



Q2 2022 Earnings Call

Aug 18, 2022, 09:00 CEST

Continued challenging market conditions

Macroeconomic climate deteriorated further

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

Growth impacted by challenging market

Net revenue of MSEK 121 representing a -13.8% decline and organic net revenue growth of -15.6% with SEK depreciating versus EUR.

Profitability affected by external factors

EBIT margin of 0.4% (0.4 MSEK) driven by lower gross margin, high marketing costs, and negative scale effects. Typically Q2 seasonally least profitable quarter.

Continued strong financial position

No debt to financial institutions, healthy inventory levels, and MSEK 82 in net cash even after challenging YTD operational performance and MSEK 52 dividend payout.

High customer satisfaction maintained

Continue to deliver on our customer promises with all-time high NPS value of 68 maintained during Q2.

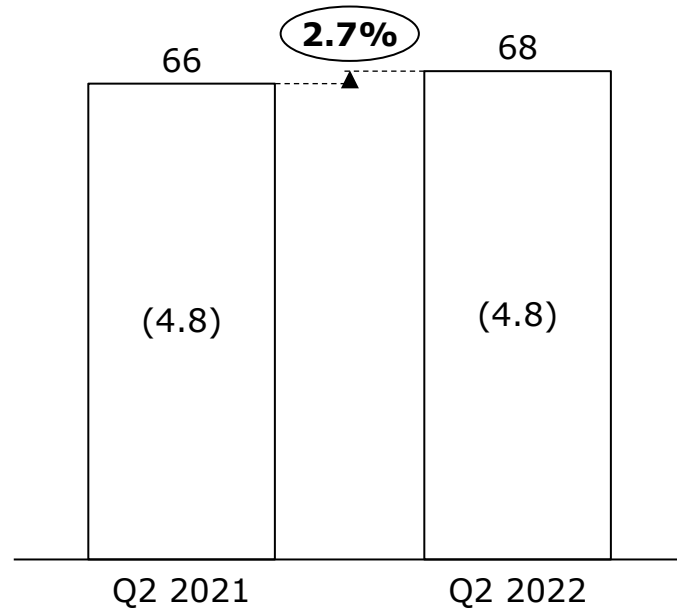
Business Update



NPS-rating remains on all-time high level, but another challenging period for the growth related KPIs

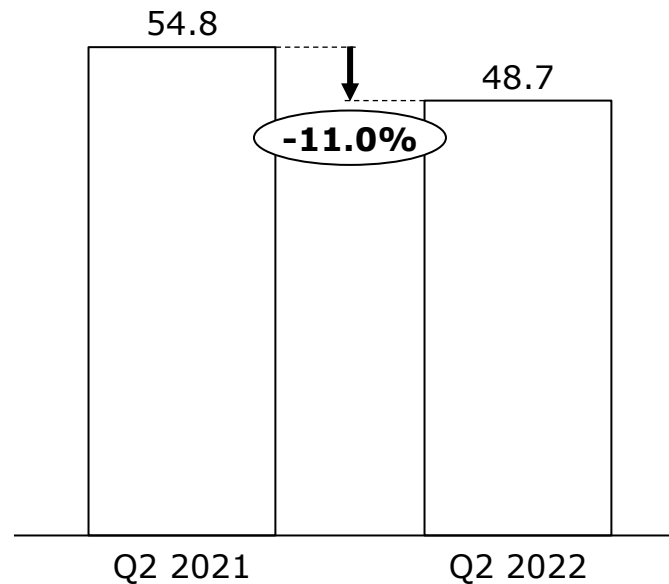
Maintain outstanding customer satisfaction levels

Net Promotor Score (NPS) rating
(TrustPilot rating)



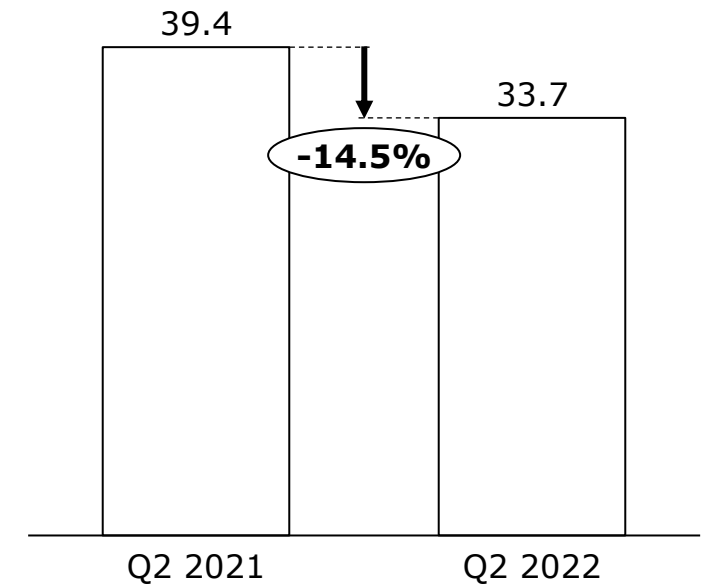
Increase market penetration

of orders (thousand)



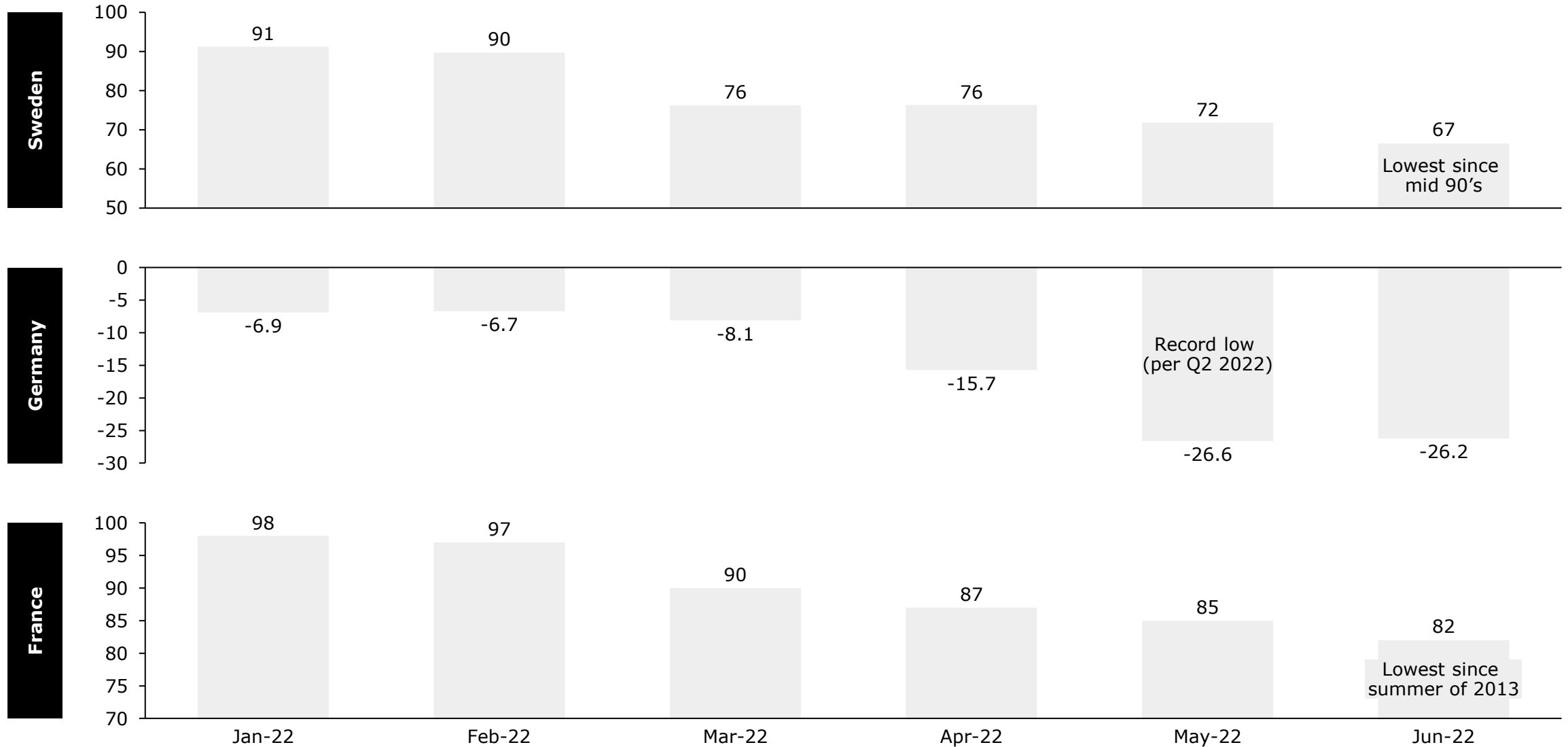
Attract new customers

of new customers (thousand)

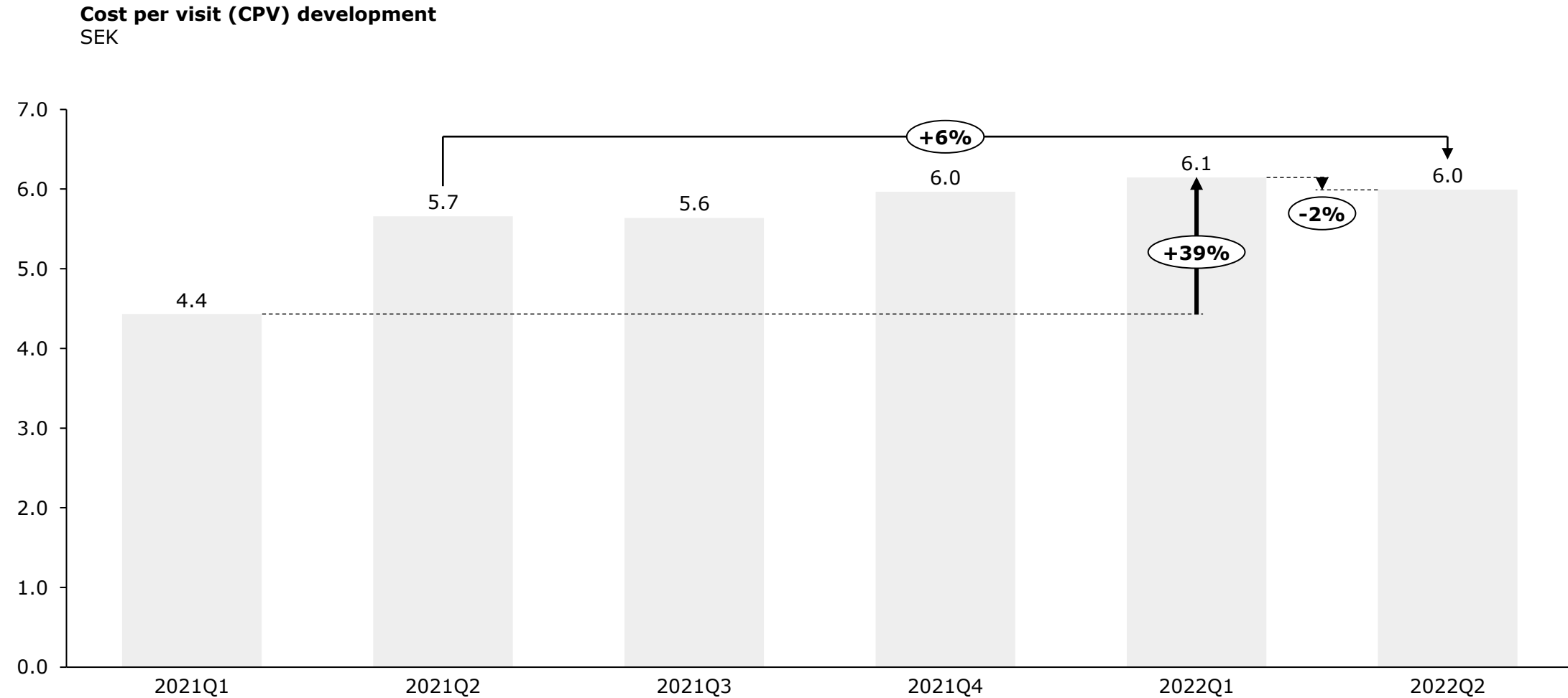


Consumer confidence indicators continued to decline during Q2

Consumer confidence index across selected key markets



Traffic costs remained high during Q2, but declined vs Q1 & YoY growth rate declined significantly compared to recent quarters

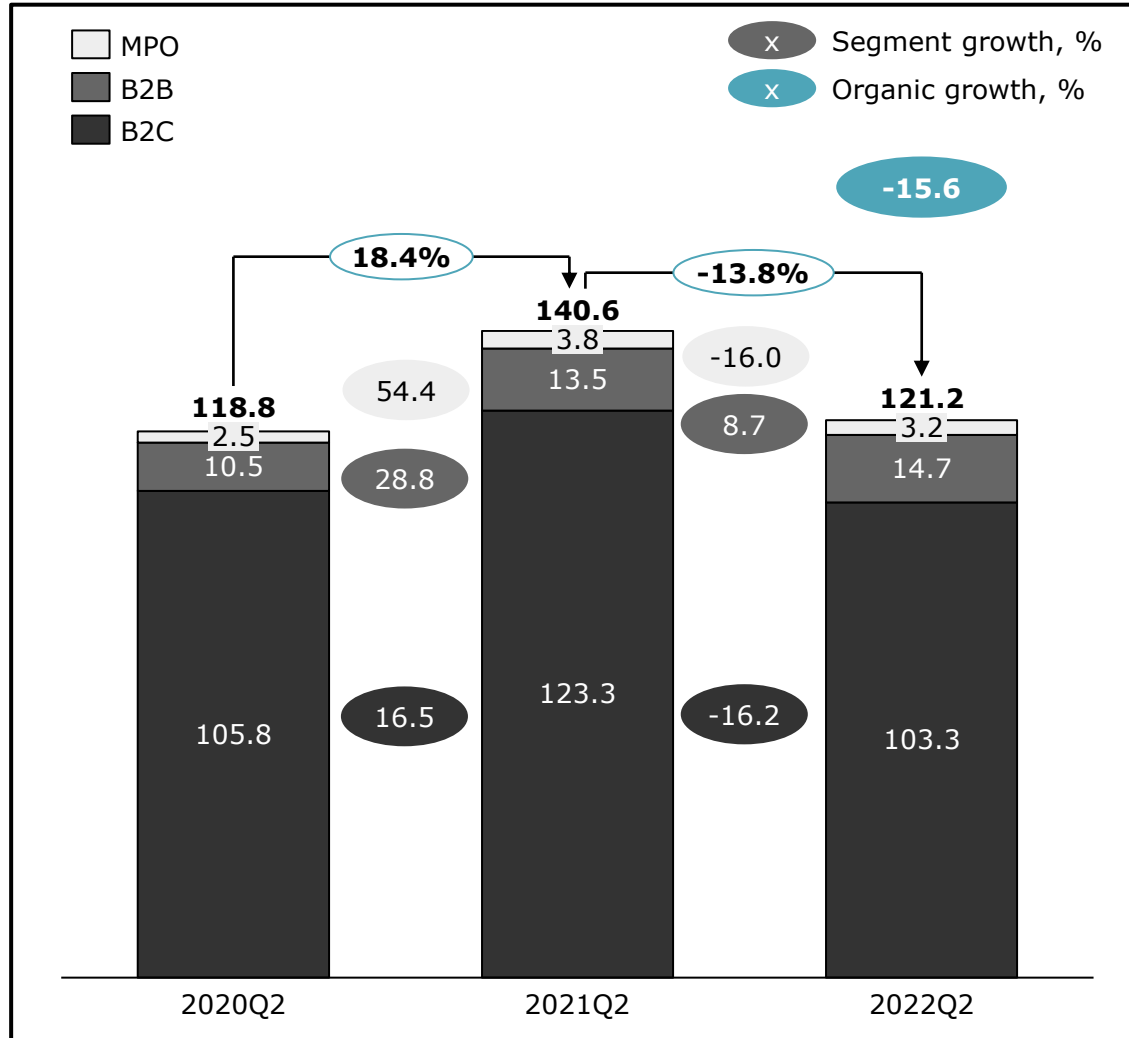


Financial Update

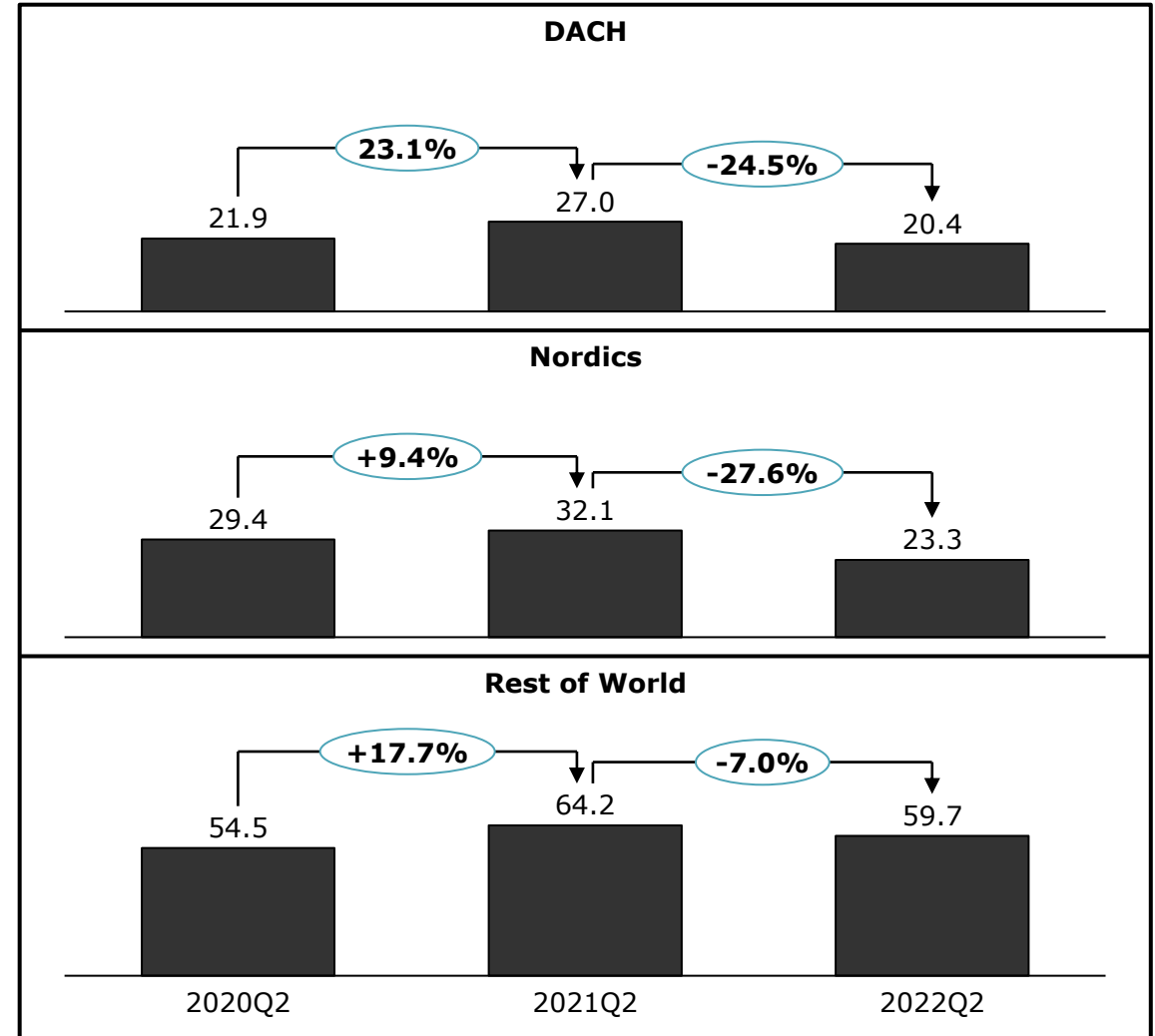


Continued challenging market conditions resulting in negative growth for the second quarter in a row

Group net revenue – Quarter¹
SEK million



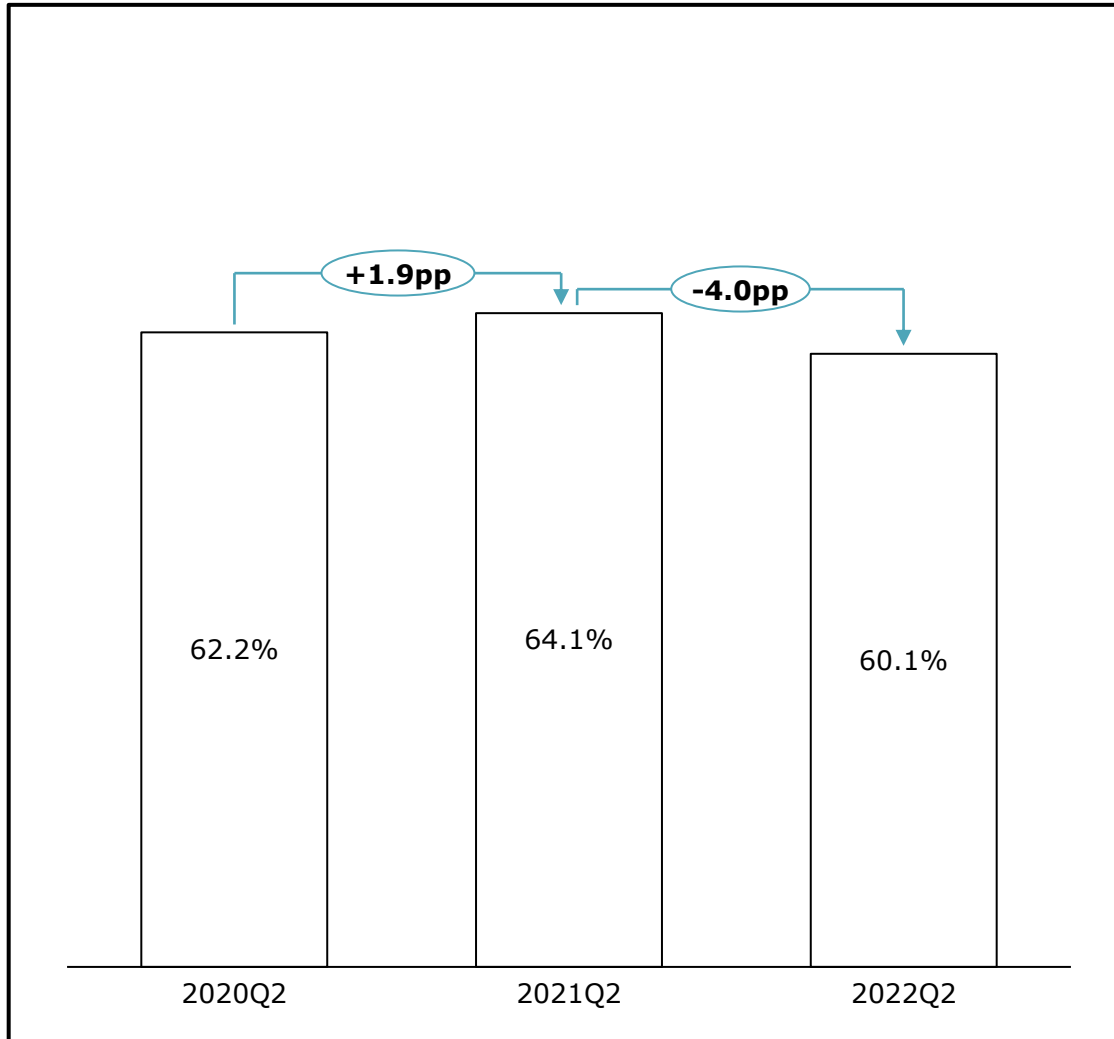
Net revenue B2C by region – Quarter
SEK million



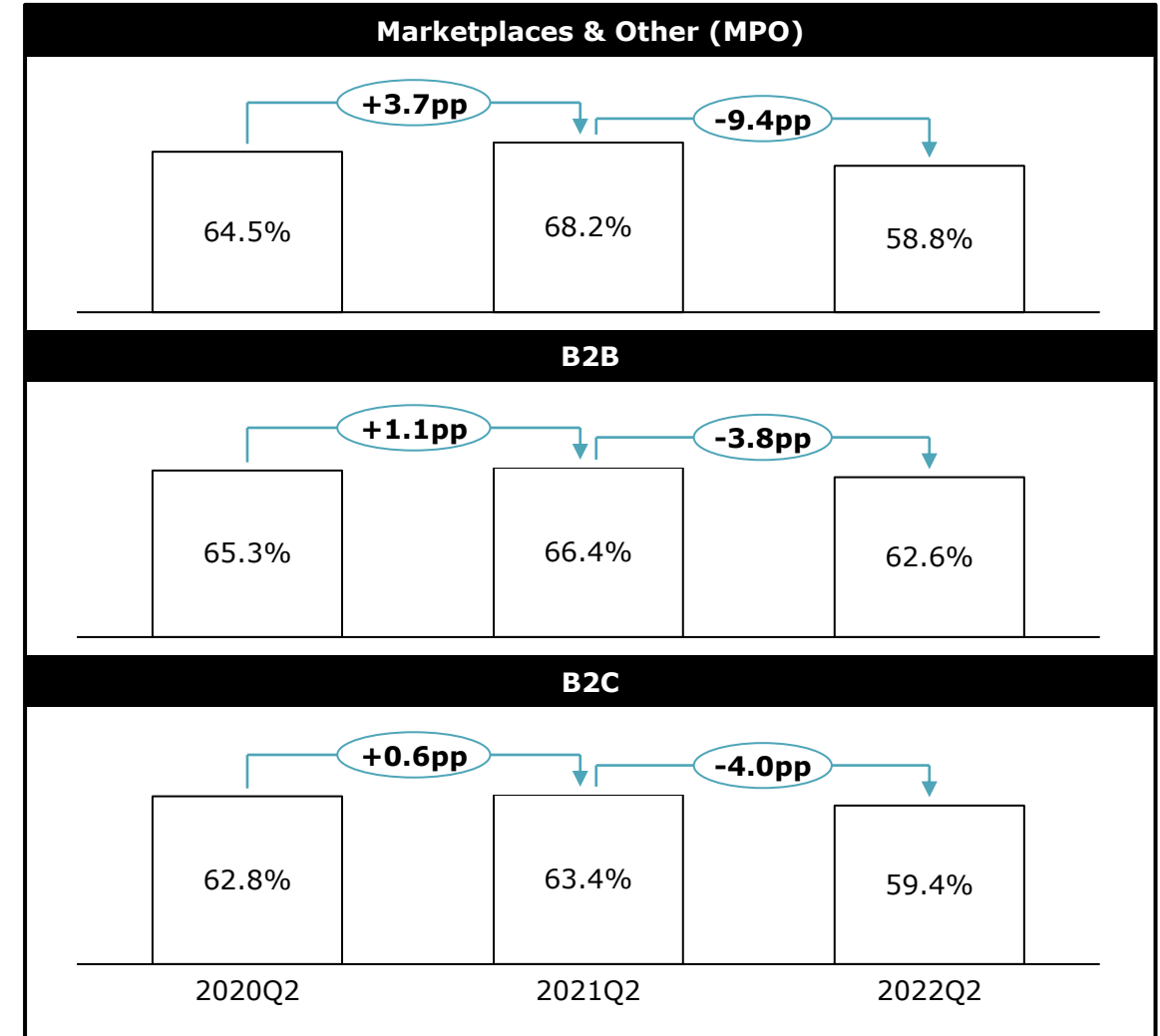
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Note 1: Excluding divested operations
Note: Reported net revenue does not include other income
Note: Rounding differences may occur

Higher discount rate, category mix effects, higher shipping costs, and USD appreciation driving lower gross margin

Gross margin – Group
% of net revenue



Gross Margin – Segments
% of net revenue



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

Lower EBIT margin impacted by lower gross margin, higher marketing spend ratio, and negative scale effects

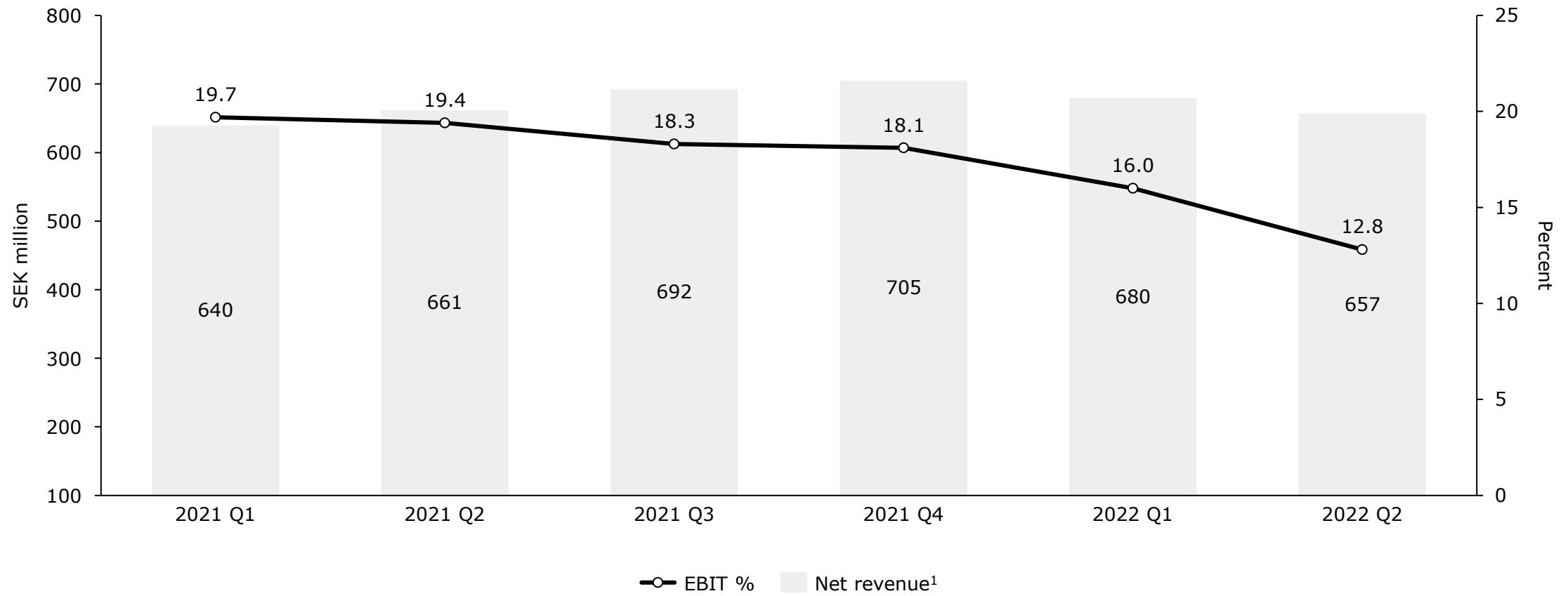
Cost ratios & margins Percent of net revenue	YTD				Q2				
	2020	2021	2022	Δ '22 vs '21	2020	2021	2022	Δ '22 vs '21	
Goods for resale	-38.9%	-35.7%	-38.8%	-3.2pp	-38.3%	-36.2%	-40.3%	-4.1pp	Product cost ratio and increased shipping expenses
Other external expenses	-33.1%	-35.5%	-39.6%	-4.1pp	-31.3%	-33.8%	-40.2%	-6.4pp	Increase driven by marketing investments, recruiting, and costs related to the first public AGM
Personnel expenses	-9.3%	-9.2%	-12.0%	-2.9pp	-9.0%	-11.0%	-16.5%	-5.5pp	Increase driven by higher FTE count, negative scale effect, and costs related to CFO change
Other operating expenses	-0.1%	-0.1%	-0.8%	-0.7pp	-1.8%	-0.3%	-0.7%	-0.4pp	
Depreciation & Amortization	-1.7%	-1.1%	-1.8%	-0.7pp	-1.6%	-1.4%	-2.3%	-0.9pp	Increase driven by the depreciation of the SEK against most other currencies during Q2 2022
EBIT	17.3%	18.7%	7.2%	-11.5pp	18.5%	17.6%	0.4%	-17.3pp	
Adjusted EBIT¹	17.3%	21.6%	7.2%	-14.4pp	18.5%	17.6%	0.4%	-17.3pp	



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

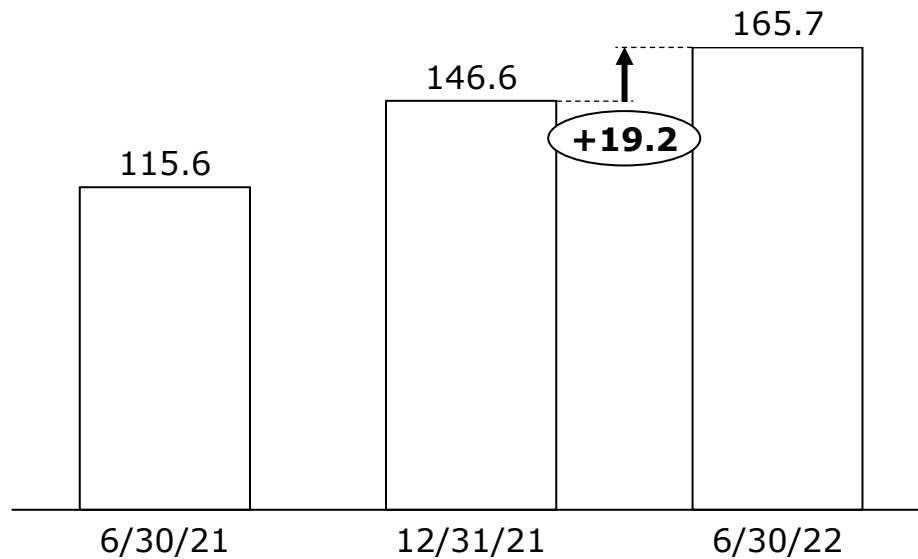
Even after YTD challenges, double digit LTM EBIT margin

LTM net revenue¹ and EBIT margin development
SEK million; Percent



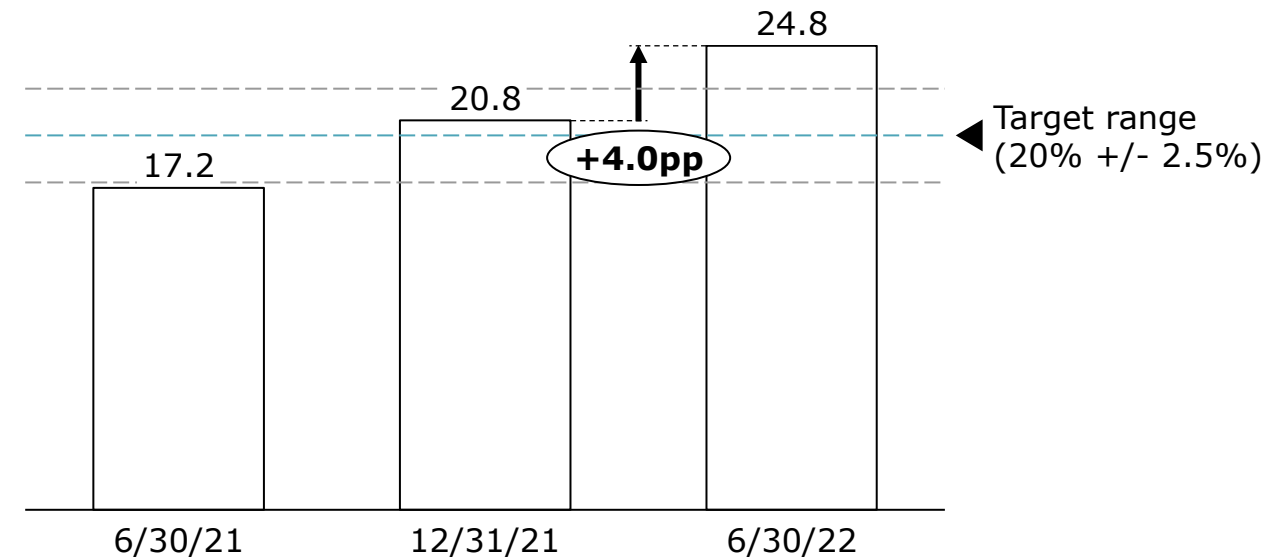
Inventory build-up ahead of peak-season, but lower YTD net revenues resulting in LTM ratio above target range

Inventory value
SEK million



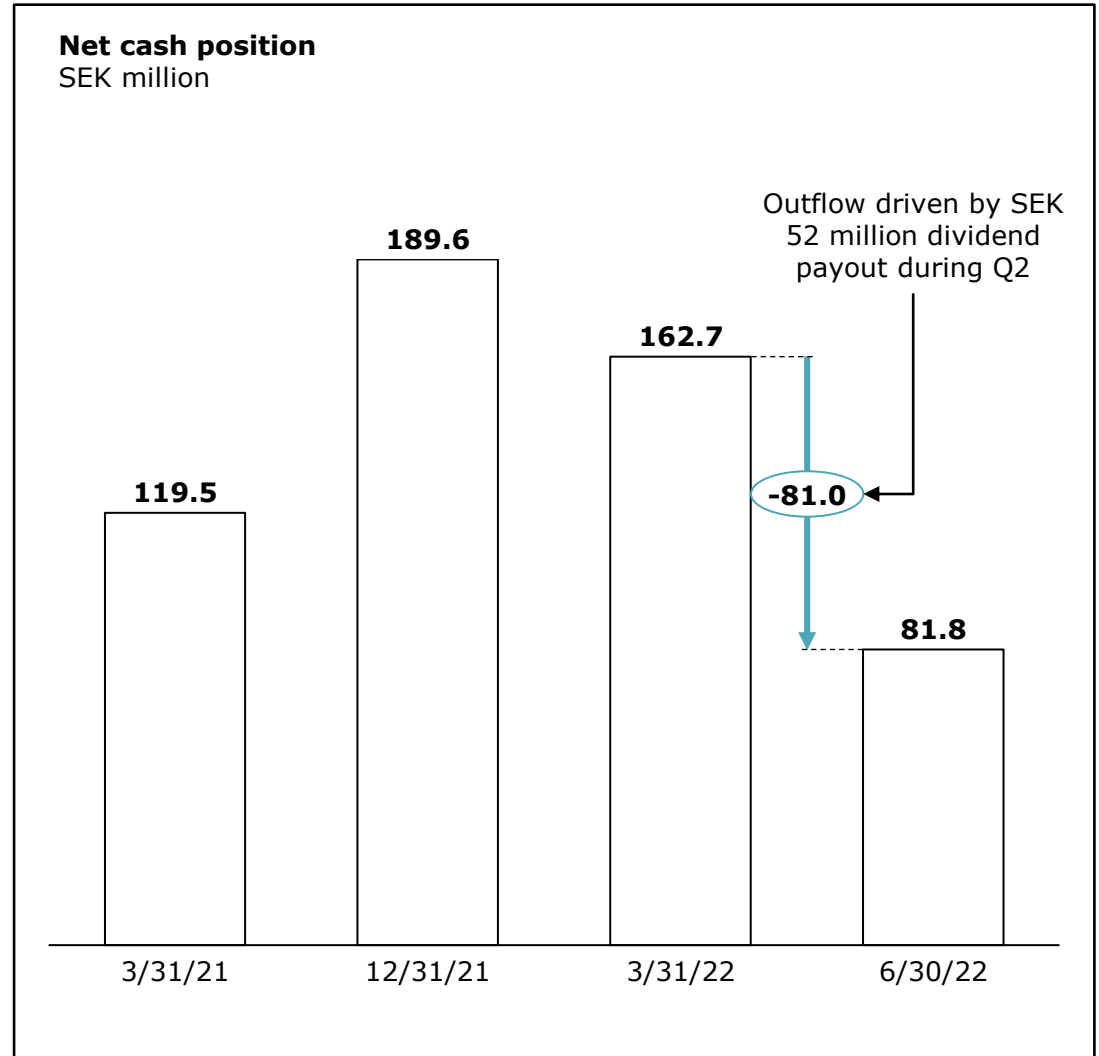
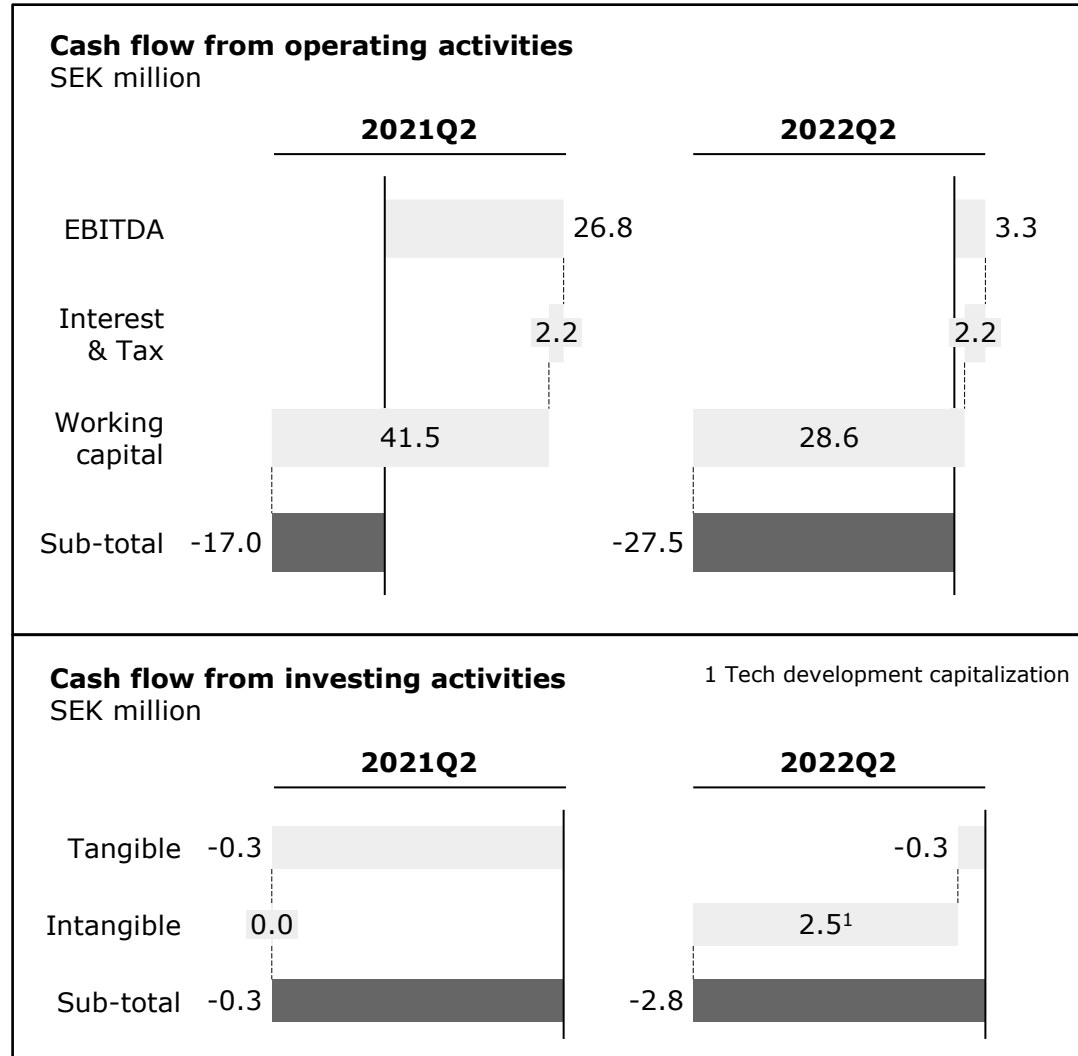
SEK 19 million increase in stock value during Q2 2022

Inventory as share of LTM¹ net revenue
Percent



Inventory level above target level primarily driven by declining topline

Strong net cash position even after dividend payout and negative cash flow from operating activities during the quarter



Effectively navigate current market and uncertain outlook

Challenging YTD market conditions & operational performance

- Net revenue of MSEK 307 (-11.0%)
 - Organic net revenue growth of -14.0%
 - EBIT margin of 7.2% (MSEK 22)
-

Financial position remains strong

- Net cash position of MSEK 82 & no debt to financial institutions
 - Healthy inventory position ahead of peak-season
 - LTM EBIT margin of 12.8%
-

Actions taken to improve profitability showing QTD impact

- Selected price adjustments to counter USD:SEK exchange rate
 - Further focus on marketing spend efficiency
 - Adjusted rest-of-year recruiting plans
 - Integrated new system to localize delivery experience and reduce delivery costs
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Confidence in agenda to improve short- & long-term profitable growth possibilities

- Continue to deliver on customer promises
- Improve end-to-end customer proposition
- Maintain high cost efficiency across all activities
- Accept and effectively navigate current market

Q&A



Additional information



Financial calendar

Event	Date	Report release	Earnings call
○ Interim report January – September 2022 (Q3 2022)	November 10, 2022	07:30 CET	09:00-10:00 CET
○ Capital Markets Day	December 8, 2022	-	-
○ Year-end report 2022 (Q4 2022)	February 9, 2022	07:30 CET	09:00-10:00 CET

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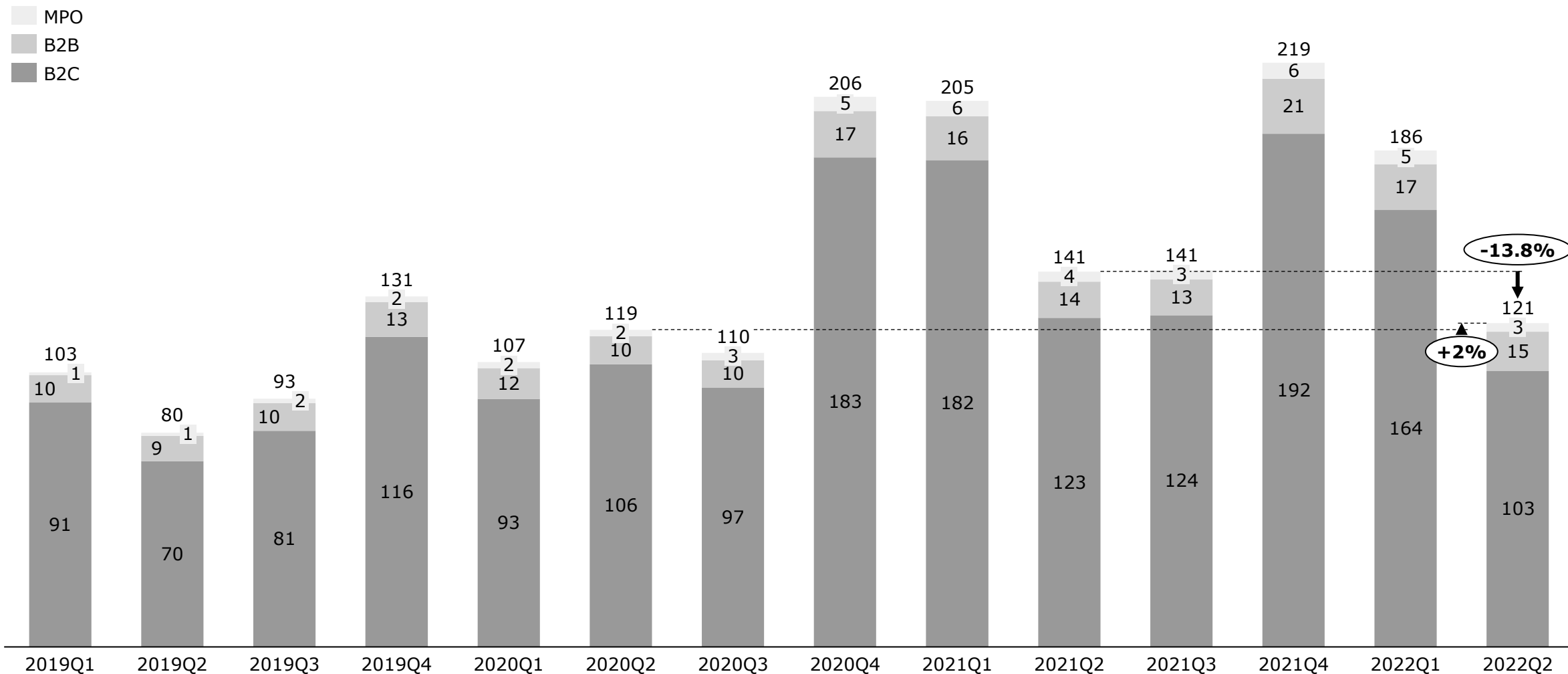
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Historical quarterly information – net revenue

Quarterly net revenue by segment

SEK million

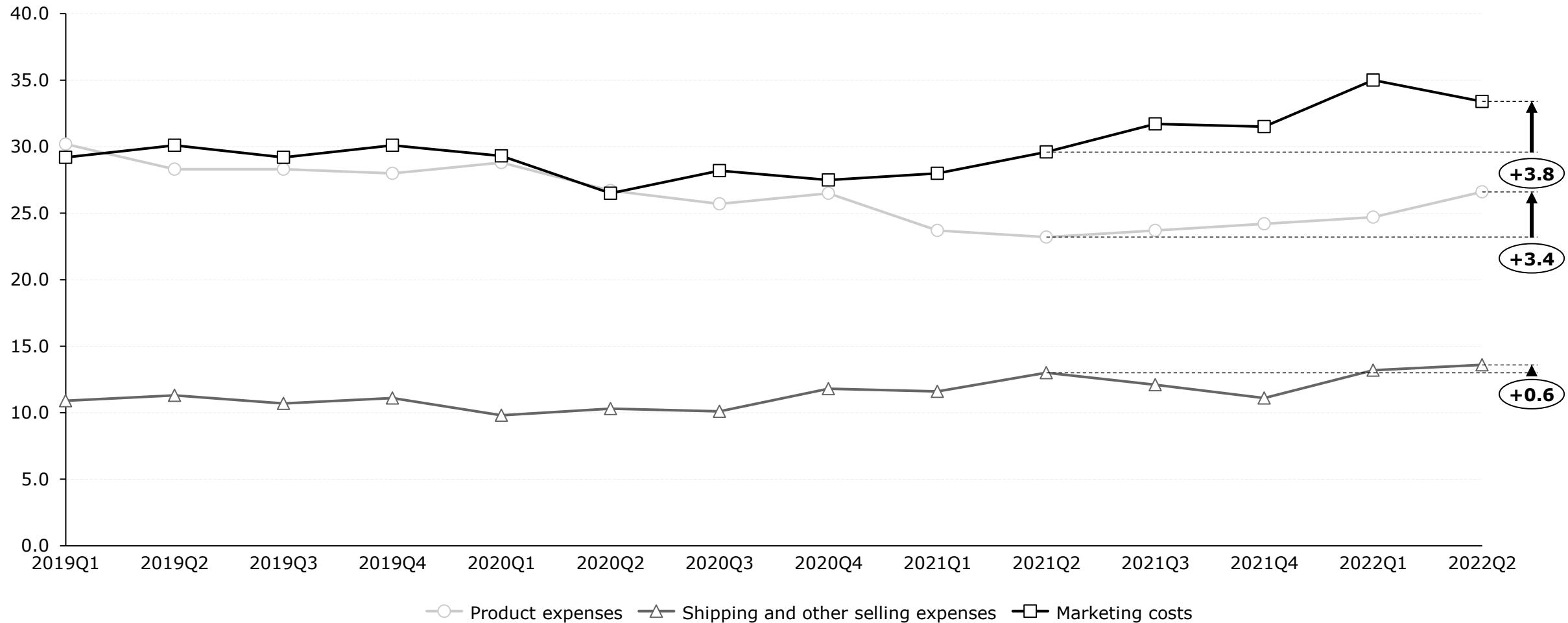


Note: Above graph excludes divested operations

Historical quarterly information – selected cost items

Quarterly development selected cost items

Percent of net revenue



Note: Above graph excludes divested operations

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**