

RUGVISTA

Year-end Report

January – December 2023

Rugvista Group AB (publ)

Solid finish to the year

Fourth quarter

- Net revenue was SEK 233.3 (204.1) million, corresponding to an increase of 14.3% (-6.7%).
- Organic net revenue growth was 9.3% (-12.7%).
- The gross margin amounted to 60.3% (61.8%).
- Operating profit was SEK 29.4 (36.4) million, and the Operating margin was 12.6% (17.8%).
- The Profit for the period amounted to SEK 24.3 (29.2) million.
- Earnings per share before and after dilution were SEK 1.17 (1.40)².
- The average NPS value was 64 (64), and the average Trustpilot value was 4.8 (4.8).

January – December

- Net revenue was SEK 702.2 (639.3) million, corresponding to an increase of 9.8% (-9.3%).
- Organic net revenue growth was 2.8% (-13.1%).
- The gross margin remained at 62.0% (62.0%).
- Operating profit amounted to SEK 85.4 (74.9) million, and the operating margin was 12.2% (11.7%).
- Profit for the period was SEK 70.0 (58.9) million.
- Inventory value as a percentage of LTM net revenue was 17.9% (27.3%).
- Net debt at the end of the period was SEK 185.8 (111.8) million.
- Earnings per share before and after dilution were SEK 3.37 (2.83)².
- The average NPS value was 66 (68), and the average Trustpilot value was 4.8 (4.8).
- The average return rate 14.9% (15.5%).
- The Board of Directors proposes a dividend of SEK 1.80 (1.50) per share.

Group key performance indicators¹

<i>SEK thousand if not stated otherwise</i>	October - December		January - December	
	2023	2022	2023	2022
Operating income	234,757	204,512	704,718	640,958
Net revenue	233,284	204,135	702,203	639,273
Net revenue growth, %	14.3%	-6.7%	9.8%	-9.3%
Organic net revenue growth, %	9.3%	-12.7%	2.8%	-13.1%
Gross profit	140,698	126,176	435,571	396,145
Gross margin, %	60.3%	61.8%	62.0%	62.0%
Operating profit (EBIT)	29,370	36,375	85,403	74,919
Operating margin (EBIT margin), %	12.6%	17.8%	12.2%	11.7%
Profit for the period	24,307	29,164	69,962	58,872
Profit margin, %	10.4%	14.3%	10.0%	9.2%
Adjusted EBIT	29,370	36,375	85,403	74,919
Adjusted EBIT margin, %	12.6%	17.8%	12.2%	11.7%
Inventory as % of LTM net revenue	-	-	17.9%	27.3%
Net debt	-185,816	-111,810	-185,816	-111,810
Earnings per share, SEK	1.17	1.40	3.37	2.83
Earnings per share, diluted, SEK	1.17	1.40	3.37	2.83
Number of shares outstanding	20,785,140	20,785,140	20,785,140	20,785,140
Number of diluted shares outstanding	20,785,140	20,785,140	20,785,140	20,785,140
Number of website visits, million	8.7	8.8	28.9	31.9
Number of orders, thousand	101.3	78.9	296.0	252.9
Number of new customers, thousand	74.1	57.5	216.0	179.8
Average order value, SEK	3,199	3,652	3,355	3,569
Average NPS value	64	64	66	68
Average Trustpilot value	4.8	4.8	4.8	4.8
Average return rate, %	-	-	14.9%	15.5%



"I am pleased that we can deliver a new net revenue all-time high for the fourth quarter despite an economic climate characterized by high uncertainty and where the European households were burdened by high inflation and interest rates"

Michael Lindskog, CEO

Solid outcome despite a macroeconomically challenging year

Dear shareholders,

I am pleased that we can deliver a new net revenue all-time high for the fourth quarter despite an economic climate characterized by high uncertainty and where the European households were burdened by high inflation and interest rates. Profitability for the quarter was negatively affected by an intense advertising climate, aggressive product discounts from several market actors, price sensitive consumers, and investments into our future growth and organizational development.

Net revenue for the quarter was SEK 233.3 (204.1) million representing an increase of 14.3% (-6.7%). The organic net revenue growth was 9.3%. Growth was driven by the B2C segment where the Nordic region performed well in particular. The gross margin for the quarter was 59.9% (61.8%) and was negatively affected by a higher product cost as a share of net revenue reflecting that customers to a high degree selected products based on price points and discount offers. Marketing cost as a share of net revenue for the quarter was 30.9% (30.8%). Our efforts to increase the share of earned traffic contributed to a stable total marketing spend efficiency level, compared to last year, despite an intense climate within the paid marketing channels and investments into brand building initiatives in some markets. EBIT for the quarter was SEK 29.4 (36.4) million representing an EBIT-margin of 12.6% (17.8%). The EBIT-margin decline was negatively affected by the lower gross profit margin, investments into our organizational development, and other operational expenses. Our strategic KPIs developed positively with continued high customer satisfaction levels in addition to all-time highs for number of orders and number of new customers acquired.

2023 contained both geopolitical and economic uncertainty which led to continued low purchasing power among the European households. I am proud that we despite the year's challenges reached net revenue of SEK 702.2 (639.3) million representing an increase of 9.8% (-9.3%). EBIT increased by 14.0% to SEK 85.4 (74.9) million representing an EBIT-margin of 12.6% (11.7%). In addition to investing in growth and developing the organization, Rugvista has a dividend policy with the goal to pay out up to 50% of annual net profits in dividends to the shareholders. For 2023, the Board of Directors proposes a dividend of SEK 1.80 (1.50) per share which totals SEK 37.4 (31.2) million. We close the year with a net cash position of SEK 186 million which is evidence of our financial strength and ability to continue to invest in developing our customer offering and organization.

2023 was a year where we made significant progress toward the vision of being the center of gravity for the European rug industry. The first version of our new e-commerce platform was introduced in over 20 European markets and it will constitute the backbone for many of our long-term strategic initiatives. Several enhancements to our assortment were introduced and the wider selection of outdoor and kids rugs especially contributed to the year's net revenue growth. We initiated our brand journey and executed multiple initiatives with the purpose to long-term increase Rugvista brand awareness. Another achievement during the year was that we created possibilities for improved organic ranking on the global search engines of the content that we produce. This was enabled by the new e-commerce platform and something we already see creates value. I am pleased that we could also focus on future solutions for warehousing and office space. Entering into the agreement for a new warehouse, logistics, and office building, in addition to the opening of an office in Berlin with the purpose to increase the prospects to attract future co-workers are both important milestones for our long-term growth ambitions.

I want to take the opportunity to give a big thank you to all customers who selected Rugvista during the year, we really appreciate all the positive feedback that we receive from you. I also would like to thank all co-workers for an incredible engagement and focus during the challenges that we faced but also in the many achievements that we reached and celebrated during the year. In conclusion, I also want to thank all shareholders for the continued trust in us as an organization and belief in the vision that we are working toward.

The outlook for 2024 is uncertain even though there are indications that the economy bottomed out during 2023. Regardless of how the world around us and the economic climate develops, we look forward to meeting the new year by effectively navigating the market conditions with a continued focus on improving our possibilities for profitable growth both in the short- and long term.

With best wishes,


CEO Rugvista Group

Fourth quarter

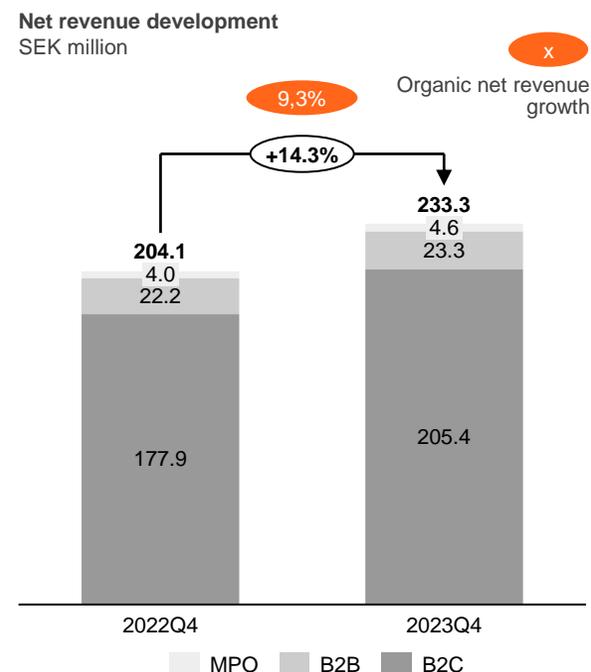
Net revenue

The Group's net revenue for the quarter was SEK 233.3 (204.1) million, representing an increase of 14.3% (-6.7%), and also marking Rugvista's highest quarterly sales ever. The fourth quarter is our seasonally strongest and is increasingly characterized by intense promotional activity, due to the impact of "Black Friday" and "Black Month" campaigns in November. Net revenue within the Private Individuals (B2C) segment was SEK 205.4 (177.9) million, reflecting an increase of 15.4% (-7.4%). Net revenue in the Nordics increased by 36.6% (-18.2%), DACH increased by 17.2% (-7.7%), and Rest of World, where the majority of sales come from other parts of Europe, increased by 8.1% (-3.3%).

The net revenue within the Business-to-Business (B2B) segment was SEK 23.3 (22.2) million, representing an increase of 4.9% (7.9%). During the quarter, we did not observe the same growth in the small business customer group as in previous quarters.

The net revenue within the Marketplaces & Others (MPO) segment was SEK 4.6 (4.0) million, indicating an increase of 14.8% (-33.7%). The majority of sales in this segment were through Amazon's marketplace. Similar to the Private Individuals segment, sales in this segment were influenced by consumers' focus on finding discounted prices during 'Black Month' in November. The previous year's sales in the segment were low, with few activities and campaigns.

Other income was unusually high due to compensation from a supplier settlement reach during the quarter.



Profits and margins

The gross margin decreased to 60.3% (61.8%). The product cost as a percentage of net revenue was negatively affected as customers increasingly purchased products based on price considerations. Rugvista's discounted product offerings for the year were slightly larger than the previous year, but the negative margin impact is attributed to customers choosing discounted products or products with lower price points to a greater extent. The cost of customer deliveries as a percentage of net revenue increased due to both geographic sales mix and lower average order value. The gross margin includes other operating income, which was higher than usual due to compensation related to a settlement with a supplier during the quarter.

Other external costs amounted to SEK -84.9 (-71.3) million, accounting for 36.4% (34.9%) of net revenue. The increase is attributable to consultant costs related to the new warehouse and office for 2025, as well as expenses for IT consultants. Marketing expenses as a percentage of net revenue were in line with the previous year, despite an intense climate in paid channels and investments in brand initiatives. The higher proportion of organic traffic balanced the costs of paid website visits.

Personnel expenses amounted to SEK -20.8 (-17.5) million, and as a percentage of net revenue, they accounted for 8.9% (8.6%). The percentage increased somewhat, primarily due to additional staff during periods of high demand.

Other operating expenses amounted to SEK -2.6 (1.7) million, representing a difference of SEK 4.3 million compared to the previous year's quarter. This item includes the impact of exchange rate changes on transactions and the revaluation of balance sheet items in foreign currency at the quarter's closing rate.

Depreciation and amortization amounted to SEK -3.1 (-2.7) million, primarily consisting of depreciation related to right-of-use assets. The increase is mainly attributable to rent increases for the company's leased premises, classified as right-of-use assets.

Operating profit (EBIT) was SEK 29.4 (36.4) million, and the operating margin was 12.6% (17.8%). The decrease in the operating margin was mainly driven by the lower gross margin, the increase in other external costs, and the impact of exchange rate changes on the revaluation of balance sheet items.

Net financial income amounted to SEK 1.4 (0.3) million. As we maintain a strong cash position and have no interest-bearing debt except for leasing, net financial income improves when market interest rates rise.

Taxes for the period were SEK -6.5 (-7.5) million.

Profit for the period amounted to SEK 24.3 (29.2) million, and the period's margin was 10.4% (14.3%).

Fourth quarter

Cash flow

Cash flow from operating activities during the quarter was SEK 85.9 (61.7) million. The increase in cash flow was driven by a positive change in working capital, where we significantly reduced our inventory during the quarter. Our goal is to have an inventory value as a percentage of net revenue (rolling 12 months) within the range of 17.5% - 22.5%, and we ended the quarter with an inventory level in the lower part of the range at 17.9% (27.3%).

Cash flow from investing activities during the quarter amounted to SEK -4.1 (-2.5) million and is primarily attributable to the capitalization of costs for the development of our new e-commerce platform.

Cash flow from financing activities during the quarter amounted to SEK -2.7 (-2.4) million.

Other KPIs

The NPS (Net Promoter Score) value was 64 (64), and the Trustpilot score was 4.8 (4.8). The consistently high levels are evidence of our strong focus on ensuring a world-class customer experience. We closely monitor the weekly development of our service key metrics and place great importance on exceeding our customers' expectations.

The number of website visits was 8.7 (8.8) million, representing a decrease of 0.4% (-24.2%). Since July 1, 2023, Google Analytics 4 has been used to measure website visits to our stores, replacing the previous use of Google Universal Analytics. It is not possible to recalibrate historical comparison figures for the entire reporting period. During periods when both tools were available in our online stores, we noted that Google Universal Analytics measures approximately 10 percent higher visit numbers for a given time interval compared to Google Analytics 4.

The number of orders was 101.3 (78.9) thousand, marking an increase of 28.5% (-4.0%) and setting a new quarterly record. The number of new customers acquired was 74.1 (57.5) thousand, reflecting an increase of 28.8% (-2.5%) and setting a new quarterly record.

The average order value was SEK 3,199 (3,652), showing a decrease of -12.4% (-2.7%). The order value was negatively impacted as customers increasingly chose products with lower price points and discounts.





January - December

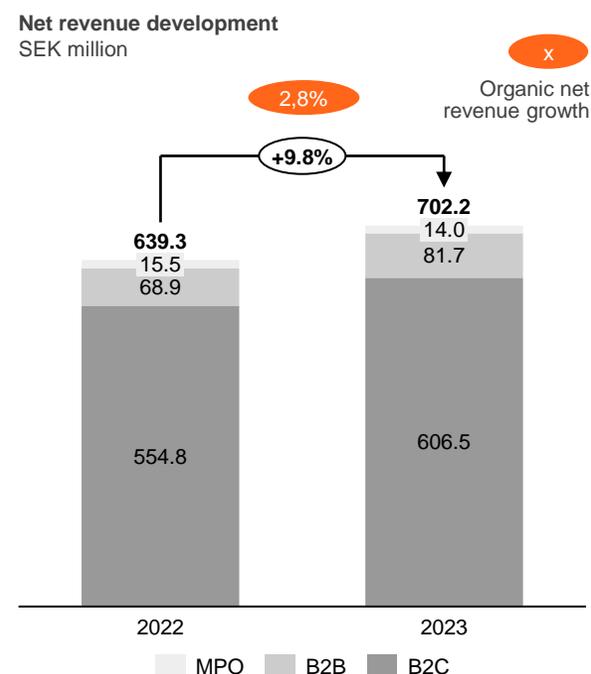
Net revenue

The Group's net revenue for the period amounted to SEK 702.2 (639.3) million, representing an increase of 9.8% (-9.3%). During the third quarter, we observed an improvement in order intake compared to the previous year, which continued into the fourth quarter with a strong "Black Month" in November. The depreciation of the Swedish krona contributed to the increase in sales, and the organic net revenue growth was 2.8% (-13.1%).

Net revenue within the Consumer segment (B2C), the largest segment of the Group, amounted to SEK 606.5 (554.8) million, corresponding to an increase of 9.3% (-10.8%). The Nordics increased by 19.0% (-23.9%), DACH increased by 8.2% (-14.6%), and Rest of World increased by 6.1% (-3.1%). Thus, the Nordics had the largest increase, even though the positive currency effect is smaller in that region compared to others.

Net revenue within the B2B segment (B2B) amounted to SEK 81.7 (68.9) million, reflecting an increase of 18.4% (7.9%). Demand within the B2B segment has been stronger than the B2C segment during the period but lower in the last quarter of the year. Demand within the B2B segment has been good for most of our customer types.

Net revenue within the Marketplaces & Other (MPO) segment amounted to SEK 14.0 (15.5) million, showing a decrease of -9.6% (-18.4%). Similar to the B2C segment, demand within the MPO segment was negatively affected by the macroeconomic climate, and we chose to prioritize profitability for most of the period.



Profits and margins

The gross margin was 62.0% (62.0%). The cost of goods sold as a percentage of net revenue was positively influenced by the price adjustment in the third quarter of the previous year, SEK depreciation, and category mix effects. During the second half of 2023, customers have, to a greater extent than before, purchased products with lower price points and utilized discount offers, negatively impacting the margin. The cost of customer deliveries as a percentage of net revenue was slightly higher compared to the previous year, driven by additional fees from shipping companies at the beginning of the year, geographic mix effects, and lower average order value during the second half. Overall, the gross margin landed at the same level as the previous year.

Other external costs amounted to SEK -259.5 (-236.8) million, and the increase was mainly driven by the rise in marketing expenses due to higher sales. As a percentage of net revenue, other external costs accounted for 37.0% (37.0%).

Personnel expenses amounted to SEK -72.8 (-69.7) million, and as a percentage of net revenue, they accounted for 10.4% (10.9%).

Other operating expenses amounted to SEK -5.7 (-3.7) million. This item consists of the impact of exchange rate changes on transactions and the

revaluation of assets and liabilities in foreign currency.

Depreciation and amortization amounted to SEK -12.1 (-11.0) million, primarily consisting of depreciation related to right-of-use assets. The increase is attributable to rent increases for the company's leased premises classified as right-of-use assets.

Operating profit (EBIT) amounted to SEK 85.4 (74.9) million, and the operating margin was 12.2% (11.7%). The increase in operating margin was driven by the scale effect from the higher net revenue and improved cost efficiency in marketing expenses.

Net financial income increased to SEK 3.2 (-0.6) million. As we have a strong cash position and no interest-bearing debt other than leasing, net financial income improves when market interest rates rise.

Taxes for the period amounted to SEK -18.7 (-15.5) million.

Profit for the period amounted to SEK 70.0 (58.9) million, and the period's margin was 10.0% (9.2%).

January – December

Financial position and liquidity

The inventory value at the end of the period amounted to SEK 125.7 (174.3) million, and the inventory value as a percentage of net revenue (rolling twelve months) was 17.9% (27.3%). Throughout the year, we have focused on reducing our inventory position, which has been successful despite the implementation of an "always in stock" program for our top-selling products. The low risk associated with our product characteristics is reflected in the company's historically low need for write-offs.

The net cash position at the end of the period was SEK 185.8 (111.8) million.

Cash and cash equivalents amounted to SEK 208.9 (140.0) million. The Board's proposed dividend, approved at the Annual General Meeting in May 2023 of SEK 1.50 per share (2.50), amounted to a total of SEK 31.2 (52.0) million and was paid out to shareholders on June 1, 2023.

Cash flow

Cash flow from operating activities during the period amounted to SEK 128.1 (-11.7) million. The increase is attributed to a significantly better change in working capital compared to the previous year. The inventory value has decreased by SEK -48.6 million during the period, whereas it increased by SEK 27.7 million in the previous year.

Cash flow from investing activities during the period amounted to SEK -12.7 (-9.9) million, with the majority representing the investment in our new e-commerce platform.

Cash flow from financing activities during the period amounted to SEK -41.6 (-61.2) million. The dividend to shareholders, paid in the second quarter, was lower than the previous year.

Other KPIs

The NPS (Net Promoter Score) value was 66 (68), and the TrustPilot value was 4.8 (4.8), demonstrating the continued success of our high focus on ensuring a world-class customer experience.

The number of website visits was 28.9 (31.9) million, representing a decrease of -9.2% (-19.9%). Further comments regarding website visits for the fourth quarter can be found on page 6.

The number of orders was 296.0 (252.9) thousand, indicating an increase of 17.0% (-7.4%).

The number of new customers acquired was 216.0 (179.8) thousand, reflecting an increase of 20.1% (-8.8%).

The average order value was SEK 3,355 (3,569), showing a decrease of -6.0% (-1.8%).



B2C

Fourth quarter

<i>SEK thousand if not stated otherwise</i>	October - December		
	2023	2022	Δ
Net revenue	205,402	177,920	15.4%
<i>Net revenue, DACH</i>	43,585	37,190	17.2%
<i>Net revenue, Nordics</i>	46,552	34,075	36.6%
<i>Net revenue, Rest of World</i>	115,266	106,655	8.1%
Gross profit	122,303	108,929	12.3%
Gross margin, %	59.5%	61.2%	-1.7pp
Marketing cost as a share of net revenue, %	32.9%	33.0%	-0.1pp
Segment earnings	54,746	50,232	9.0%
Segment margin, %	26.7%	28.2%	-1.6pp

The net revenue for the B2C segment during the quarter was SEK 205.4 (177.9) million, representing an increase of 15.4% (-7.4%). The increased net revenue in the segment was primarily driven by the Nordics, despite lower positive currency impact compared to other regions. The Nordics increased by 36.6% (-18.2%), DACH increased by 17.2% (-7.7%), and Rest of World, where a significant portion of sales comes from other European countries, increased by 8.1% (-3.3%).

The gross profit amounted to SEK 122.3 (108.9) million, reflecting an increase of 12.3% (-12.3%), and the gross margin was 59.5% (61.2%). Customers, to a greater extent than the same quarter the previous year, have been purchasing products based on a high focus on price and discounts.

Marketing expenses as a percentage of net revenue were 32.9% (33.0%), thus remaining in line with the previous year.

The segment result was SEK 54.7 (50.2) million, indicating an increase of 9.0% (-16.4%), and the segment margin was 26.7% (28.2%), with the margin decrease primarily attributable to the lower gross margin.

January - December

<i>SEK thousand if not stated otherwise</i>	January - December		
	2023	2022	Δ
Net revenue	606,533	554,831	9.3%
<i>Net revenue, DACH</i>	125,679	116,138	8.2%
<i>Net revenue, Nordics</i>	140,362	117,916	19.0%
<i>Net revenue, Rest of World</i>	340,492	320,776	6.1%
Gross profit	373,139	340,325	9.6%
Gross margin, %	61.5%	61.3%	0.2pp
Marketing cost as a share of net revenue, %	33.9%	34.3%	-0.4pp
Segment earnings	167,773	150,272	11.6%
Segment margin, %	27.7%	27.1%	0.6pp

The net revenue for the B2C segment during the period was SEK 606.5 (554.8) million, indicating an increase of 9.3% (-10.8%). Demand somewhat recovered during the second half of the period but was negatively affected for the majority of the year by the general economic conditions in Europe. The growth for the Nordics was 19.0% (-23.9%), for DACH 8.2% (-14.6%), and Rest of World, mainly consisting of other European markets, increased by 6.1% (-3.1%).

The gross profit amounted to SEK 373.1 (340.3) million, representing an increase of 9.6% (-14.7%), and the gross margin was 61.5% (61.3%).

Marketing expenses as a percentage of net revenue were 33.9% (34.3%). The decrease is a result of the focus on marketing efficiency, with the most significant reduction occurring during the first half of the year.

The segment result was SEK 167.8 (150.3) million, indicating an increase of 11.6% (-24.9%), and the segment margin was 27.7% (27.1%), where the increase is primarily attributed to higher marketing efficiency.

B2B

Fourth quarter

<i>SEK thousand if not stated otherwise</i>	October - December		
	2023	2022	Δ
Net revenue	23,329	22,247	4.9%
Gross profit	14,187	14,385	-1.4%
Gross margin, %	60.8%	64.7%	-3.8pp
Marketing cost as a share of net revenue, %	12.6%	13.5%	-0.9pp
Segment earnings	11,237	11,374	-1.2%
Segment margin, %	48.2%	51.1%	-3.0pp

The net revenue for the B2B segment during the quarter was SEK 23.3 (22.2) million, representing an increase of 4.9% (7.9%). During the quarter, we did not observe the same growth in the small business customer group as in previous quarters.

The gross profit amounted to SEK 14.2 (14.4) million, indicating a decrease of -1.4% (6.6%), and the gross margin was 60.8% (64.7%). The decrease in the gross margin was driven by the same factors as in the B2C segment, where small business customers, to a greater extent than the previous year, purchased products with discounts.

Marketing expenses as a percentage of net revenue were 12.6% (13.5%).

The segment earnings were SEK 11.2 (11.4) million, representing a decrease of -1.2% (9.0%), and the segment margin was 48.2% (51.1%), where margin decrease was primarily driven by the lower gross margin.

January - December

<i>SEK thousand if not stated otherwise</i>	January - December		
	2023	2022	Δ
Net revenue	81,662	68,943	18.4%
Gross profit	51,520	44,543	15.7%
Gross margin, %	63.1%	64.6%	-1.5pp
Marketing cost as a share of net revenue, %	13.0%	14.1%	-1.1pp
Segment earnings	40,928	34,824	17.5%
Segment margin, %	50.1%	50.5%	-0.4pp

The net revenue for the B2B segment during the period was SEK 81.7 (68.9) million, indicating an increase of 18.4% (7.9%). Throughout the year, the demand within the segment has continued to grow, primarily driven by customer groups such as small businesses and interior designers.

The gross profit amounted to SEK 51.5 (44.5) million, reflecting an increase of 15.7% (5.0%), and the gross margin was 63.1% (64.6%). The decrease in the gross margin was driven by the same factors as in the B2C segment.

Marketing expenses as a percentage of net revenue were 13.0% (14.1%), where the decrease was driven by the same factors as in the B2C segment.

The segment earnings were SEK 40.9 (34.8) million, representing an increase of 17.5% (3.0%), and the segment margin was 50.1% (50.5%), where the decrease is driven by the lower gross margin.

Marketplaces & Others (MPO)

Fourth quarter

<i>SEK thousand if not stated otherwise</i>	October-December		
	2023	2022	Δ
Net revenue	4,553	3,968	14.8%
Gross profit	2,735	2,485	10.1%
Gross margin, %	60.1%	62.6%	-2.6pp
Marketing cost as a share of net revenue, %	35.8%	30.0%	5.8pp
Segment earnings	1,107	1,295	-14.5%
Segment margin, %	24.3%	32.6%	-8.3pp

The net revenue for the Marketplaces & Other (MPO) segment during the quarter was SEK 4.6 (4.0) million, representing an increase of 14.8% (-33.7%).

The gross profit amounted to SEK 2.7 (2.5) million, indicating an increase of 10.1% (-37.6%), and the gross margin was 60.1% (62.6%). The higher delivery costs negatively impacted the gross margin, where the geographical sales mix partially influenced the trend.

Marketing expenses as a percentage of net revenue were 35.8% (30.0%), with the increase driven by more initiatives during the "Black Friday" campaign period compared to the previous year.

The segment earnings were SEK 1.1 (1.3) million, a decrease due to higher marketing expenses. The segment margin was 24.3% (32.6%), with the decrease driven by the higher marketing expenses as a percentage of net revenue and higher delivery costs.

January - December

<i>SEK thousand if not stated otherwise</i>	January-December		
	2023	2022	Δ
Net revenue	14,008	15,499	-9.6%
Gross profit	8,397	9,592	-12.5%
Gross margin, %	59.9%	61.9%	-1.9pp
Marketing cost as a share of net revenue, %	33.8%	35.7%	-1.9pp
Segment earnings	3,666	4,061	-9.7%
Segment margin, %	26.2%	26.2%	0.0pp

The net revenue for the Marketplaces & Other (MPO) segment during the period was SEK 14.0 (15.5) million, indicating a decrease of -9.6% (-18.4%). The challenging market climate had a more significant negative impact on our Amazon sales compared to our own web stores. Our focus on marketing efficiency and the restructuring of the sales strategy, ongoing for a significant part of the period, also negatively affected growth.

The gross profit amounted to SEK 8.4 (9.6) million, representing a decrease of -12.5% (-24.4%), and the gross margin was 59.9% (61.9%). Higher delivery costs negatively impacted the gross margin, where the geographical sales mix partially influenced the trend.

Marketing expenses as a percentage of net revenue were 33.8% (35.7%), with the decrease driven by a focus on marketing efficiency.

The segment earnings were SEK 3.7 (4.1) million, indicating a decrease of -9.7% (-45.4%). The segment margin was 26.2% (26.2%).



Other information

Material events during the quarter

- In November, Rugvista signed a lease agreement for additional warehouse space of 1,700 m² on Ringugnsgatan in Limhamn. The contract term is until May 2025.
- In December, Rugvista entered into a nine-year lease agreement with Catena for a new office and logistics facility covering 13,700 m² in Malmö's Central Harbor area. The estimated move-in date is summer 2025. The lease agreement is preliminarily valued at SEK 102.6 million, valued as per IFRS 16. The asset and liability will not be reported in the company's financial statements until the premises are occupied. A preliminary estimate of Rugvista's investment in fixtures and automation is expected to be in the range of SEK 55-60 million until the move-in.
- In December, Rugvista GmbH also signed a co-working office space agreement in Berlin, Germany.
- During the quarter, Rugvista launched its new checkout system in two additional markets.

Material events after the quarter

No significant events occurred after the quarter.

Significant risks and uncertainties

The Group's significant risk and uncertainty factors include financial risks such as currency risk, liquidity and financing risks, as well as operational and business risks. For more information on risks and risk management, refer to Rugvista's annual report for 2022.

Russia invaded Ukraine in early 2022. The company, through its business operations, has no direct exposure to Russia, Ukraine, or Belarus. However, assessing the war's indirect impact on GDP growth, inflation, global supply chains, as well as consumer confidence and demand for the company's products, is challenging. The same applies to recent events in the Middle East, primarily the conflict between Israel and Hamas. The company has no direct exposure in Israel or Gaza, but events may have an indirect impact through consumer confidence, inflation, GDP growth, etc. Unrest in the Red Sea has had some impact on our supply chain for products from India, resulting in longer delivery times and higher shipping costs. The impact on Rugvista's results is expected to be marginal, but the management is monitoring developments.

Co-workers

Number of full-time employees during the period October - December was 93.7 (91.5), and the percentage of women was 49.9% (41.6%).

Number of full-time employees during the period January - December was 90.2 (92.5), and the percentage of women was 47.6% (42.2%).

Seasonality

The group's sales typically vary seasonally, with the first and fourth quarters tending to be the strongest.

The share

Rugvista Group AB (publ) shares are listed on Nasdaq First North Premier Growth under the ticker symbol RUG and the ISIN code SE0015659834.

The market value on the final trading day of the fourth quarter of 2023 (December 29th) was SEK 1,455 million, based on the closing price of SEK 70.00 per share.

At the end of the reporting period, the number of issued shares amounted to 20,785,140, all of which were ordinary shares.

In 2021, the company issued 860,000 subscription options. Out of these, 435,981 have been sold and remain outstanding with key individuals within the group.

During the second quarter of 2022, the company issued 300,000 subscription options. Of these, 40,000 were sold to senior executives within the group.

In the second quarter of 2023, the company issued 595,000 subscription options. Out of these, 35,000 were sold to senior executives and other key individuals within the group.

For more detailed information on incentive programs, refer to "LTIP2021," "LTIP2022," and "LTIP2023" on page 15, as well as the company's website at www.rugvistagroup.com.

Refer to Note 5 for an overview of the ten largest shareholders.

Other information

LTIP 2021

The Group has issued warrants as part of an incentive program ("LTIP 2021/2024"). Each warrant entitles, after re-calculation due to dividends resolved by the Annual General Meeting 2022 and 2023, subscription for 1.07 shares in the company during the exercise period at SEK 152.20. The initial subscription price corresponded to 130 percent of the share's introductory price. The warrants can be exercised during the period from April 15 to June 15, 2024.

The Annual General Meeting on May 20, 2022, was the last day for the transfer of warrants under LTIP 2021. Out of the total 860,000 warrants issued, 423,019 warrants remained unsold and thus expired.

LTIP 2022

The Group has issued warrants as part of an incentive program ("LTIP 2022/2025"). Each warrant entitles, after re-calculation due to dividend resolved by the Annual General Meeting 2023, subscription for 1,03 share in the company during the exercise period at SEK 87.20. The initial subscription price corresponded to 130 percent of the average share price during the valuation period. The warrants can be exercised during the period from June 1 to September 1, 2025.

The Annual General Meeting on May 25, 2023, was the last day for the transfer of warrants under LTIP 2022. Out of the total 300,000 warrants issued, 260,000 warrants remained unsold and thus expired.

LTIP 2023

The Group has issued warrants as part of an incentive program ("LTIP 2023/2026"). Each warrant entitles the holder to subscribe for one (1) share in the company during the exercise period at SEK 62.60, which corresponds to 120 percent of the average share price during the valuation period. The warrants can be exercised during the period from June 1 to September 1, 2026.

October – December 2023

During the fourth quarter, no warrants under the LTIP2023 program were sold.

January – December 2023

During the period, 35,000 warrants under the LTIP2023 program were sold.

Transaction with closely related parties

October – December

Throughout the period, design compensation amounting to KSEK 98 has been invoice by Love Terins, the daughter of Carin Terins, the Chief Design and Purchasing Officer.

January – December

In addition to what has been invoiced during the quarter, design compensation amounting to KSEK 145 has been invoiced by Love Terins, daughter of Chief Design and Purchasing Officer Carin Terins.

Audit

This year-end report has not been audited by the Group's auditor.

Parent company

Rugvista Group AB (publ), with registration number 559037-7882, is the parent company of the Group. The Group includes Rugvista AB and Rugvista GmbH. Rugvista Group AB (publ) is established and registered in Sweden.

Since March 18, 2021, Rugvista Group AB (publ) has been listed on the Nasdaq First North Premier Growth Market.

The parent company's net revenue for the quarter was MSEK 3.1 (3.6) and for the September period, it was MSEK 11.5 (12.8). The parent company's revenue comprises invoiced fees for management services to its subsidiaries, in accordance with an intra-group agreement.

The costs of the parent company primarily include salaries for certain management members, compensations for the board, and expenses related to the company's listing on Nasdaq. The result for the quarter amounted to MSEK 0.1 (-0.1), and for the January-September period, it was MSEK -0.1 (-0.3).

The parent company holds an intra-group receivable from its subsidiary, which, along with shares in the subsidiary Rugvista AB, constitutes the majority of the company's assets.

Other information

Financial calendar

Activity	Date	Conference call
Annual report 2023	April 18, 2024	
Interim report January – March 2024	May 8, 2024	09:00-10:00 CEST
AGM 2024	May 23, 2024	
Interim report January – June 2024	August 15, 2024	09:00-10:00 CEST
Interim report January - September 2024	November 7, 2024	09:00-10:00 CET
Year-end report 2024	February 8, 2025	09:00-10:00 CET

In connection with the publication of the year-end report 2023, Michael Lindskog (CEO) and Joakim Tuvner (CFO) will host a conference call and a webcast on February 8th, 2024, at 09:00 CET. The presentation will be held in English.

To participate in the conference call (with the opportunity to ask verbal questions)

Register via: <https://conference.financialhearings.com/teleconference/?id=5007233>

After registration you will be provided with phone numbers and a conference ID to access the conference. It is also possible to participate in the telephone conference via the Group's website.

<https://www.rugvistagroup.com/en/report/Q4-2023/>

To participate via the audiocast (with the opportunity to ask written questions)

Please join via: <https://ir.financialhearings.com/rugvista-group-q4-report-2023>

The interim report and the presentation are available on Rugvista Group's website:

<https://www.rugvistagroup.com/en/investors/reports-and-presentations/>

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This report contains information that Rugvista Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 07.30 a.m. CET on February 8, 2024.



Group

Consolidated Statement of Income

<i>SEK thousand if not stated otherwise</i>	October - December			January - December		
	2023	2022	Δ	2023	2022	Δ
Net revenue	233,284	204,135	14.3%	702,203	639,273	9.8%
Other income	1,472	377	290.5%	2,516	1,685	49.3%
Total operating income	234,757	204,512	14.8%	704,718	640,958	9.9%
Goods for resale	-94,059	-78,336		-269,147	-244,813	
Other external expenses	-84,889	-71,274		-259,538	-236,847	
Personnel expenses	-20,787	-17,521		-72,788	-69,711	
Other operating expenses	-2,565	1,653		-5,703	-3,676	
Amortization & depreciation	-3,086	-2,660		-12,139	-10,992	
Operating profit (EBIT)	29,370	36,375	-19.3%	85,403	74,919	12.7%
Financial income	1,625	505		4,147	519	
Financial expenses	-212	-195		-920	-1,101	
Profit before taxes (EBT)	30,784	36,684	-16.1%	88,630	74,336	18.0%
Taxes	-6,476	-7,520		-18,669	-15,464	
Profit for the period	24,307	29,164	-16.7%	69,962	58,872	17.6%
Attributable to:						
Parent company's shareholders	24,307	29,164		69,962	58,872	
Earnings per share	1.17	1.40		3.37	2.83	
Earnings per share, diluted	1.17	1.40		3.37	2.83	

Group

Consolidated Statement of Comprehensive Income

<i>SEK thousand if not stated otherwise</i>	October - December			January - December		
	2023	2022	Δ	2023	2022	Δ
Profit for the period	24,307	29,164	-16.7%	69,962	58,872	18.8%
<i>Items that can later be reclassified to the income statement</i>						
Translation differences	-9	-		-19	-	
Other comprehensive income	-9	-	-	-19	-	-
Comprehensive profit for the period attributable the parent company's shareholders	24,298	29,164	-16.7%	69,943	58,872	18.8%

Group

Consolidated Statement of Financial position

SEK thousand if not stated otherwise

<u>ASSETS</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>EQUITY AND LIABILITIES</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>NON-CURRENT ASSETS</u>			<u>EQUITY</u>		
Goodwill	299,949	299,949	Share capital	1,039	1,039
Intangible assets	19,754	9,064	Other contributed capital	228,052	227,627
Tangible assets	3,903	3,540	Retained earnings	243,788	216,114
Right-of-use assets	22,126	26,828	Profit for the period	69,962	58,872
Deferred tax assets	242	311	Total equity attributable to the parent company's shareholders	542,842	503,651
Total non-current assets	345,974	339,693			
<u>CURRENT ASSETS</u>			<u>NON-CURRENT LIABILITIES</u>		
Inventory	125,656	174,259	Deferred tax liability	22	90
Other receivables	22,351	51,581	Leasing debt	10,545	17,249
Prepaid expenses	2,698	1,465	Total non-current liabilities	10,566	17,338
Cash and cash equivalents	208,936	139,978			
Total current assets	359,642	367,283	<u>CURRENT LIABILITIES</u>		
TOTAL ASSETS	705,615	706,975	Accounts payable	55,449	76,963
			Current tax liabilities	19,155	41,556
			Other current liabilities	50,501	44,429
			Current leasing debt	12,576	10,919
			Prepaid income and accrued expenses	14,527	12,118
			Total current liabilities	152,208	185,986
			TOTAL EQUITY AND LIABILITIES	705,615	706,975

Group

Consolidated Statement of Changes in Equity

October - December

	2023					2022			
	Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity		Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity
Opening balance 2023-10-01	1,039	228,052	289,451	518,543	Opening balance 2022-10-01	1,039	227,627	245,821	474,487
Profit for the period			24,307	24,307	Profit for the period			29,164	29,164
Other comprehensive income			-9	-9	Other comprehensive income			-	-
Total comprehensive profit	1,039	228,052	313,751	542,842	Total comprehensive profit	1,039	227,627	274,985	503,651
<i>Transactions with shareholders:</i>					<i>Transactions with shareholders:</i>				
Dividend per AGM decision				-	Dividend per AGM decision				-
Warrants, issue				-	Warrants, issue				-
Warrants, repurchase				-	Warrants, repurchase				-
New share issue				-	New share issue				-
Closing balance 2023-12-31	1,039	228,052	313,751	542,842	Closing balance 2022-12-31	1,039	227,627	274,985	503,651

Consolidated Statement of Changes in Equity

January - December

	2023					2022			
	Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity		Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity
Opening balance 2023-01-01	1,039	227,627	274,986	503,651	Opening balance 2022-01-01	1,039	227,784	268,075	496,899
Profit for the period			69,962	69,962	Profit for the period			58,872	58,872
Other comprehensive income			-19	-19	Other comprehensive income			-	-
Total comprehensive profit	1,039	227,627	344,929	573,594	Total comprehensive profit	1,039	227,784	326,948	555,771
<i>Transactions with shareholders:</i>					<i>Transactions with shareholders:</i>				
Dividend per AGM decision			-31,178	-31,178	Dividend per AGM decision			-51,963	-51,963
Warrants, issue		425		425	Warrants, issue		469		469
Warrants, repurchase		-		-	Warrants, repurchase		-626		-626
New share issue				-	New share issue				-
Closing balance 2023-12-31	1,039	228,052	313,751	542,842	Closing balance 2022-12-31	1,039	227,627	274,985	503,651

Group

Consolidated Statement of Cash flow

KSEK if not stated otherwise

	October - December		January - December	
	2023	2022	2023	2022
<i>Operating activities before changes in working capital</i>				
EBIT	29,370	36,375	85,403	74,919
<i>Adjustments for non-cash items</i>				
Depreciation and amortization	3,086	2,660	12,139	10,992
Unrealized exchange rate difference	3,581	-1,208	2,529	-4,657
Interest received	1,625	505	4,147	519
Interest paid	-212	-195	-920	-1,101
Income tax paid	-1,599	-1,738	-41,069	-22,126
Cash flow from operating activities before changes in working capital	35,851	36,399	62,229	58,546
<i>Changes in working capital</i>				
Change in inventory	35,174	11,865	48,602	-27,699
Change in operating receivables	1,118	-2,972	28,057	-31,792
Change in operating liabilities	13,739	16,424	-10,816	-10,799
Cash flow from changes in working capital	50,031	25,317	65,843	-70,290
Cash flow from operating activities	85,882	61,716	128,072	-11,744
Investment in intangible assets	-2,683	-2,309	-10,690	-9,064
Acquisition of tangible assets	-1,389	-222	-1,974	-1,018
Sales of tangible assets	-	-	0	136
Cash flow from investing activities	-4,072	-2,531	-12,664	-9,946
New shares issue	-	-	-	-
Warrants	-	-	425	469
Warrants, repurchase	-	-	-	-626
Amortization of leasing debt	-2,729	-2,356	-10,873	-9,116
Dividend payout	-	-	-31,178	-51,963
Cash flow from financing activities	-2,729	-2,356	-41,626	-61,236
TOTAL CASH FLOW DURING THE PERIOD	79,081	56,829	73,783	-82,927
Liquidity at the start of the period	135,723	81,610	139,978	218,116
Exchange rate differences in liquidity	-5,868	1,539	-4,825	4,789
Liquidity at the end of the period	208,936	139,978	208,936	139,978



Notes

Note 1 – Accounting principles

This interim report has been prepared according to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Statements and disclosures in accordance with IAS 34 p. 16A appear not only in the financial statements and their accompanying notes but also in other parts of the interim report. The parent company applies the Swedish Annual Accounts Act and RFR 2 Accounting for legal entities. For additional information about Rugvista Group's accounting principles, we refer to note 2 in the 2022 Annual Report published on www.rugvistagroup.com

New and changed standards

None of the new and changed standards and interpretations applicable commencing January 1, 2023, have had any material impact on the financial statements of the Group or the parent company.

Future standards

A number of new and changed IFRS have not yet entered into effect and are not applied in advance in conjunction with preparation of the financial statements of the Group and of the parent company. None of the new or changed standards or interpretations published by IASB are expected to have any impact on the financial statements of the Group or the parent company.

Significant accounting assessments, estimates, and assumptions

When the board of directors and CEO prepare financial statements in accordance with applied accounting principles, certain estimates and assumptions must be made that affect the reported value of assets, liabilities, income, and expenses. The areas where estimates and assumptions are of great importance for the Group and may affect the income statement and balance sheet are described in detail in the annual report for 2022.

No changes to these assessments, estimates, and assumptions have been made that could have had a material impact on the interim report.

Note 2 – Risks and factors of uncertainty

There are several strategic, operational, and financial risks and uncertainties that can affect the Group's financial results and position. Most risks can be managed through internal procedures, while others are largely driven by external factors.

For a more detailed description of the risks and uncertainties faced by the Group, please refer to the Director's Report in the 2022 Annual Report.

In addition to the risks described there, the assessment is that there are no other significant risks except that a significant decline in consumer confidence has been observed in many of the Group's key markets in Europe during 2022 and 2023.

Notes

Note 3 – Reconciliation of segment reporting

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.

October – December 2023	B2C	B2B	MPO	Segment total
Net revenue	205,402	23,329	4,553	233,284
Goods for resale	-83,099	-9,142	-1,818	-94,059
Gross profit	122,303	14,187	2,735	139,225
Marketing costs	-67,558	-2,950	-1,628	-72,135
Segment earnings	54,746	11,237	1,107	67,090

October – December 2022	B2C	B2B	MPO	Segment total
Net revenue	177,920	22,247	3,968	204,135
Goods for resale	-68,991	-7,862	-1,483	-78,336
Gross profit	108,929	14,385	2,485	125,799
Marketing costs	-58,697	-3,011	-1,190	-62,898
Segment earnings	50,232	11,374	1,295	62,901

January – December 2023	B2C	B2B	MPO	Segment total
Net revenue	606,533	81,662	14,008	702,203
Goods for resale	-233,394	-30,142	-5,611	-269,147
Gross profit	373,139	51,520	8,397	433,056
Marketing costs	-205,366	-10,593	-4,730	-220,689
Segment earnings	167,773	40,928	3,666	212,366

January – December 2022	B2C	B2B	MPO	Segment total
Net revenue	554,831	68,943	15,499	639,273
Goods for resale	-214,506	-24,400	-5,907	-244,813
Gross profit	340,325	44,543	9,592	394,460
Marketing costs	-190,053	-9,719	-5,531	-205,302
Segment earnings	150,272	34,824	4,061	189,158

Additional information Adjustments and eliminations

Only net revenue, goods for resale and marketing costs are allocated to the respective segments. Other income and costs are not allocated on a segment level as these line items relate to Group activities.

	October - December		January - December	
Reconciliation of income	2023	2022	2023	2022
Segment earnings	67,090	62,901	212,366	189,158
Other income	1,472	377	2,516	1,685
Other external expenses (excl. Marketing costs)	-12,753	-8,376	-38,849	-31,544
Personnel expenses	-20,787	-17,521	-72,788	-69,711
Other operating expenses	-2,565	1,653	-5,703	-3,676
Amortization & depreciation	-3,086	-2,660	-12,139	-10,992
Financial income and expenses	1,413	310	3,227	-582
Profit before taxes (EBT)	30,784	36,684	88,630	74,336

Notes

Note 4 – Financial assets

Financial assets valued at accrued acquisition value	2023-12-31	2022-12-31
<i>Financial assets in the balance sheet</i>		
Other receivables	5,296	4,791
Cash and cash equivalents	208,936	139,978
Total	214,232	144,769

The maximum credit risk of the assets comprises amounts reported in the table above. The Group has received no pledged securities in respect of the financial net assets.

Other receivables primarily comprise receivables from payment providers with whom the Group co-operates in order to offer payment and financing solutions to end customers as well as various current receivables.

Book value corresponds in all essential respects to fair value.

Other financial liabilities valued at accrued acquisition value	2023-12-31	2022-12-31
<i>Financial liabilities in the balance sheet</i>		
Accounts payable	55,449	76,963
Other liabilities	8,391	8,716
Accrued expenses	12,348	10,358
Leasing debt	23,120	28,167
Total	99,308	124,204

Fair value of financial assets is considered to correspond to the reported value.

Note 5 – Parent company ownership overview

The ten largest shareholders as of December 29th, 2023. A group of shareholders is considered to constitute one owner if they have been grouped together in Euroclear.

Owner	Number of shares	Share of capital	Share of votes
Madhat AB	2,505,874	12.1%	12.1%
Bank Julius Baer & Co LTD	2,321,605	11.2%	11.2%
Futur Pension Försäkringsaktiefbolag	1,816,556	8.7%	8.7%
Alcur Fonder AB	1,747,887	8.4%	8.4%
TIN Fonder	1,500,000	7.2%	7.2%
Indexon AB	1,490,204	7.2%	7.2%
Movestic Livförsäkring AB	1,074,323	5.2%	5.2%
Mediuminvest AS	1,039,256	5.0%	5.0%
SEB Life International Assurance	876,601	4.2%	4.2%
RBC Asset management	855,407	4.1%	4.1%
<i>Total the ten largest shareholders</i>	<i>15,227,713</i>	<i>73.3%</i>	<i>73.3%</i>
Total number of outstanding shares	20,785,140	100.0%	100.0%

Source: Euroclear extract per December 29th, 2023

Parent company

Parent company's Statement of Income

<i>SEK thousand if not stated otherwise</i>	October - December			January - December		
	2023	2022	Δ	2023	2022	Δ
Net revenue	3,852	2,796	37.8%	15,390	15,595	-1.3%
Other income	1	-	-	1	-	-
Total operating income	3,853	2,796	37.8%	15,391	15,595	-1.3%
Other external expenses	-1,361	-1,266		-6,635	-5,756	
Personnel expenses	-2,527	-1,638		-9,151	-10,018	
Other operating expenses	-	-		-	-21	
Operating profit (EBIT)	-34	-109	-68%	-395	-200	97%
Financial income	212	53		539	88	
Financial expenses	-	-		-73	-201	
Profit before taxes (EBT)	178	-57	-414.5%	71	-314	-122.6%
<i>Year-end appropriations</i>						
Group contribution	65,000	46,455		65,000	46,455	
Taxes	-13,412	-9,545		-13,412	-9,545	
Profit for the period ¹⁾	51,766	36,854	40.5%	51,659	36,596	41.2%

Parent company

Parent company's Statement of Financial position

SEK thousand if not stated otherwise

ASSETS	December 31, 2023	December 31, 2022	EQUITY AND LIABILITIES	December 31, 2023	December 31, 2022
<u>NON-CURRENT ASSETS</u>			<u>EQUITY</u>		
<i>Financial non-current assets</i>			<i>Restricted equity</i>		
Shares in group companies	321,271	321,271	Share capital	1,039	1,039
Long-term receivables from subsidiaries	11,238	3,591	Sub-total, restricted equity	1,039	1,039
Total non-current assets	332,508	324,862	<i>Unrestricted equity</i>		
<u>CURRENT ASSETS</u>			Retained earnings	331,607	318,965
Other receivables	66,184	47,498	Profit for the period	51,659	36,596
Prepaid expenses	172	156	Sub-total, unrestricted equity	383,266	355,561
Cash and cash equivalents	10,784	10,983	Total equity	384,305	356,600
Total current assets	77,139	58,637	<u>CURRENT LIABILITIES</u>		
TOTAL ASSETS	409,647	383,499	Accounts payable	396	251
			Current tax liabilities	22,835	24,654
			Other current liabilities	800	383
			Prepaid income and accrued expenses	1,311	1,611
			Total current liabilities	25,342	26,898
			TOTAL EQUITY AND LIABILITIES	409,647	383,499

Board of Directors and Chief Executive Officer assurance

The Board of Directors and the Chief Executive Officer (CEO) confirm that the Year-end report provides a true development overview of the group's and parent company's (Rugvista Group AB (publ)) operations, financial position, and financial performance as well as describes the material risks and uncertainties facing the parent company and the companies comprising the group.

Limhamn on the 8th of February 2024

Martin Benckert

Chairman of the Board

Hanna Graflund Sleyman

Board member

Ebba Ljungerud

Board member

Patrik Berntsson

Board member

Ludvig Friberger

Board member

Magnus Dimert

Board member

Michael Lindskog

CEO

Definitions of metrics and key performance indicators

Rugvista Group presents certain measures that are not defined under IFRS (alternative performance measures – “APMs”). The Group believes that these measures provide useful supplementary information to investors and the company’s management as they enable evaluation of the company’s financial development and position. Since all companies do not calculate financial and operational measures in the same manner, these are not always comparable with measures used by other companies. These measures should therefore not be regarded as substitute for measures defined in accordance with IFRS.

Measure	Definition	Explanation
Adjusted EBIT	Operating income less operating costs adjusted for non-recurring items before net financial income and taxes.	A measure that demonstrates the operational profits excluding effects from non-recurring items
Adjusted EBIT margin	Adjusted EBIT divided by net revenue.	A measure that demonstrates the profitability for the operations excluding effects from non-recurring items.
Average NPS value	The average value for customer responses on the NPS (Net Promotor Score) question for orders received during the period. The maximum value is 100.	A measure that is used to measure customer satisfaction and established broadly across multiple industries.
Average order value	The average value, including VAT, of orders after cancellations during the period, divided by the number of orders during the period.	A measure that provides an indication of how much each customer is willing to pay for the company’s products.
Average TrustPilot value	The average value for customer responses on the TrustPilot platform during the period. The maximum value is 5.0.	A number which is used to measure customer satisfaction.
Earnings per share	Comprehensive profit for the period attributable the parent company’s shareholders divided by the average number of outstanding shares.	The aim is to distribute the company’s profit to each share.
Gross margin	Gross profit divided by the net revenue.	A measure that demonstrates profitability after costs for goods for resale.
Gross profit	Operating income less the cost for goods for resale.	A measure that demonstrates what is left to finance other costs after the goods for resale have been paid for.
Inventory as % of LTM net revenue	Inventory value divided by the sum of net revenue during the past 12 months (LTM)	A measure that provides an indication of whether there is sufficient inventory on hand to support demand.
Items affecting comparability	Items that are not related with the operations and are the type of items that are not expected to re-occur often or regularly and are of significant value.	A measure that isolates events that cannot be characterized as normal operational costs.
Marketing costs as a share of net revenue	The costs for marketing activities carried out during the period, divided by net revenue during the period.	A measure that demonstrates how much is invested in marketing in relation to net revenue.

Measure	Definition	Explanation
Net financial indebtedness / Net debt	Interest bearing liabilities less cash and cash equivalents.	A measure that displays the cash and cash equivalent available after having theoretical settled all interest-bearing liabilities; be it current or non-current.
Net revenue growth	Percent change in the period’s net revenue compared to the previous period.	A measure that demonstrates the growth rate of net revenue.
Number of new customers	Number of orders from first time customers, before cancellations or returns.	A measure that provides an indication of how well the company succeeds in attracting new customers with its offering.
Number of orders	Number of orders placed by customers during the period, before cancellations or returns.	A measure that provides an indication of the company’s level of activity towards customers. Also used to calculate unit-based metrics.
Number of web-shop visits	Number of visits to the company’s online stores during the period.	A measure that provides an indication of the company’s ability to attract potential customers to its online stores.
Operating margin (EBIT margin)	Operating profit (EBIT) divided by net revenue.	A measure that demonstrates the profitability for the operations.
Operating profit (EBIT)	Operating income less operating costs before net financial income and taxes.	A measure that demonstrates the operational profits.
Organic net revenue growth	Percent change in the period’s net revenue excluding divested operations with adjustment made for currency effects compared to the previous period.	A measure that demonstrates the growth rate of net revenue for ongoing operations excluding currency effects.
Profit margin	Profit for the period after taxes, divided by total income.	A measure that demonstrates the profitability after taxes.
Return rate in percent	The value of returns (actual and expected) divided by the sales during the period.	A measure that provides an indication of the company’s customers are satisfied with the products they have ordered.
Segment earnings	Net revenue less the cost for goods for resale and marketing costs for the segment.	A measure that demonstrates the segment’s profit contribution.
Segment margin	Segment earnings divided by net revenue for the segment.	A measure that demonstrates the segment’s profitability.

Glossary

Acronym	Explanation
B2B	Business-to-Business, i.e., segment representing sales to other businesses.
B2C	Business-to-Consumer, i.e., segment representing sales to private individuals (consumers).
MPO	Marketplaces & Other, i.e., segment representing sales via third party platforms like Amazon.
DACH	The markets where German is the primary language, i.e., Germany, Austria, and Switzerland.
Nordics	The Nordic markets including Sweden, Denmark, Norway, Finland and Iceland.
Rest of World	All other markets that the Group serves which are not included in either the DACH or Nordic regions.
pp	Percentage point(s).
LTM	Last Twelve Months



Reconciliation with financial statements according to IFRS

Gross margin

<i>SEK thousand if not stated otherwise</i>	October-December		January-December	
	2023	2022	2023	2022
Total operating income (A)	234,757	204,512	704,718	640,958
Goods for resale (B)	-94,059	-78,336	-269,147	-244,813
Gross profit (A) + (B)	140,698	126,176	435,571	396,145
Net revenue (C)	233,284	204,135	702,203	639,273
Gross margin, % ((A) + (B)) / (C)	60.3%	61.8%	62.0%	62.0%

Adjusted EBIT margin

<i>SEK thousand if not stated otherwise</i>	October-December		January-December	
	2023	2022	2023	2022
Operating profit (EBIT) (A)	29,370	36,375	85,403	74,919
Items affecting comparability (B)	-	-	-	-
Adjusted EBIT (A) + (B)	29,370	36,375	85,403	74,919
Net revenue (C)	233,284	204,135	702,203	639,273
Adjusted EBIT margin, % ((A) + (B)) / (C)	12.6%	17.8%	12.2%	11.7%

Inventory as % of LTM net revenue

<i>SEK thousand if not stated otherwise</i>	October-December		January-December	
	2023	2022	2023	2022
Inventory (A)	125,656	174,259	125,656	174,259
Net revenue, last twelve months (LTM) (B)	702,203	639,273	702,203	639,273
Inventory as % of LTM net revenue (A) / (B)	17.9%	27.3%	17.9%	27.3%

Net debt

<i>SEK thousand if not stated otherwise</i>	October-December		January-December	
	2023	2022	2023	2022
Cash and cash equivalents (A)	-208,936	-139,978	-208,936	-139,978
Interest bearing liabilities (current and non-current) (B)	-	-	-	-
Interest bearing lease liabilities (current and non-current) (C)	23,120	28,167	23,120	28,167
Net financial indebtedness (+) /net cash (-) (A)+(B)+(C)	-185,816	-111,810	-185,816	-111,810

Organic net revenue growth

<i>SEK thousand if not stated otherwise</i>	October - December		January - December	
	2023	2022	2023	2022
Last year's net revenue (A)	204,135	218,801	639,273	704,984
Net revenue divested operations (B)	-	-	-	-
Last year's net revenue, excluding divested operations (A)-(B)=(C)	204,135	218,801	639,273	704,984
Net revenue (D)	233,284	204,135	702,203	639,273
Net revenue divested operations (E)	-	-	-	-
Net revenue, excluding divested operations (D)-(E)=(F)	233,284	204,135	702,203	639,273
FX impact on this year's net revenue (G)	10,153	13,210	45,165	26,942
Net revenue, excluding divested operations and FX impact (F)-(G)=(H)	223,131	190,925	657,037	612,331
Organic net revenue growth % (H)/(C)-1	9.3%	-12.7%	2.8%	-13.1%

Information by quarter for selected expenses

<i>SEK thousand if not stated otherwise</i>		Jan - Mar 2020		Apr - Jun 2020		Jul - Sep 2020		Oct - Dec 2020	
Expense item	SEK K	%¹							
Net revenue	106,686	100.0%	118,807	100.0%	110,157	100.0%	206,062	100.0%	
Product expenses	-30,714	-28.8%	-31,705	-26.7%	-28,319	-25.7%	-54,669	-26.5%	
Shipping and other selling expenses	-10,501	-9.8%	-12,209	-10.3%	-11,092	-10.1%	-24,338	-11.8%	
Marketing costs	-31,218	-29.3%	-31,524	-26.5%	-31,068	-28.2%	-56,622	-27.5%	
		Jan - Mar 2021		Apr - Jun 2021		Jul - Sep 2021		Oct - Dec 2021	
Expense item	SEK K	%¹							
Net revenue	204,538	100.0%	140,621	100.0%	141,025	100.0%	218,801	100.0%	
Product expenses	-48,509	-23.7%	-32,651	-23.2%	-33,432	-23.7%	-52,939	-24.2%	
Shipping and other selling expenses	-23,762	-11.6%	-18,218	-13.0%	-17,074	-12.1%	-24,243	-11.1%	
Marketing costs	-57,280	-28.0%	-41,635	-29.6%	-44,731	-31.7%	-69,025	-31.5%	
		Jan - Mar 2022		Apr - Jun 2022		Jul - Sep 2022		Oct - Dec 2022	
Expense item	SEK K	%¹							
Net revenue	185,973	100.0%	121,228	100.0%	127,937	100.0%	204,135	100.0%	
Product expenses	-45,993	-24.7%	-32,284	-26.6%	-29,294	-22.9%	-49,878	-24.4%	
Shipping and other selling expenses	-24,529	-13.2%	-16,517	-13.6%	-17,860	-14.0%	-28,458	-13.9%	
Marketing costs	-65,038	-35.0%	-40,529	-33.4%	-36,837	-28.8%	-62,898	-30.8%	
		Jan - Mar 2023		April - June 2023		Jul - Sep 2023		Oct - Dec 2023	
Expense item	SEK K	%¹							
Net revenue	180,262	100.0%	129,063	100.0%	159,593	100.0%	233,284	100.0%	
Product expenses	-41,557	-23.1%	-29,588	-22.9%	-38,414	-24.1%	-59,633	-25.6%	
Shipping and other selling expenses	-26,289	-14.6%	-17,617	-13.7%	-21,623	-13.5%	-34,427	-14.8%	
Marketing costs	-57,011	-31.6%	-40,242	-31.2%	-51,301	-32.1%	-72,135	-30.9%	

Business vision and strategy

Rugvista's business vision is ***to become the center of gravity for the European rug industry.***

To realize the vision, a set of key strategic initiatives have been defined. The Group's current strategic initiatives are:

Win the key European markets

This goal is to be achieved by further localization of the end-to-end user experience in the core markets. Localization initiatives per region and/or market includes, but are not limited to, actions such as optimizing delivery options, tailoring payment alternatives, and customizing marketing activities.

The Group believes that additional localization will drive increased consumer preference in the core markets and thus enable further efficient scaling in these regions.

In phase 2 of this initiative, the ambition is to start investing in building a known and liked brand which is expected to further drive consumer acquisition efforts and preference.

Showcase our assortment

This goal is to be achieved by refining how our assortment is presented to users in our web-shops. Emphasis will be made to make it clear that most of the products we have on offer is either designed in-house or only available to purchase from us. More inspirational images and content will also be added to enhance the storytelling around each category, collection, and/or article.

An additional effort within this initiative is to re-design of and to add additional features to the Rugvista web-shop with the purpose to make it even easier for the user to find the perfect rug just for them.

The Group believes that these efforts will not only drive increased brand preference, consumer satisfaction and loyalty, but also over time increase conversion rates.

Be world-class in everything we do

This goal is to be achieved by implementing more comprehensive and sophisticated tracking tools and processes to steer and optimize our commercial and operational performance.

The Group believes that these efforts will be the foundation for continued profitable scaling and operational efficiency improvements.

Capture selected marketplace opportunities

This goal is currently focused on scaling our Amazon business as the Group has identified this as a historically largely unaddressed growth opportunity. The opportunity is to be captured by executing actions such as optimizing the assortment on offer, enhanced article presentation, securing Prime eligibility, and scaling marketing activities on the Amazon platform.

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

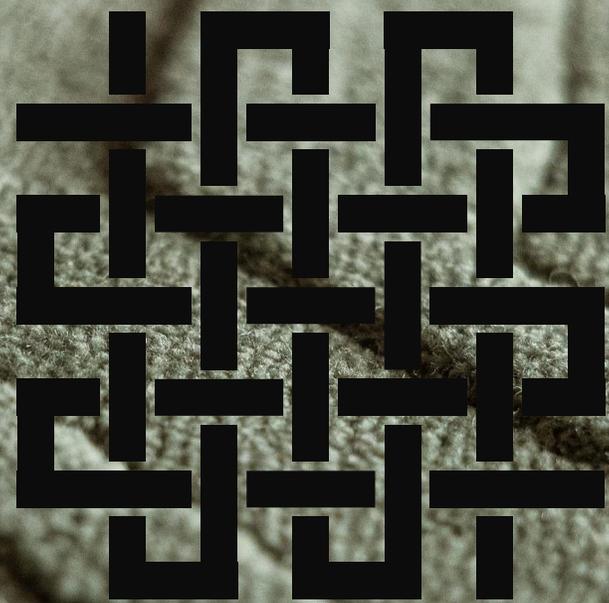
Rugvista Group considers itself having several strengths and competitive advantages which contributes to the Group's ability to realize strategic objectives and reaching financial targets.

- Large European rug market with strong momentum for online sales.
- Leading position on a market in which size is important.
- Comprehensive product and assortment expertise.
- Bespoke technology platform and data-driven operational model.
- Best-in-class customer satisfaction and growing customer base.
- Track record of profitable growth and high cash generation.
- 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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