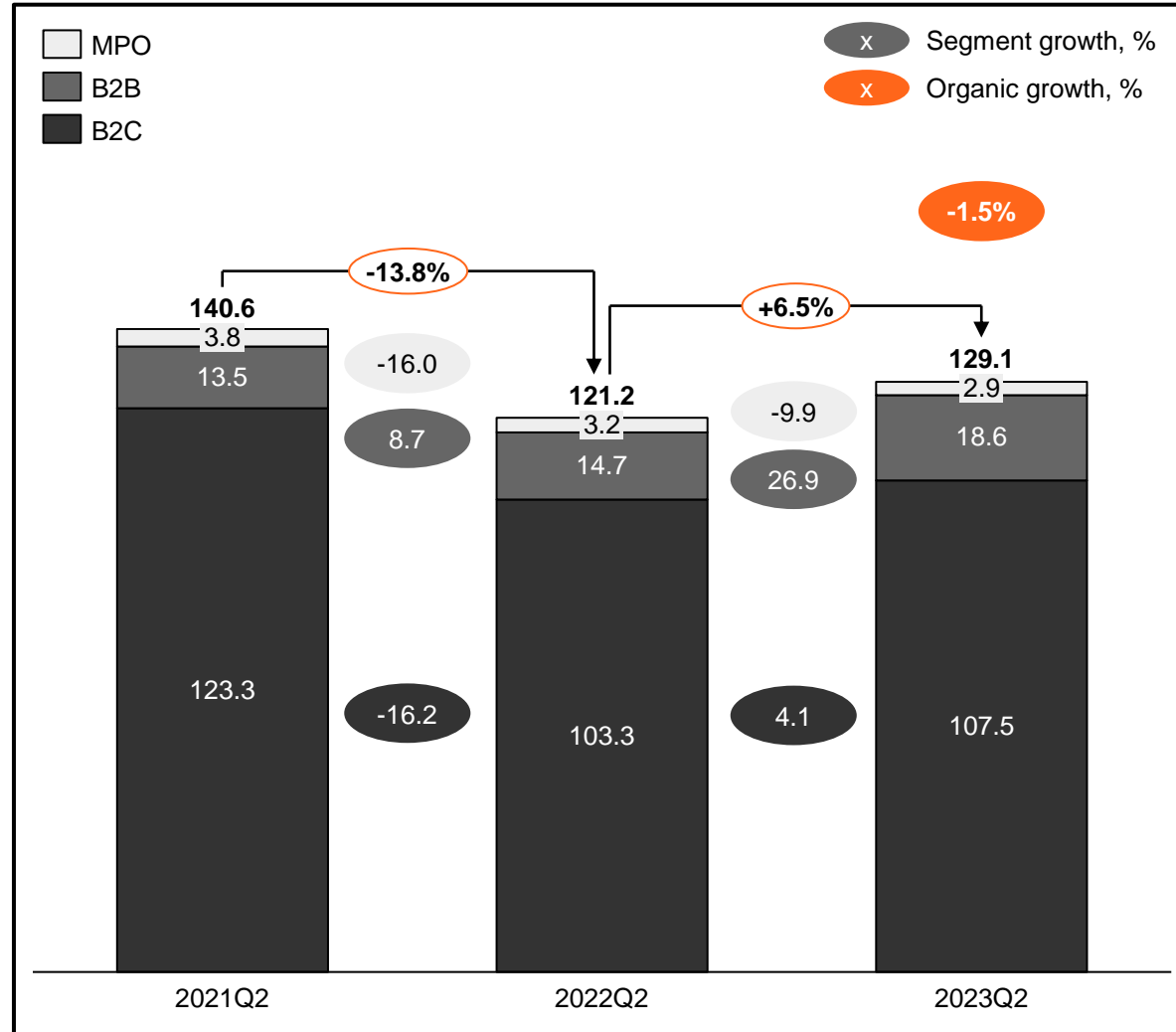


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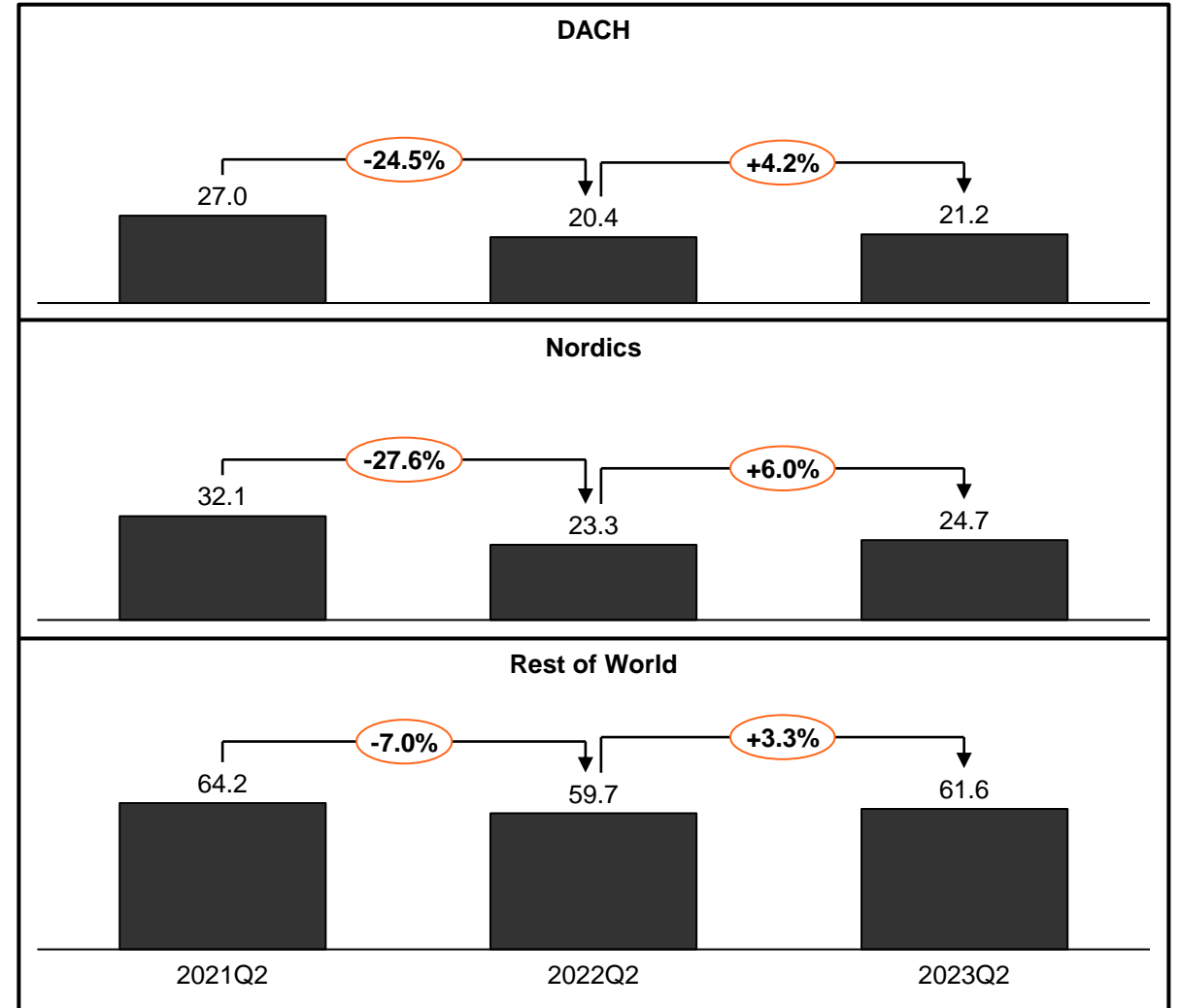


# Focus on profitability and signs of increasing demand

Group net revenue – Quarter<sup>1</sup>  
SEK million

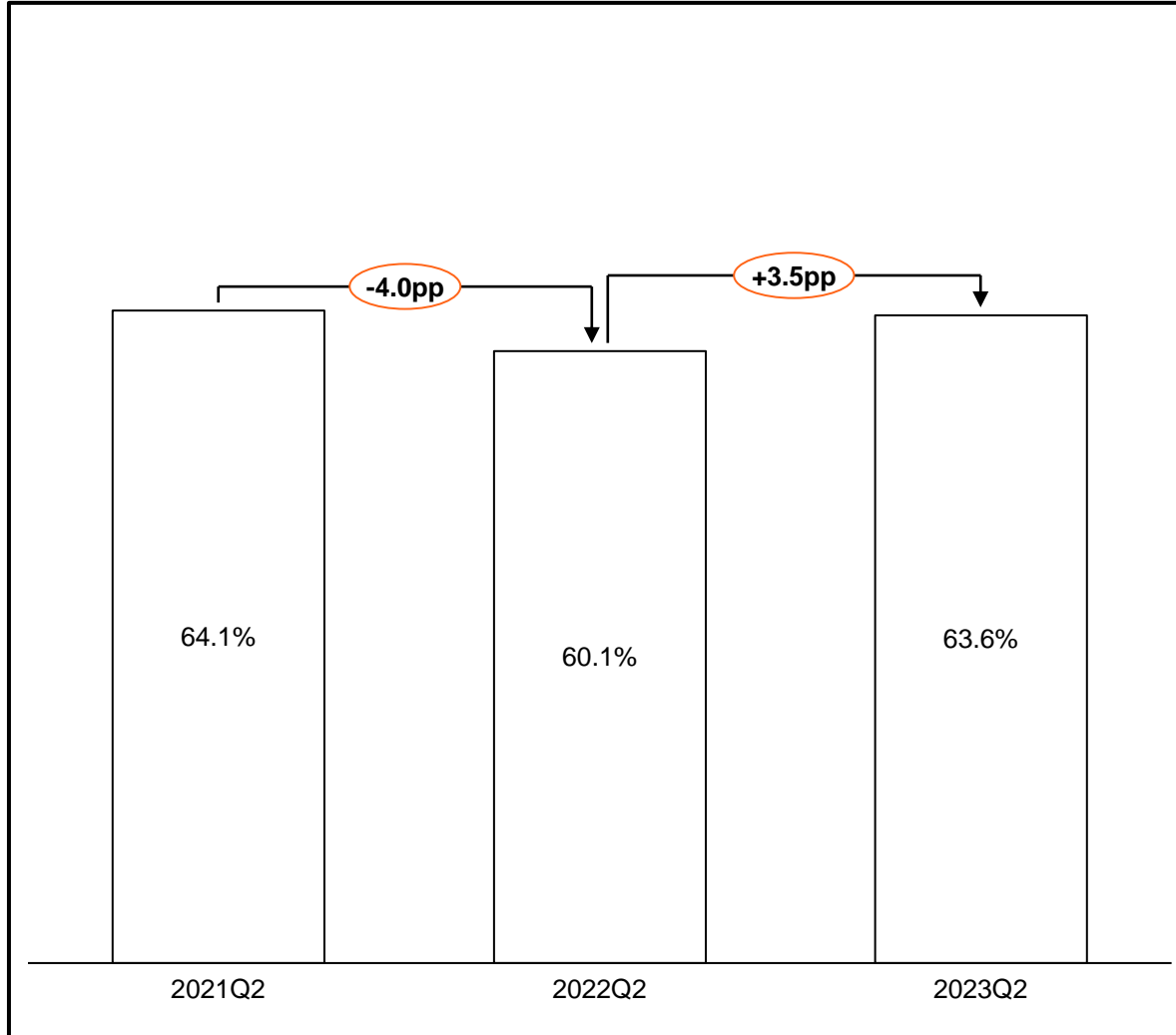


Net revenue B2C by region – Quarter  
SEK million

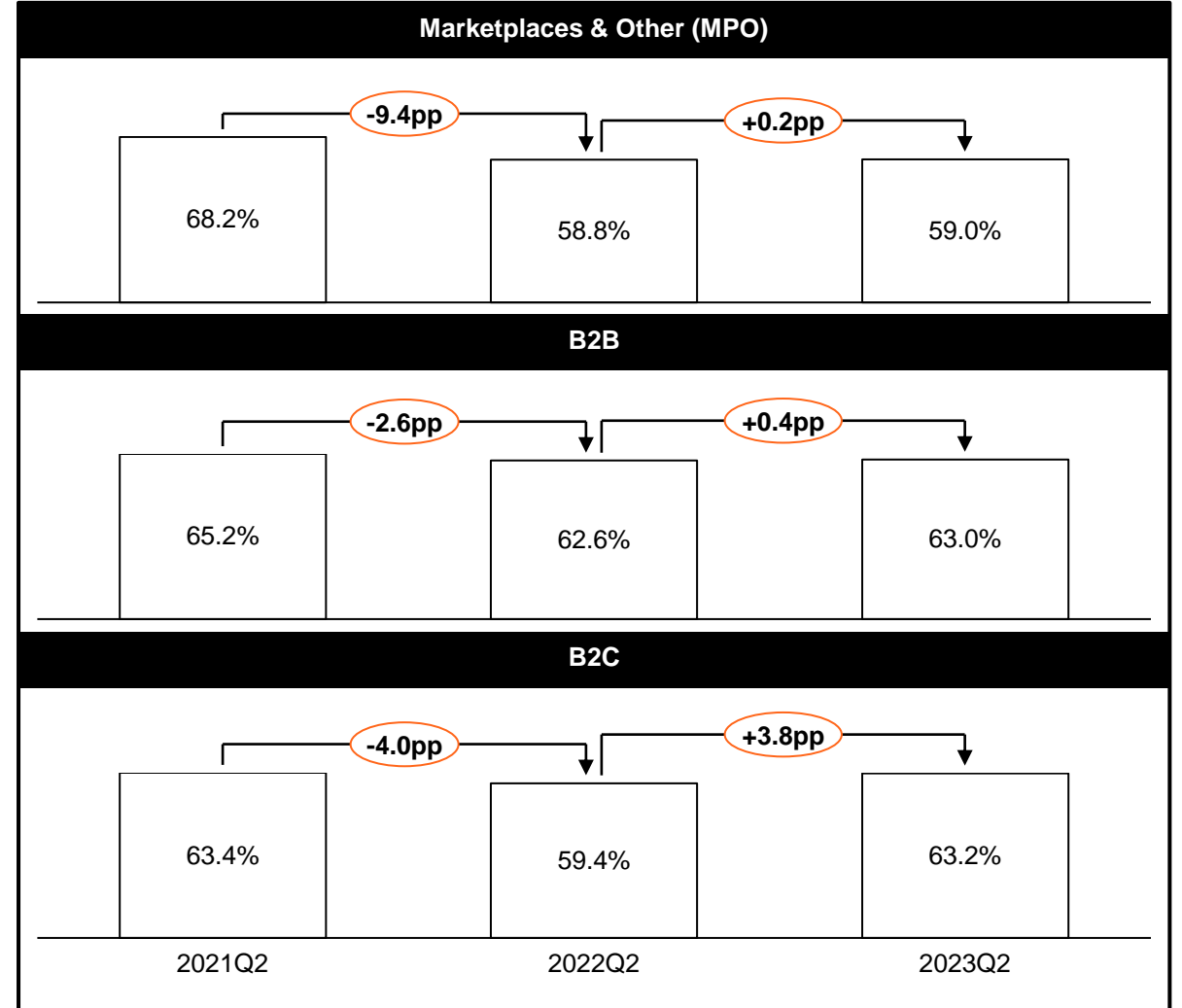


# Improved gross margin versus a low comparable

Gross margin – Group  
% of net revenue



Gross Margin – Segments  
% of net revenue



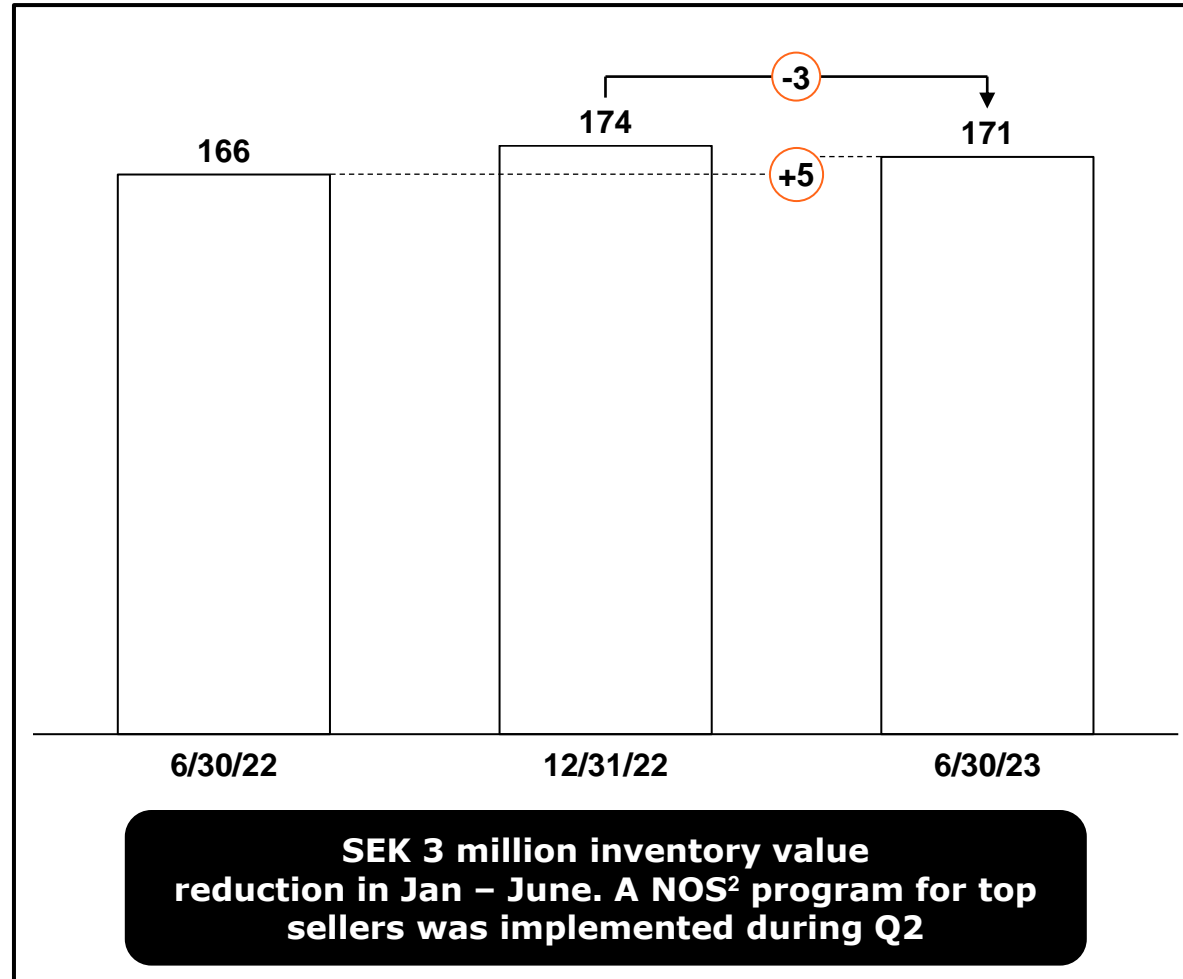
# Increased profitability driven by improved marketing efficiency

Cost ratios & EBIT-margin Percent of net revenue	YTD				Q2				
	2021	2022	2023	Δ '23 vs '22	2021	2022	2023	Δ '23 vs '22	
<b>Goods for resale</b>	-35.7%	-38.8%	-37.2%	+1.6pp	-36.2%	-40.3%	-36.6%	+3.7pp	Product cost ratio down due to the 2022 Q3 price adjustment, SEK depreciation and category mix.
<b>Other external expenses</b>	-35.5%	-39.6%	-36.9%	+2.7pp	-33.8%	-40.2%	-38.4%	+1.8pp	Continued focus on marketing efficiency.
<b>Personnel expenses</b>	-9.2%	-12.0%	-11.6%	+0.4pp	-11.0%	-16.5%	-14.0%	+2.5pp	Lower costs due to previous year included one-off costs for personnel changes.
<b>Other operating expenses</b>	-0.1%	-0.8%	-0.4%	+0.4pp	-0.3%	-0.7%	0.3%	+1.0pp	
<b>Depreciation &amp; Amortization</b>	-1.1%	-1.8%	-1.9%	-0.1pp	-1.4%	-2.3%	-2.3%	0.0pp	
<b>EBIT</b>	<b>18.7%</b>	<b>7.2%</b>	<b>12.1%</b>	<b>+4.9pp</b>	<b>17.6%</b>	<b>0.4%</b>	<b>9.1%</b>	<b>+8.7pp</b>	

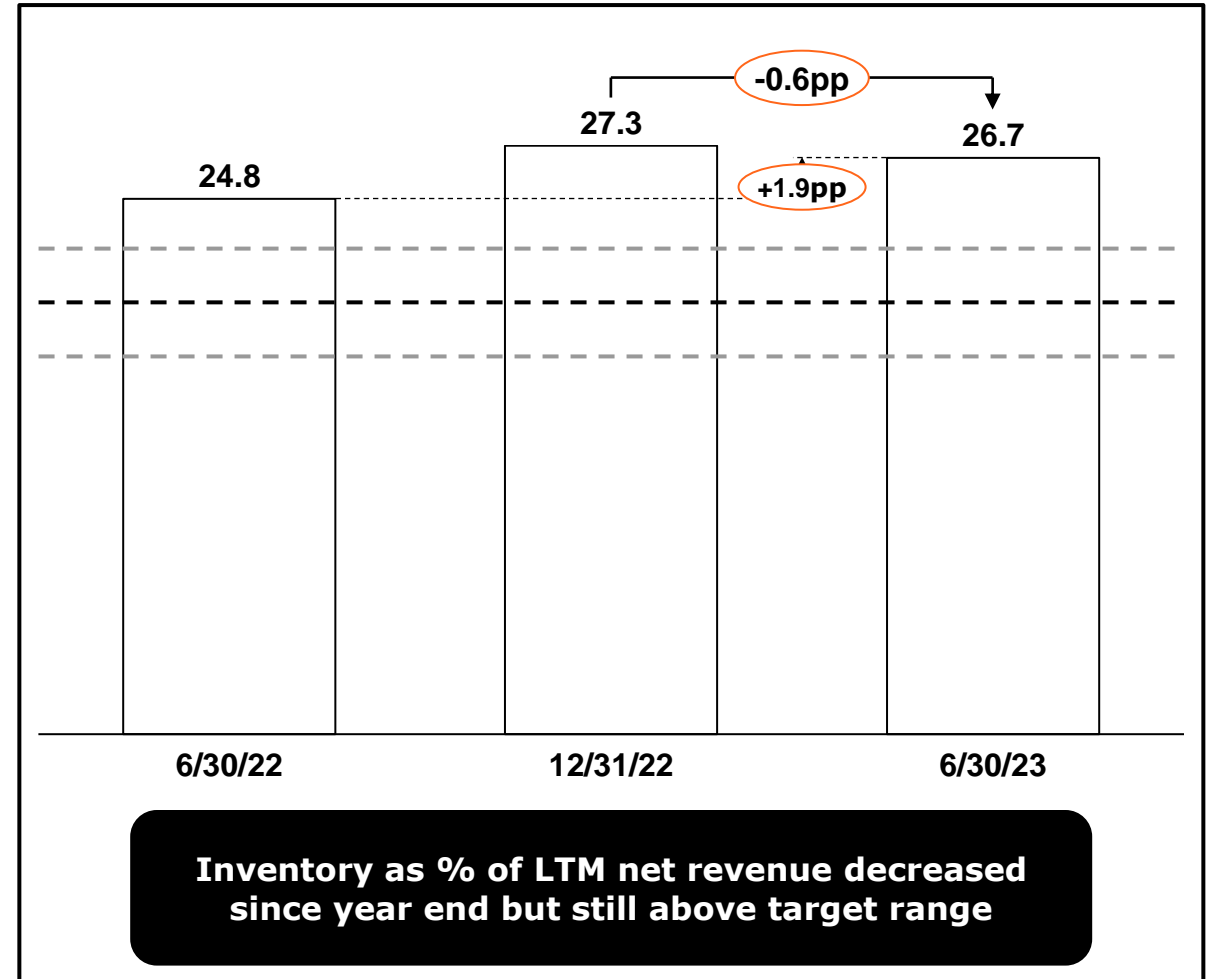


# Inventory decreasing but above target range

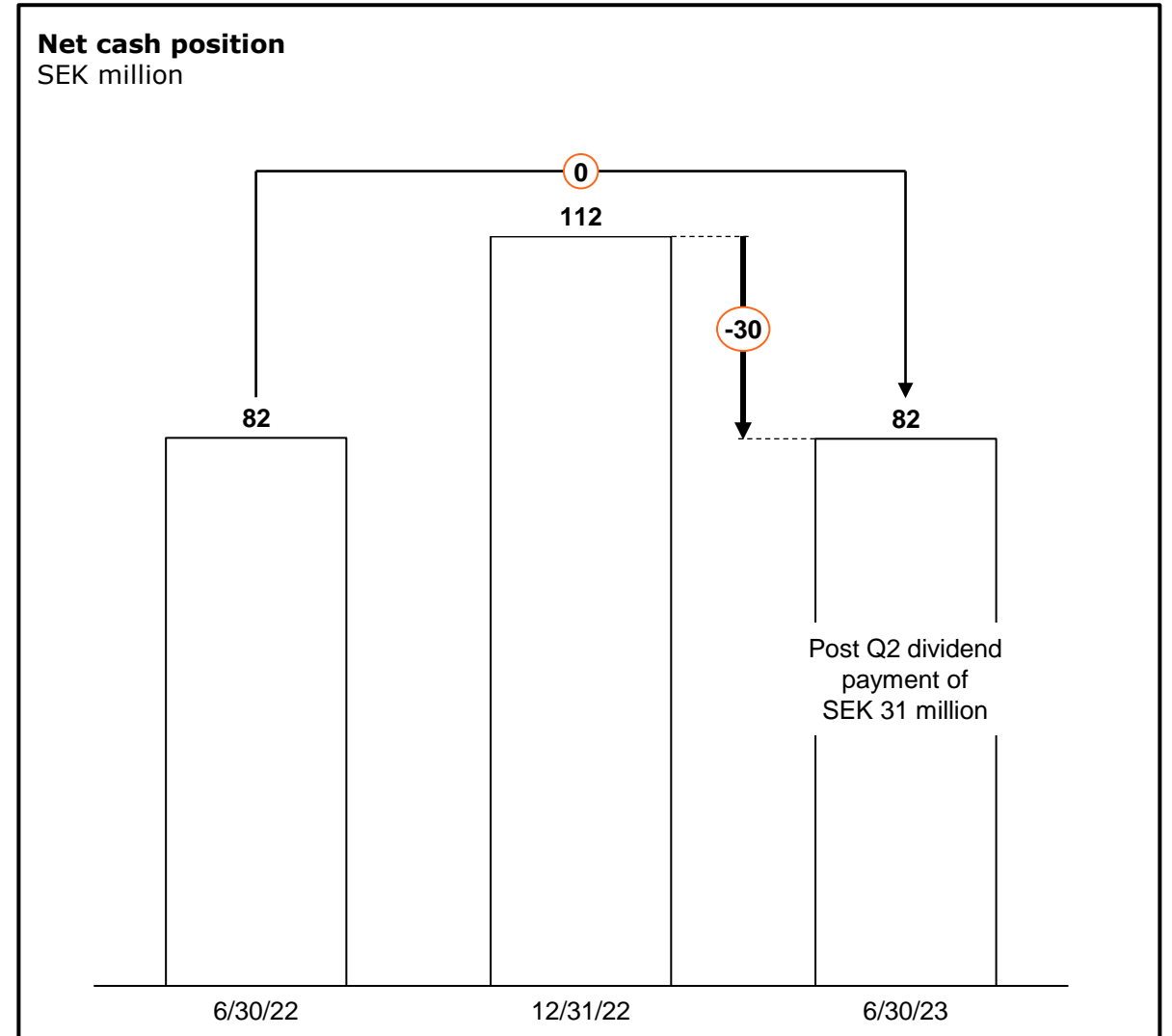
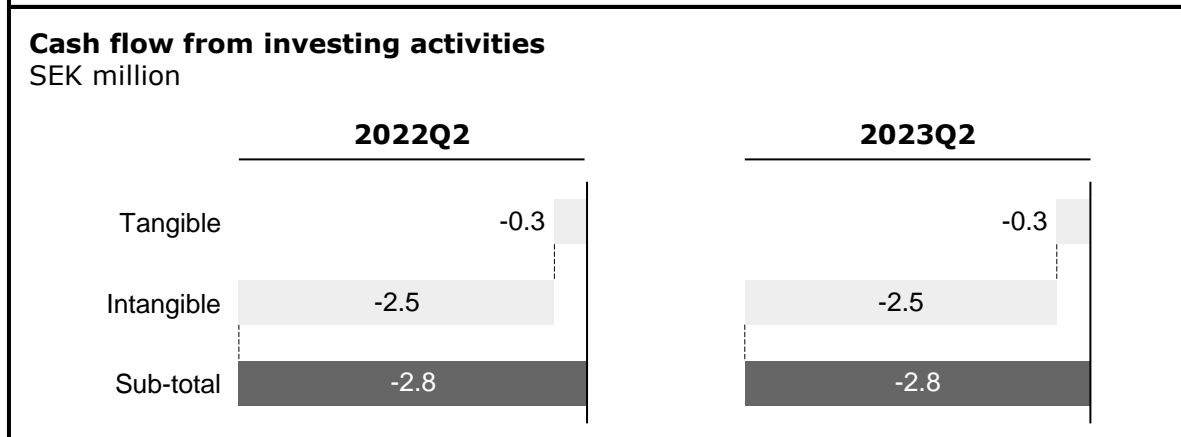
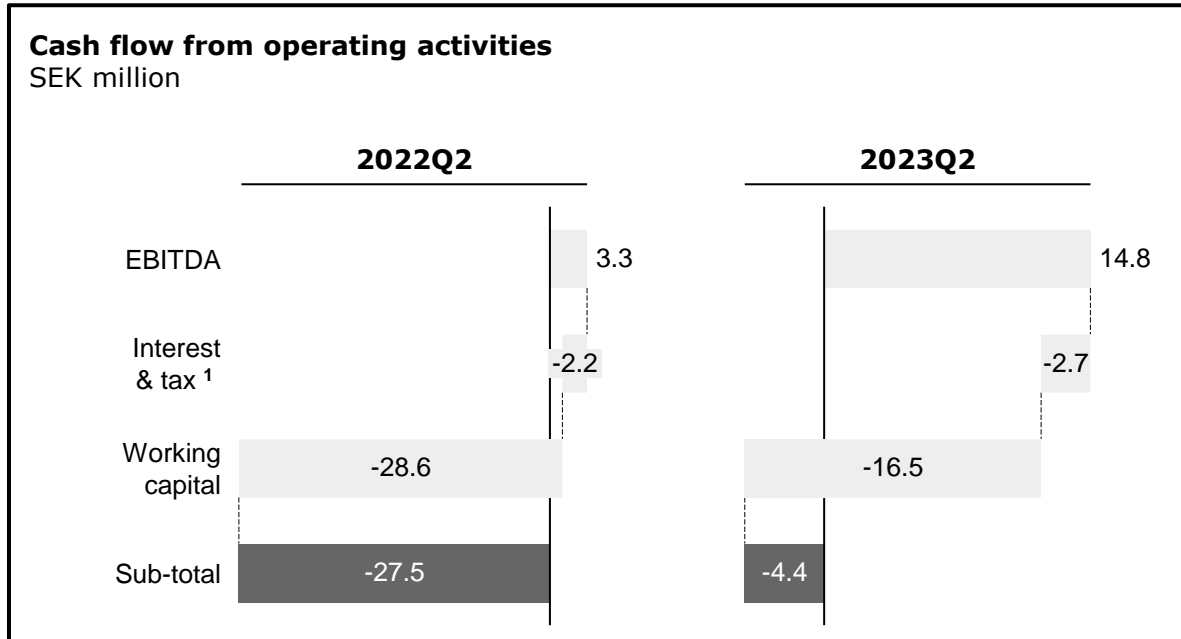
Inventory value  
SEK million



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



# Good net cash position



# Positioned to successfully navigate rest of year

## Solid financial performance and early signs of improving market conditions

- Net revenue increased by 6.5% to SEK 129.1 million (-1.5% organic growth). Net revenue impacted by currency effects, implemented strategic initiatives, and early signs of improving consumer demand.
  - Gross margin increased to 63.6% (60.1%) driven by higher product margin.
  - EBIT margin increased to 9.1% (0.4%) driven by higher gross margin and OPEX efficiency focus.
  - EBIT increased SEK 11.8 million compared to SEK 0.4 million last year.
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## Continued strong financial position

- SEK 82 million net cash position, SEK 104 million cash-on-hand, and no debt to financial institutions.
  - SEK 171 million in inventory (26.7% of LTM net revenue) giving stability and flexibility ahead of peak-season.
  - SEK 1.50 per share (SEK 31.2 million in total) dividend payout executed.
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## Looking forward to effectively navigating rest of year

- Rest of year outlook remains uncertain, but organic net revenue growth seen in July.
- Continue focus on implementing strategic initiatives, e.g., introduce new e-com platform to remaining Rugvista markets.
- Ensure successful start to upcoming peak-season.



# Q&A





# Additional information

**RUGVISTA**



## Financial calendar

Activity	Date	Conference call
Interim report January-September 2023	9 November 2023	09:00-10:00 CET
Year-end report 2023	8 February 2024	09:00-10:00 CET

## Contact information

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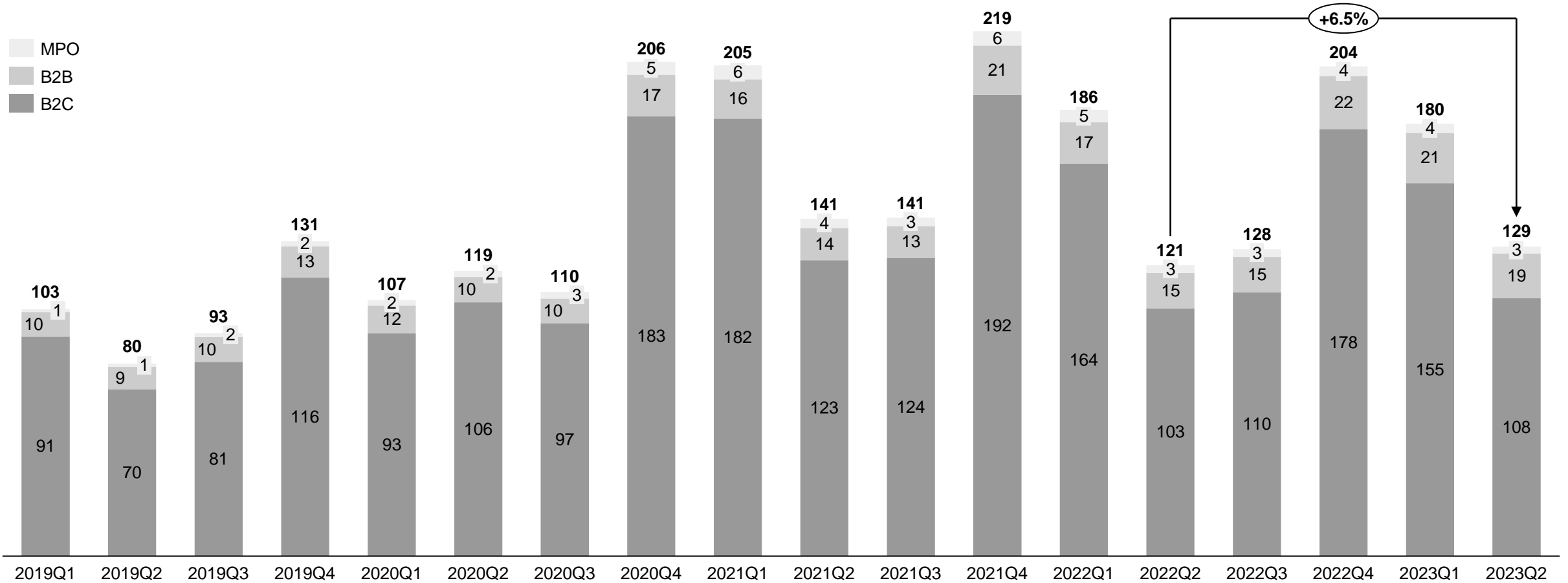
## Headquarters and visitor address

**Rugvista Group AB (publ)**  
Ringugnsgatan 11  
SE-216 16 Limhamn  
Sweden



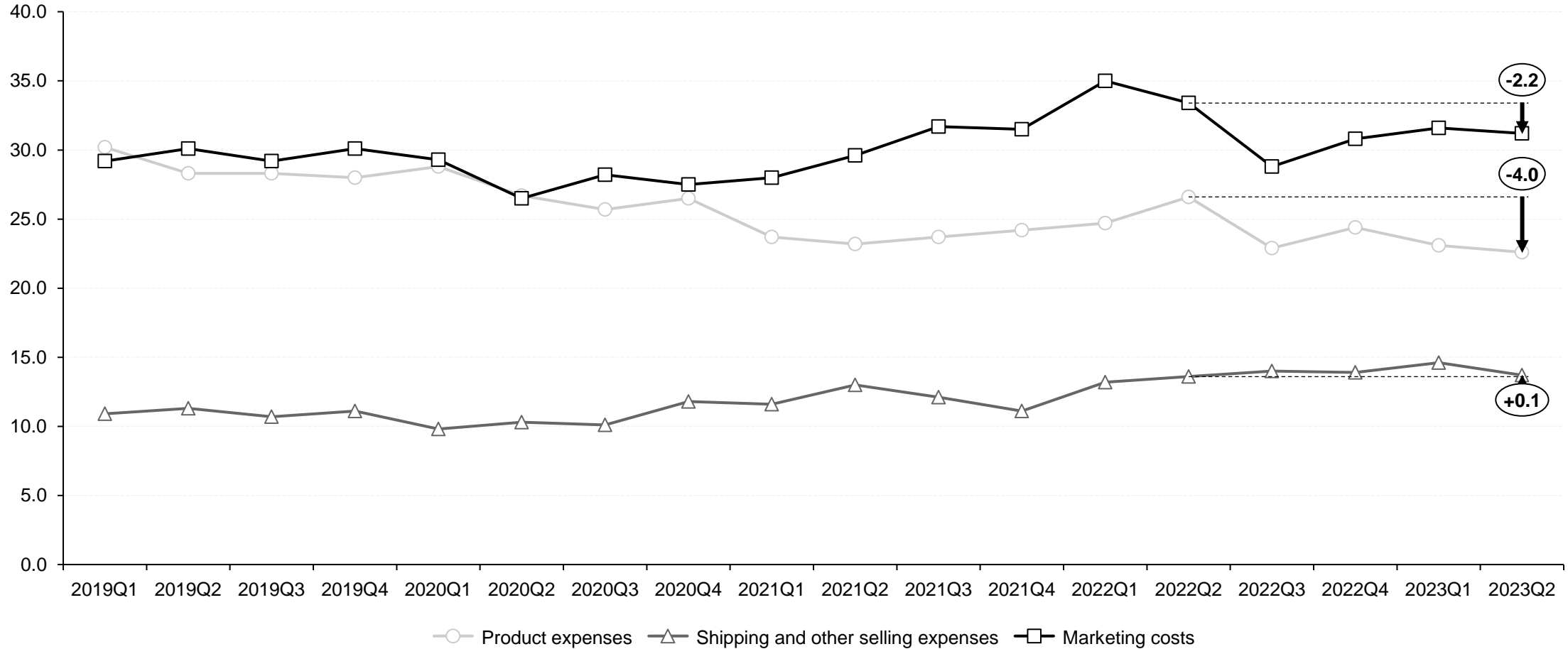
# Historical quarterly information – net revenue

Quarterly net revenue by segment  
SEK million



# Historical quarterly information – selected cost items

Quarterly development for selected cost items  
Percent of net revenue



# Introduction to what we are aiming to achieve

## *Strategic initiatives*

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

e.g., enhance 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., develop tools & processes to steer and continuously 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

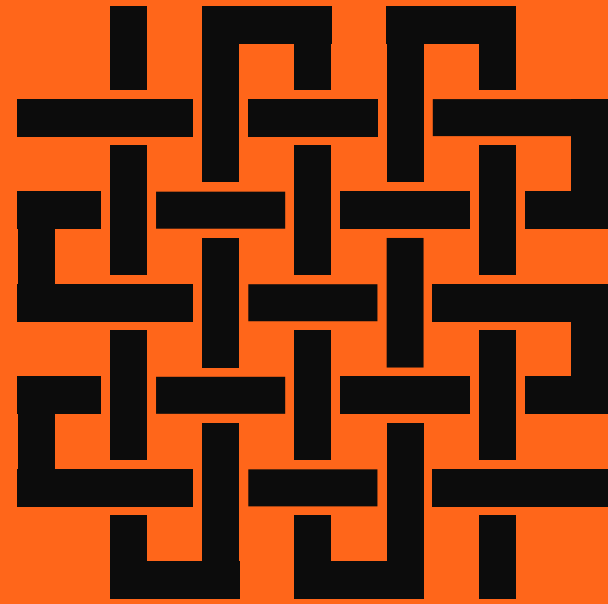
Rugvista Group considers itself having several strengths and competitive advantages which contributes to the Group's ability to realize strategic objectives and reaching financial targets.

- Large European rug market with strong momentum for online sales.
- Attractive position in 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**

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