RUG VISTA

Digitally native vertical rug expert

Dec 9, 2021

Today's presenters

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CEO

SELECTED EXPERIENCE

- Head of Nordics at Zalando
- Project manager at McKinsey & Company

RUG VISTA

McKinsey & Company

zalando

Henrik Bo Joergensen

CFO

SELECTED EXPERIENCE

- Consultant at Boston Consulting Group
- Head of Commercial Performance at IC Group

RUG VISTA

BCG

IC GROUP

Agenda

The rugs & carpets vertical

Intro to RugVista Group

Covid-19 perspective

Q&A

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The rugs & carpets vertical

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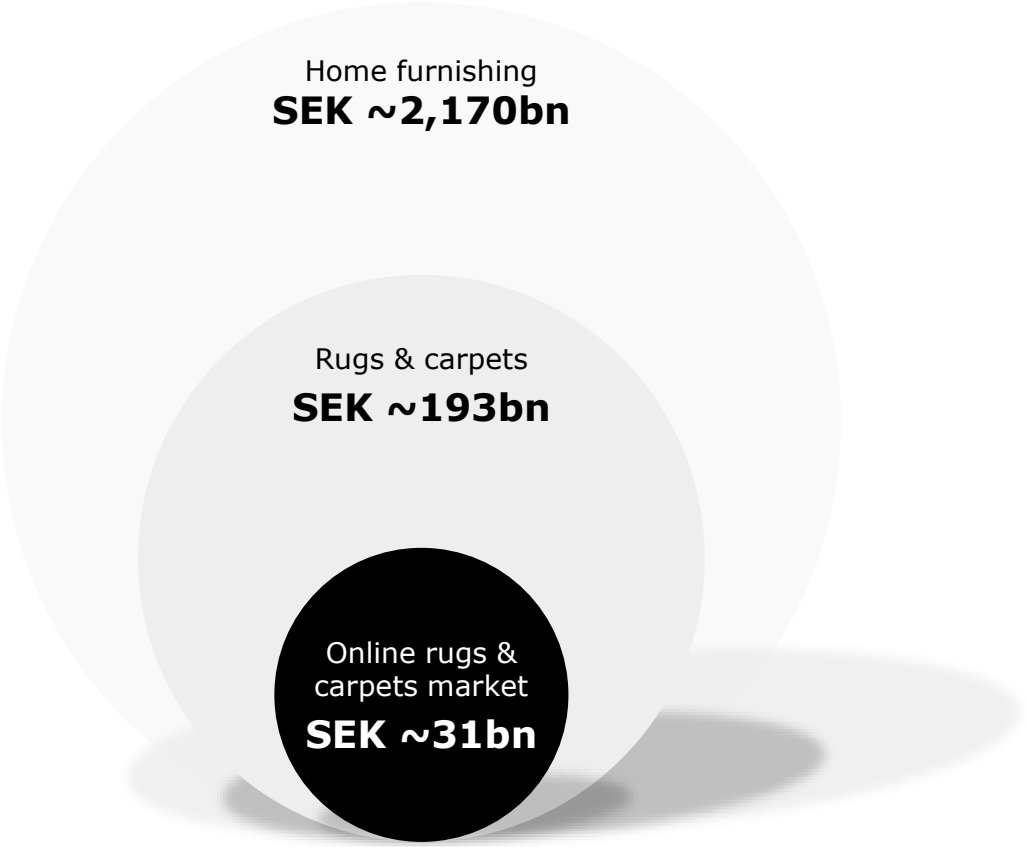
Q&A

1

Large market transitioning online…

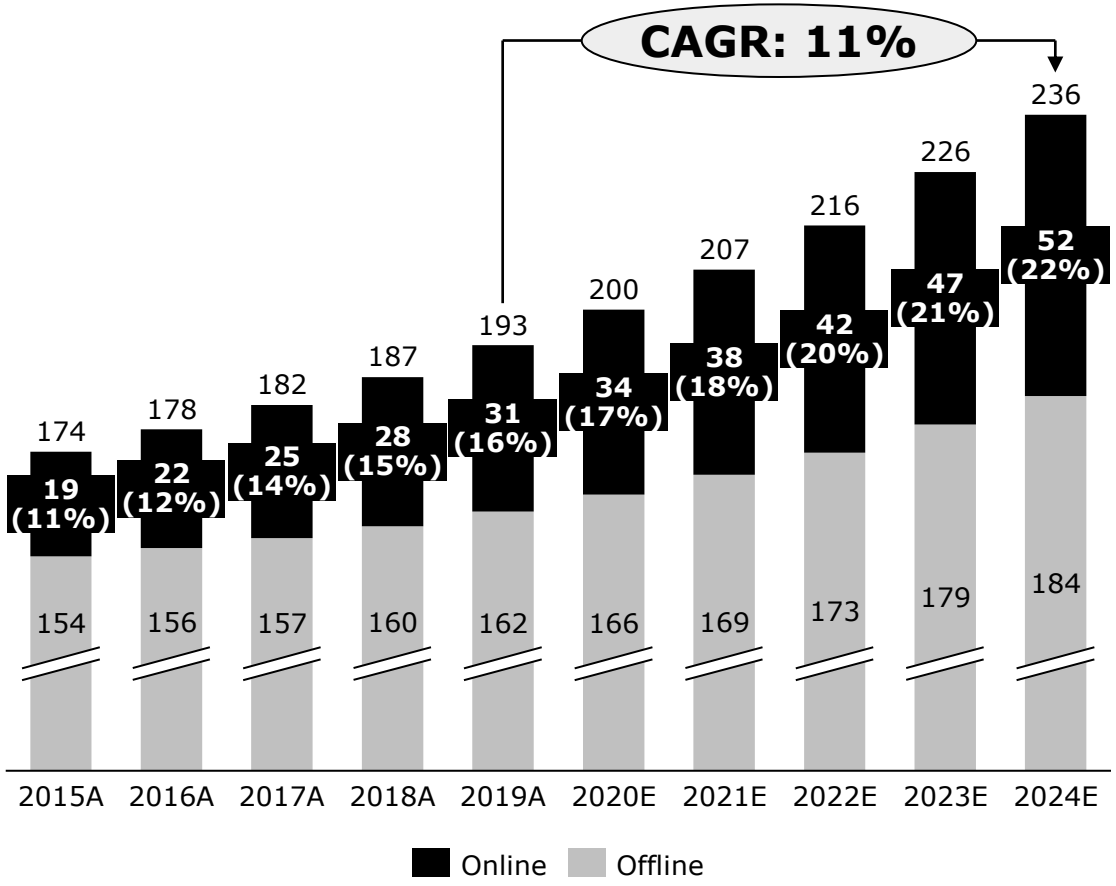
Huge vertical transitioning online…

European home furnishing 2019 market size[1]



…online migration boosted by Covid-19 pandemic

European rug & carpet market[1], SEK billion (online share & CAGR)



1 Technavio. Converted at a rate of USD:SEK of 8.47.

...and attractive product category suitable for online distribution

Landscape with many traditional resellers

Selected design brands with close to zero presence in the rug category

Niche well suited for online sales with attractive unit economics

	RUGS	APPAREL	CONSUMER ELECTRONICS	TOYS AND GAMES	BEAUTY
HIGH AOV	✓		✓		
LONG PRODUCT LIFE CYCLES	✓			✓	✓
FRAGMENTED OFFLINE COMPETITION	✓			✓	
LIMITED INVENTORY RISK	✓				
LOW RETURN RATES	✓			✓	✓

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Our optimized Direct-to-Consumer business model provides distinct advantages

Traditional retailers

Direct-to-Consumer (D2C)

Benefits from D2C

Able to offer outstanding value for money pricing

Control of the E2E Customer Experience

Higher degree of control of margin profile

In-house expertise tailored for our vertical

Comprehensive assortment offering outstanding value for money

Design rugs

Traditional rugs

~30 000 SKUs

Tech-stack purpose built for customer satisfaction

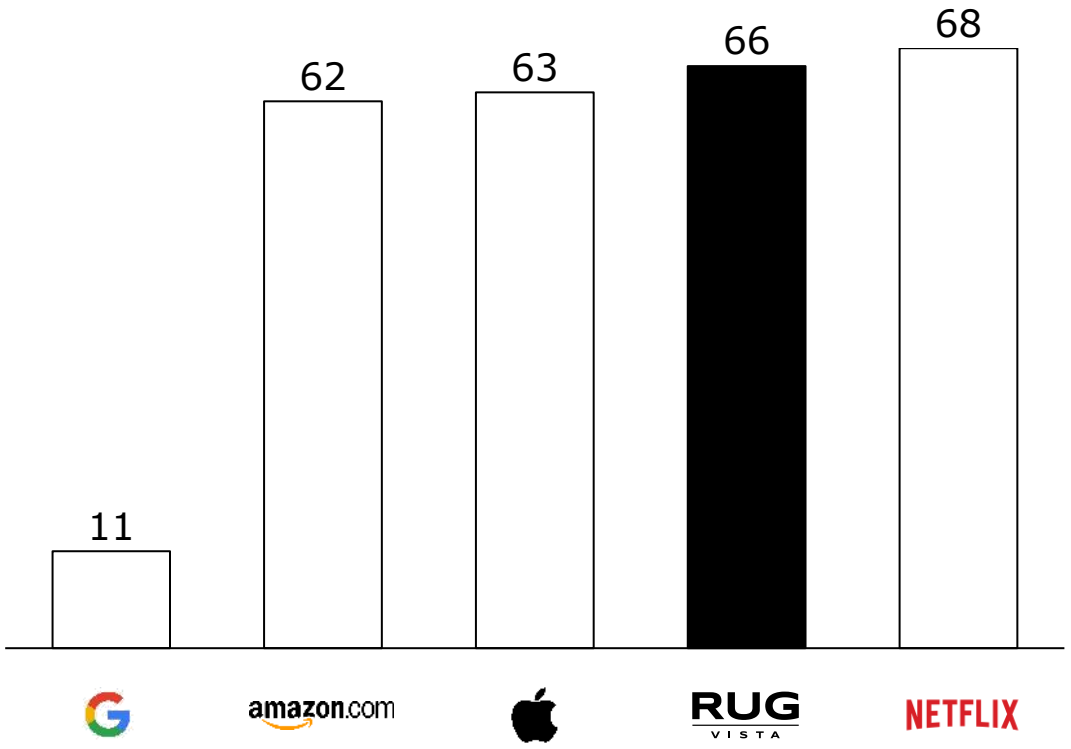
Fit-for-purpose | **Enables automation** | **Scalable & reliable** | **Drives efficiency**

Deep operational capabilities tailored for a complex product and to meet customer expectations

HQ and fulfillment centers strategically located in Malmö (Limhamn)

Obsessed with delivering customer value proven by our KPIs

World-class Net Promotor Score (NPS)[1]



Trustpilot score of 4.8 with ~85 thousand reviews[2]

★★★★★

*"Really happy with my rug which actually it is **better than I expected** and It has arrived before the scheduled date which is such a bonus. Definitely I will be purchasing in the future!"*

★★★★★

*"Fast, efficient service at a great price. My rug was **exactly as pictured** and arrived in really good condition thank you. It is perfect for the space and I love it."*

★★★★★

*"Five stars ☆ it **could have been ten!** So easy from ordering to arriving at my house, the description of my order was very good and the purchase went smoothly, on arrival the item was very well packaged would definitely recommend this company."*

★★★★★

*"Amazing company to deal with. Best tracking system and communication I've come across in the age of online shopping. A credit to the company. Great quality. **Really recommended them**."*

84,995 reviews ★★★★★ 4.8 of 5

Excellent	92%
Great	6%
Average	1%
Poor	<1%
Bad	<1%

1 Company survey (RugVista), Retently (Netflix, Apple and Amazon), Customer.Guru (Google)
2 Per Sep 6, 2021

Clear strategic priorities to drive future profitable growth

Penetrate core markets further

- ✓ Enhance localization of shopping & delivery experience
- ✓ Build known & well-liked brand

Showcase the assortment

- ✓ Merchandise exclusive assortment clearly
- ✓ Enhance storytelling and visuals when browsing
- ✓ Add additional features to discover assortment

Complete *good-to-great* journey

- ✓ Optimize operational performance continuously
- ✓ Steer commercial activities more granularly

Capture selected marketplace opportunities

- ✓ Scale Amazon optimized assortment
- ✓ Secure Prime eligibility to attract high-value customers

Leverage data and technology to fuel the growth

LEAD.CHANGE – Our 2030 sustainability strategy

Focus areas

PLANET
Develop a circular business model
&
Reduce our environmental impact

PEOPLE
Promote inclusion
&
Social responsibility

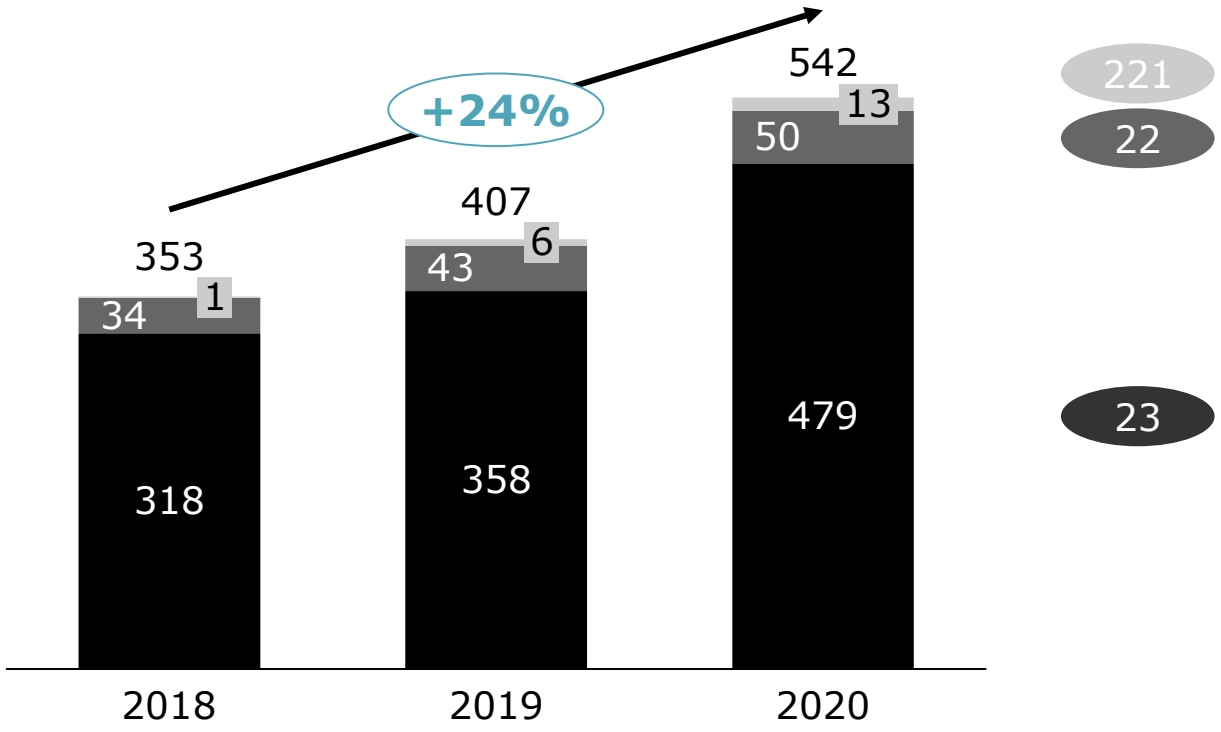
BUSINESS
Maintain good governance
&
Fair business practices

Change levers	Approach
Our team	Drive sustainability into everything we do
Our customers	Engage and inspire customers to consume more sustainably and circular
Our business partners	Support all our business partners to develop sustainable business practices
Our business practices	Maintain functioning and efficient governance through our standards, policies, and Code of Conduct
Our communication	Be transparent about our current progress, ambition, and challenges

Strong development in topline growth across all segments

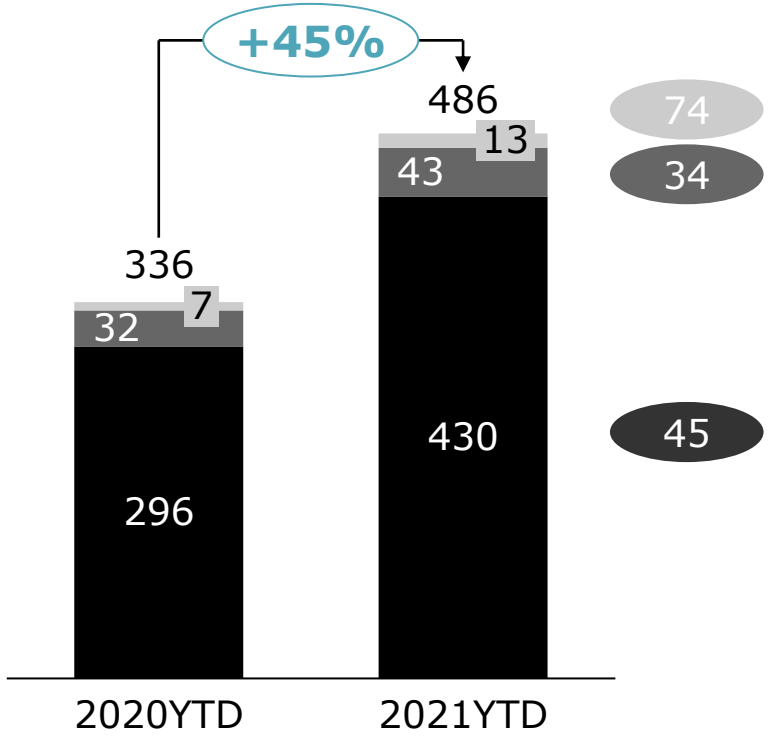
Solid growth historically …

Ongoing net revenue[1]
SEK million



… has continued this year

Ongoing net revenue – Jan-Oct[1]
SEK million



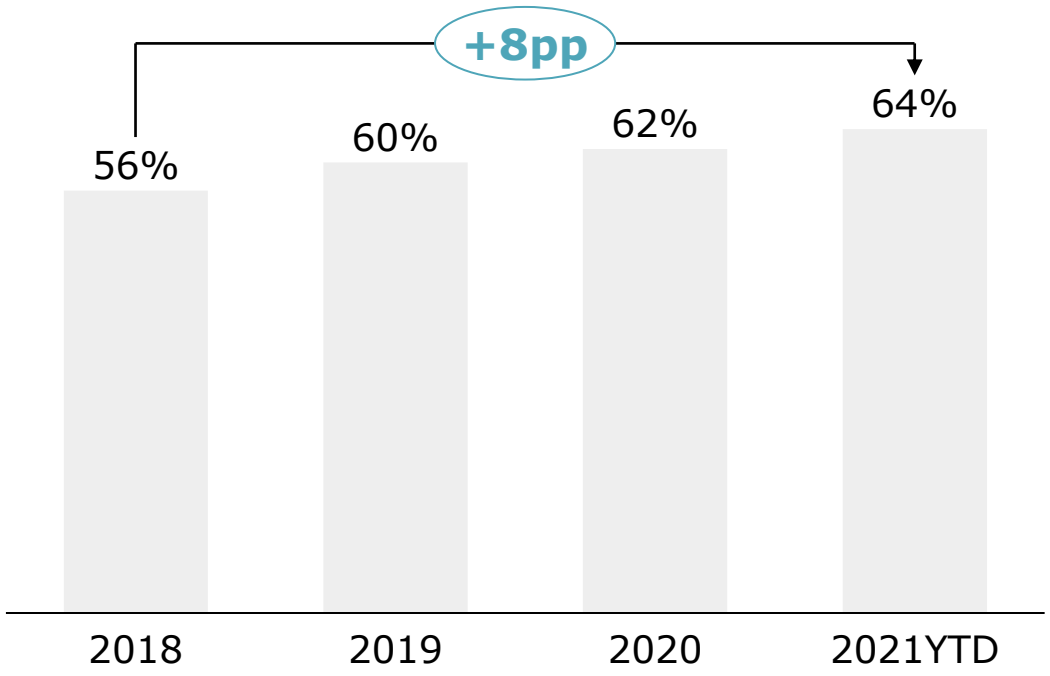
MPO B2B B2C

Source: Management accounts
1 Excluding divested operations

Similarly, gross and operating margins have also developed favorably

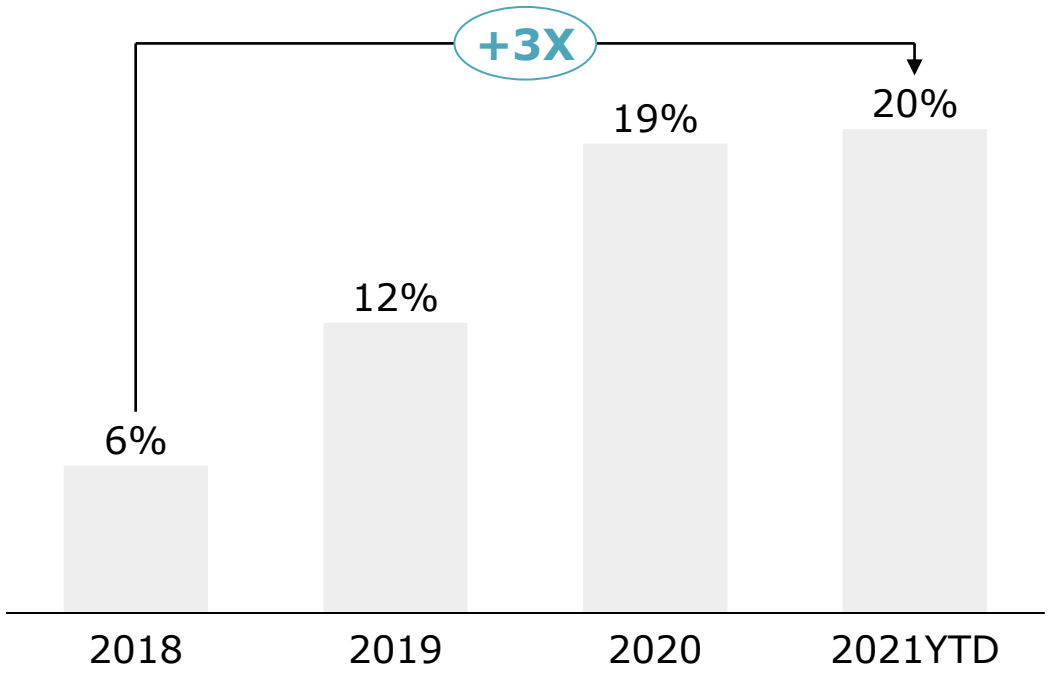
Significant gross margin improvement from pricing optimization and category mix effect

Gross margin
SEK million



Operational leverage effect and cost control has resulted in more than tripling of EBIT margin

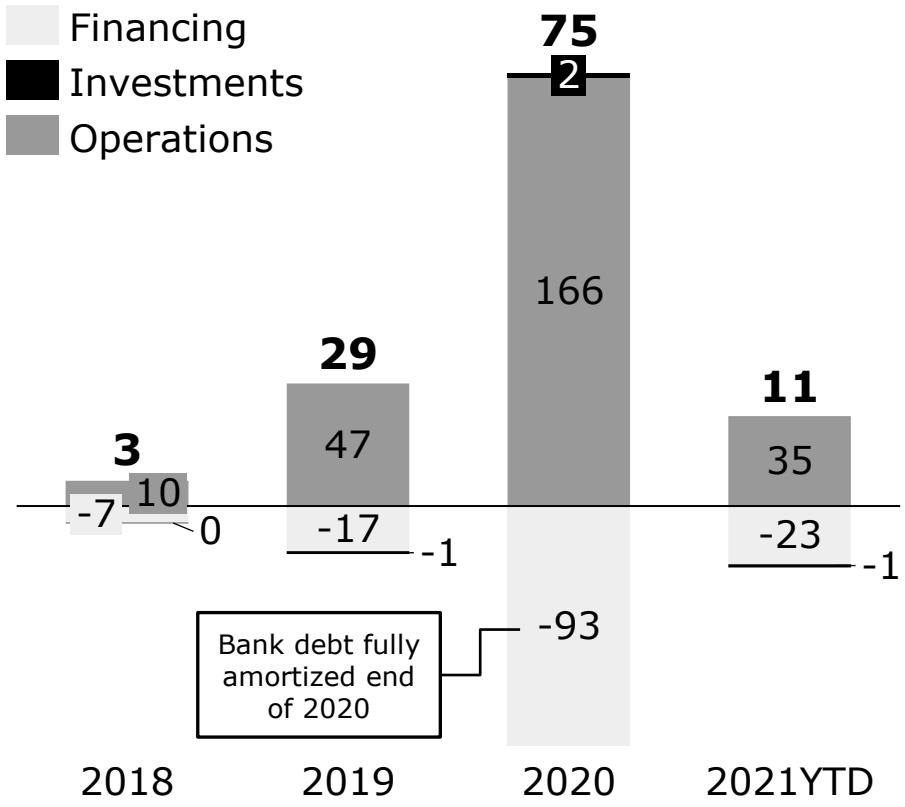
Adj. EBIT margin[1]
SEK million



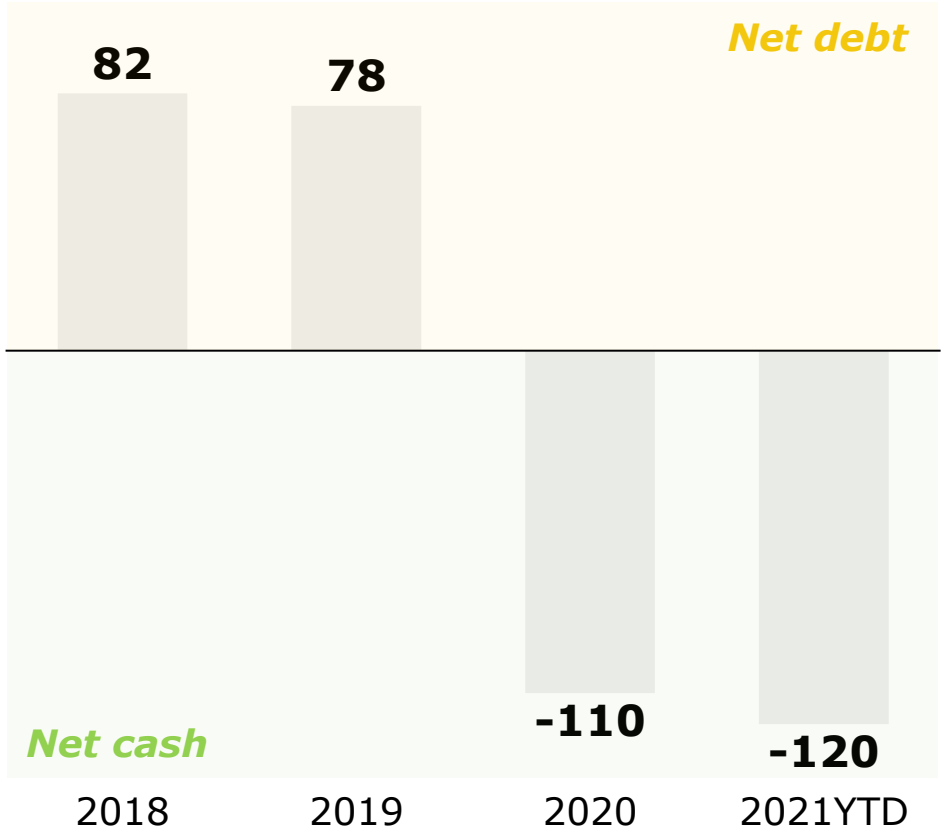
Source: Management accounts
1 Excluding costs associated with the IPO process

Asset-light business model coupled with high operating profitability results in healthy cash flows

Cash flow
SEK million



Net financial indebtedness / net cash
SEK million



Source: Management accounts

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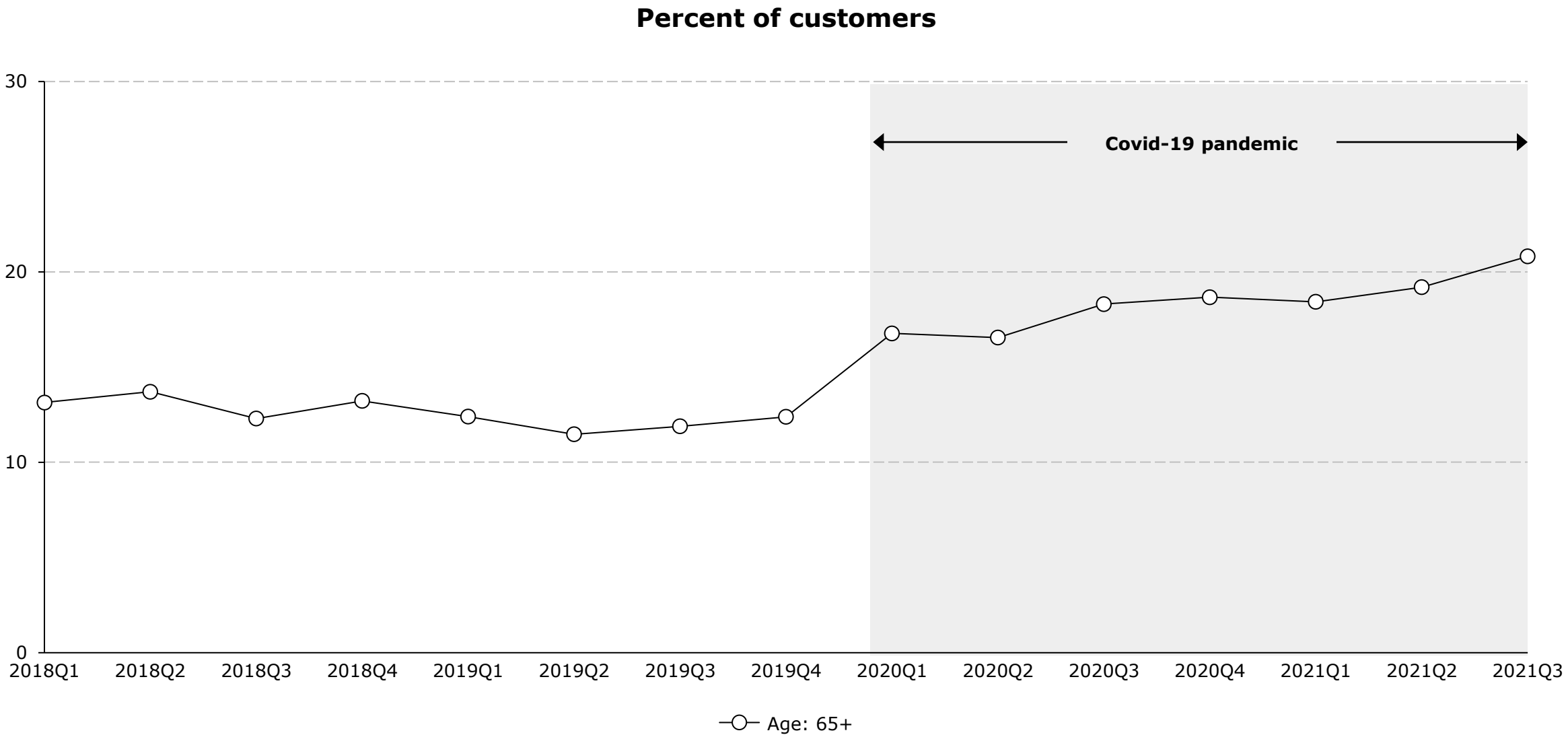
What are the mid- to long-term implications from the Covid-19 pandemic?

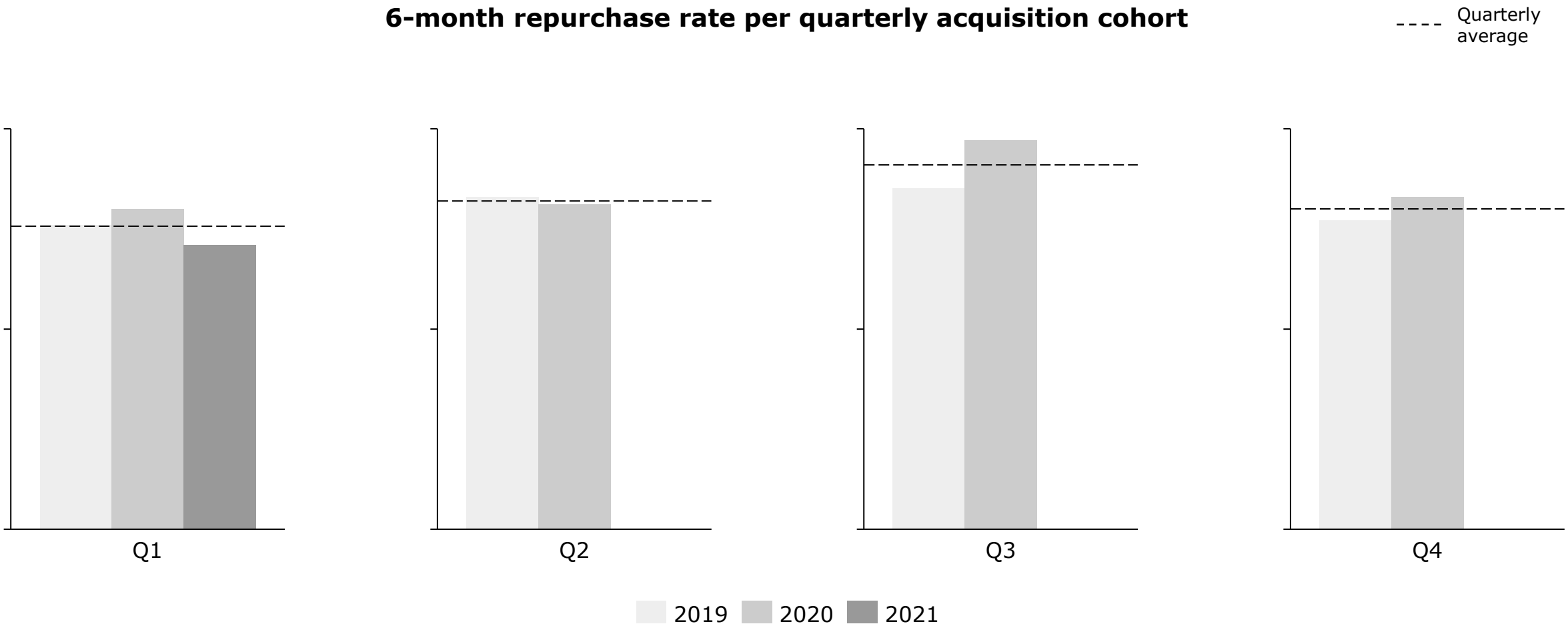
Older generations joining our customer base



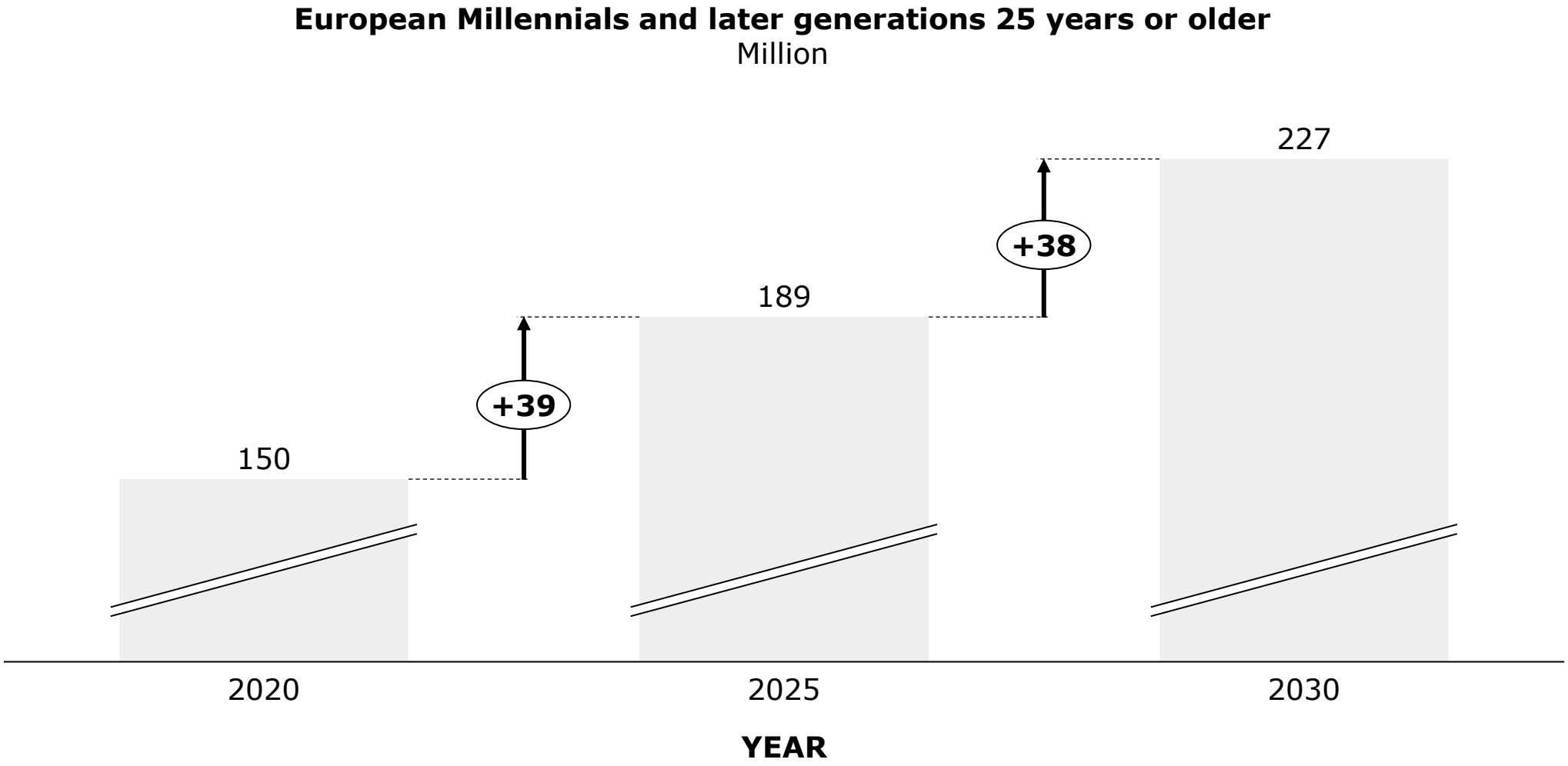
Source: Company data

Covid-19 cohorts exhibiting stable repurchasing behavior

6-month repurchase rate per quarterly acquisition cohort

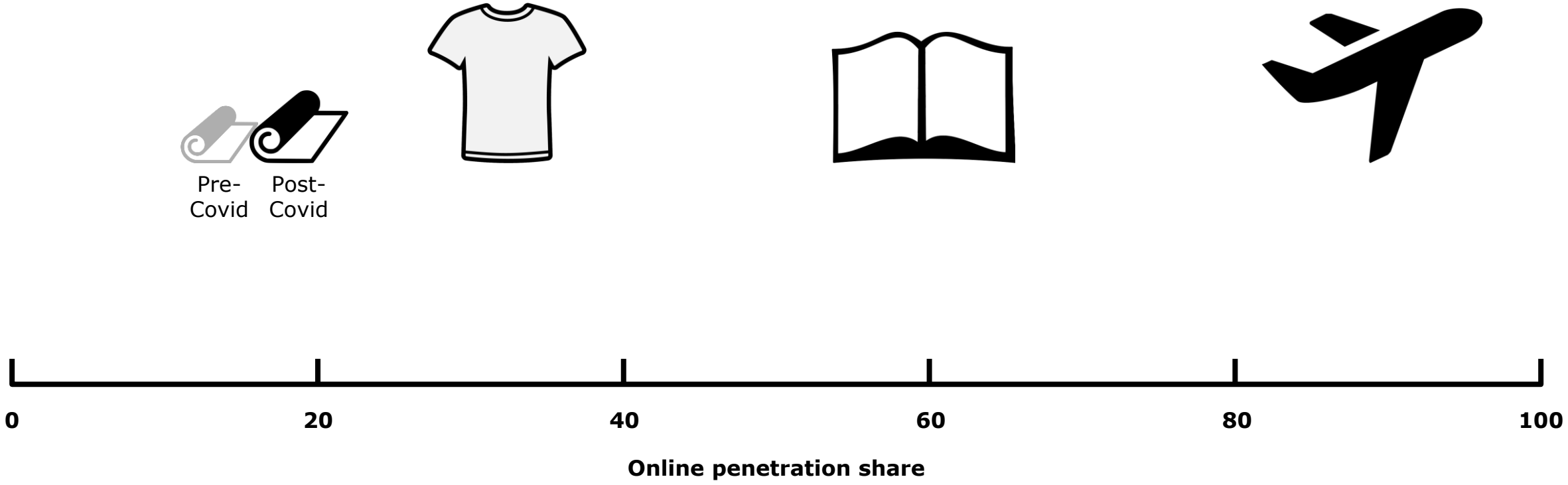


~225 million digitally native Europeans homesteaders by 2030



Source: European population statistics
Note: Homesteading age defined as 25+ years old; Millennials defined as those born 1980 or later

Covid-19 has accelerated offline-to-online migration, but vertical still trailing more mature categories



Source: Company estimates & desktop research

Q&A