



**RUG**  
V I S T A

# Q4 2021 Earnings Call

February 17, 2022, 10:00 CET

# Solid finish to an exceptional year

## Outstanding full-year financial performance

**All-time highs reached across multiple financial metrics. MSEK 705 in net revenues and adjusted EBIT of MSEK 138 (19.5% adjusted EBIT margin).**

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## Solid Q4 despite tough comparables

**7% organic net revenue growth & MSEK 40 EBIT with stable EBIT margin of 18.4%. Solid Q4 performance despite tough comparables.**

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## Challenging market conditions

**Advertising activity across all ad-formats remained high resulting in continued high marketing investments. Unpredictable and volatile consumer demand.**

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## Continued outstanding customer satisfaction

**Customer feedback remains outstanding despite some delivery delays in carrier network.**

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## Strategic initiatives starting materialize

**RugVista Essentials introduced. New collection of rugs tailored for customers decorating their first home. 1<sup>st</sup> version of new web-shop released in Croatia.**

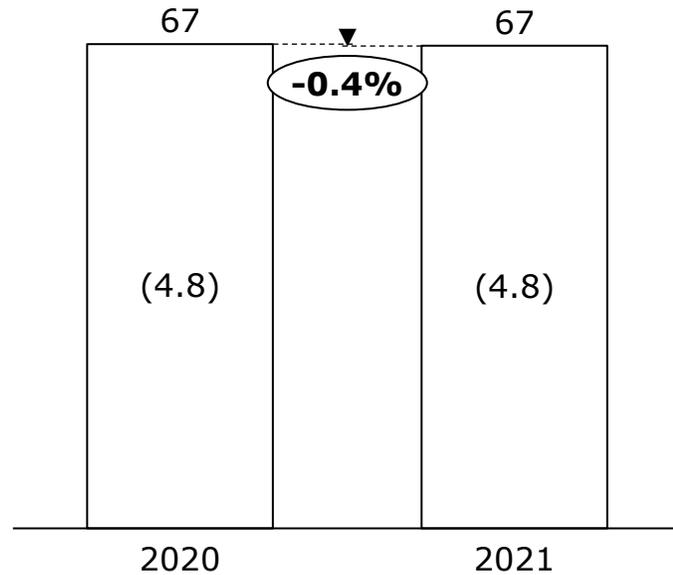
# Business Update



# Center of Gravity vision KPIs continues to develop strongly

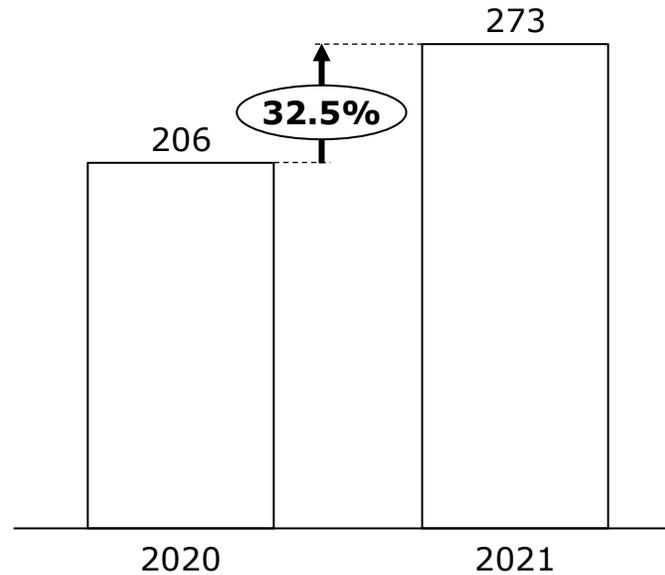
Maintain outstanding customer satisfaction levels

Net Promotor Score (NPS) rating  
(TrustPilot rating)



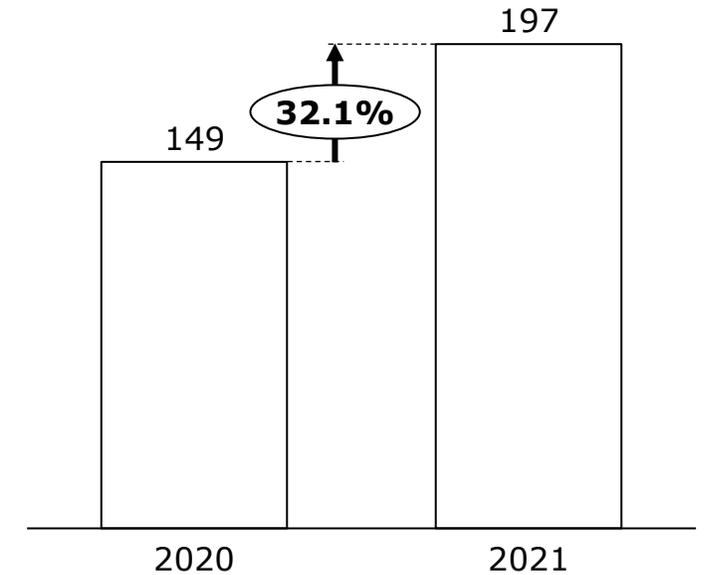
Increase market penetration

# of orders (thousand)

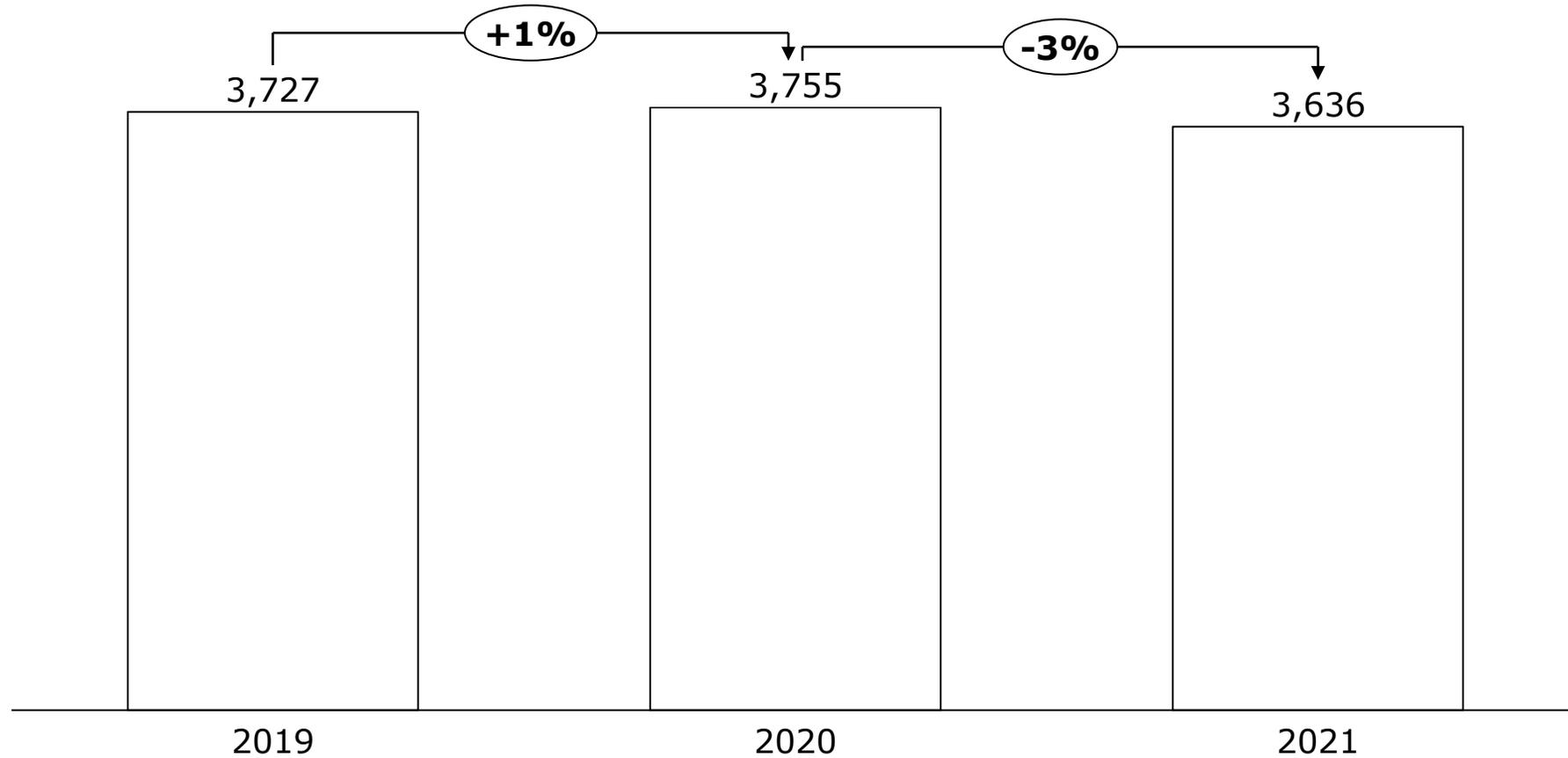


Attract new customers

# of new customers (thousand)

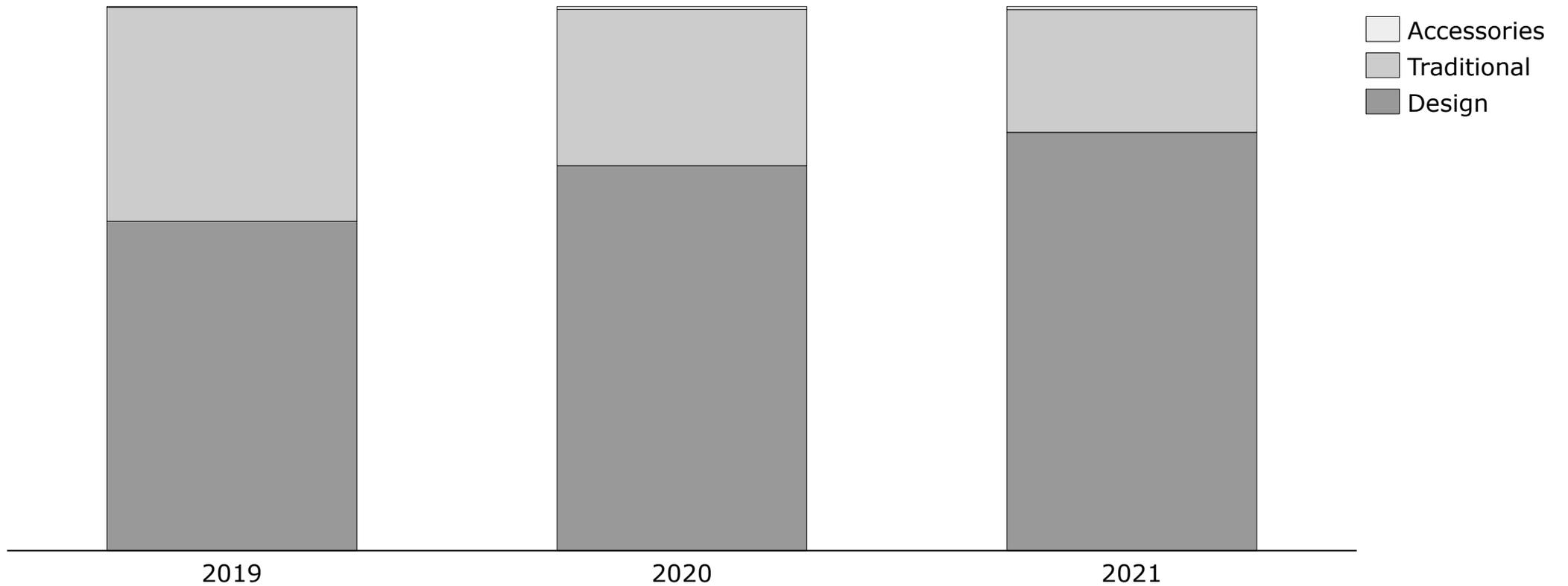


# Average Order Value (AoV) marginally down



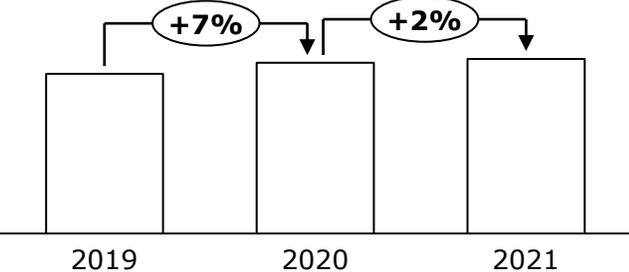
# Design rugs continue to gain in popularity

**Sales by category development**  
Percent of shipped value

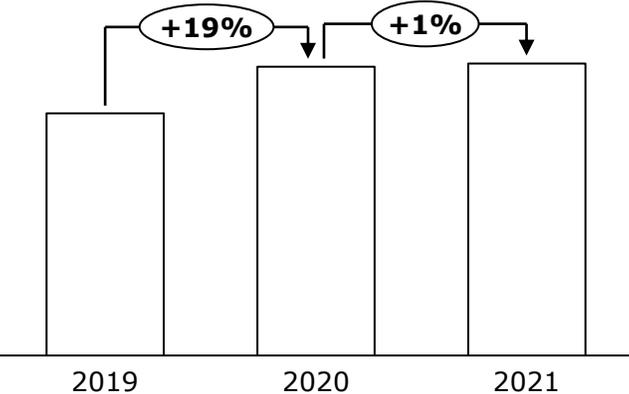


# Increasing Average item Values (AiV) partly offsetting downward pressure on AoV from category mix changes

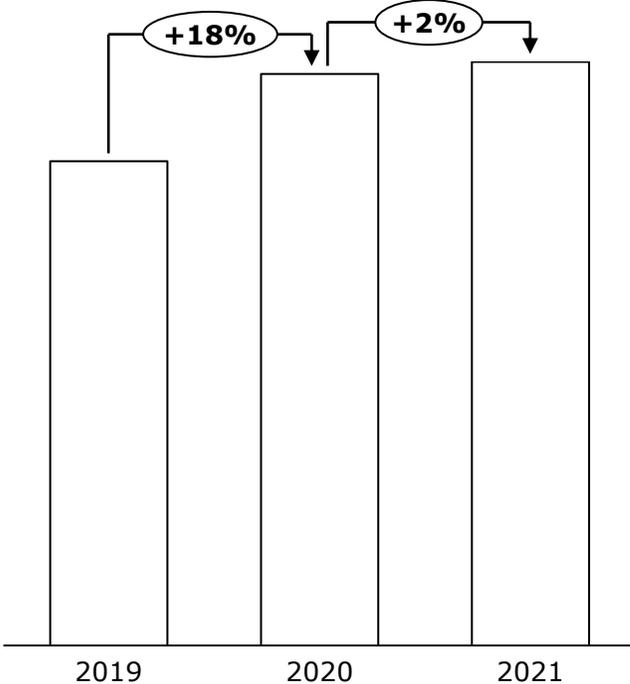
**Design (machine made)**  
SEK



**Design (hand made)**  
SEK



**Traditional (hand knotted)**  
SEK



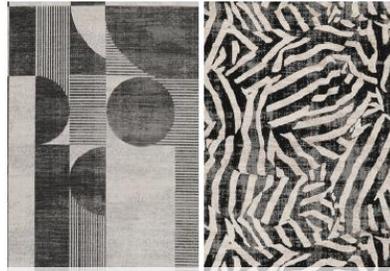
# RugVista Essentials developed for those decorating their first home

current # of SKUs

67

current # of articles

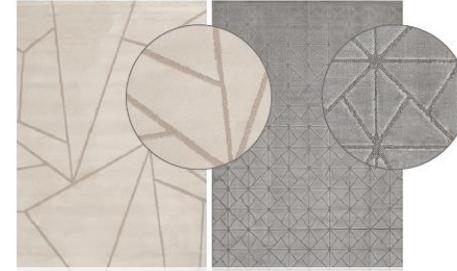
416



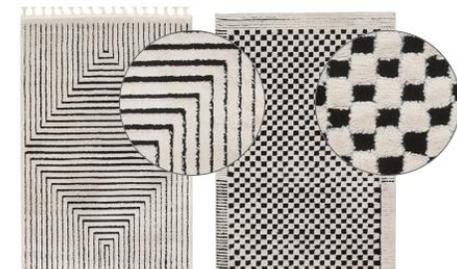
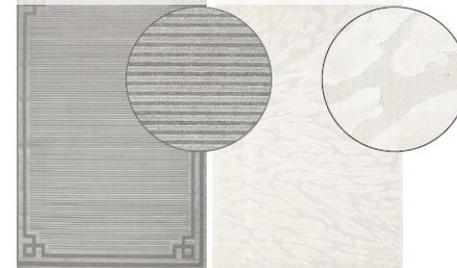
Contemporary graphics



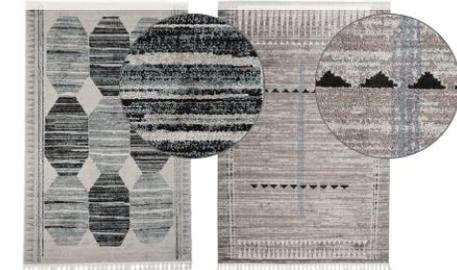
Vibrant orientals



Structures



Nomadics



*Trend-right  
designs &  
colors*

*Attractively  
priced*

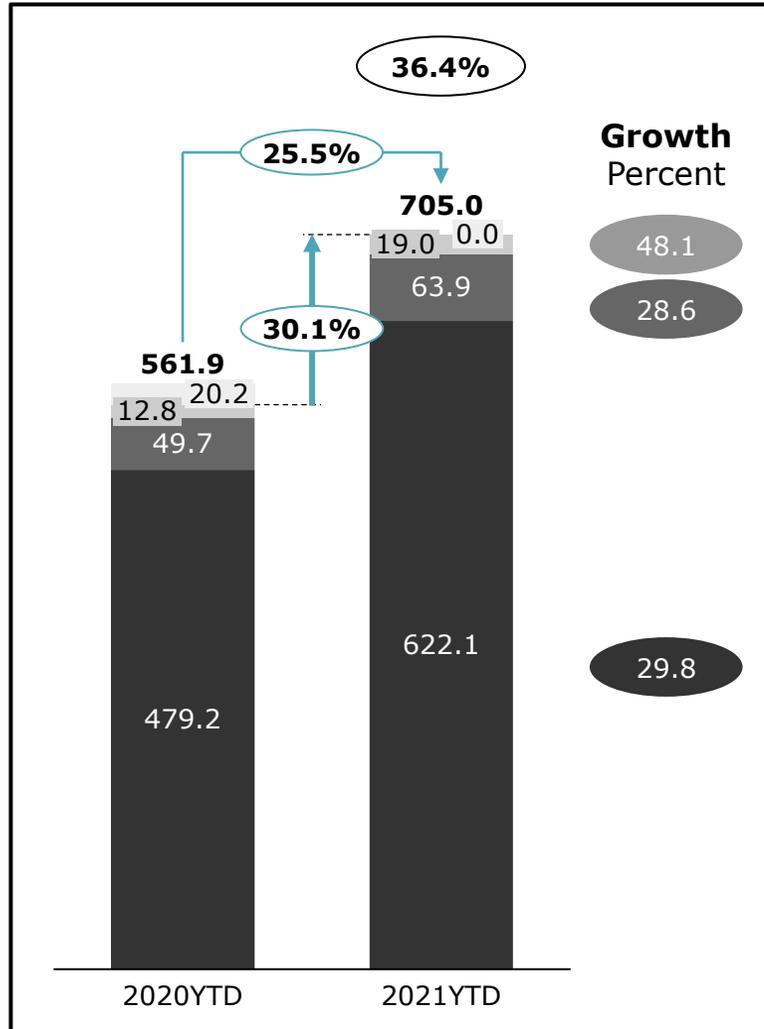
*Outstanding  
price-quality  
ratio*

# Financial Update

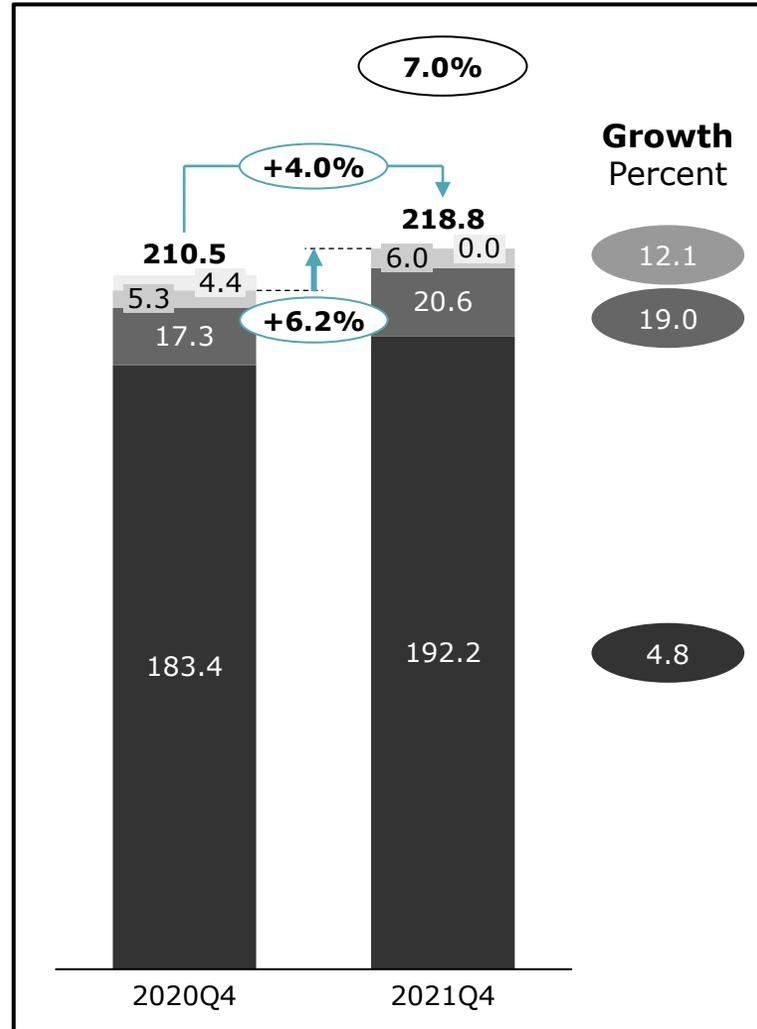


# Organic growth of 7% in Q4 despite tough comparables – DACH continued to be fastest growing region

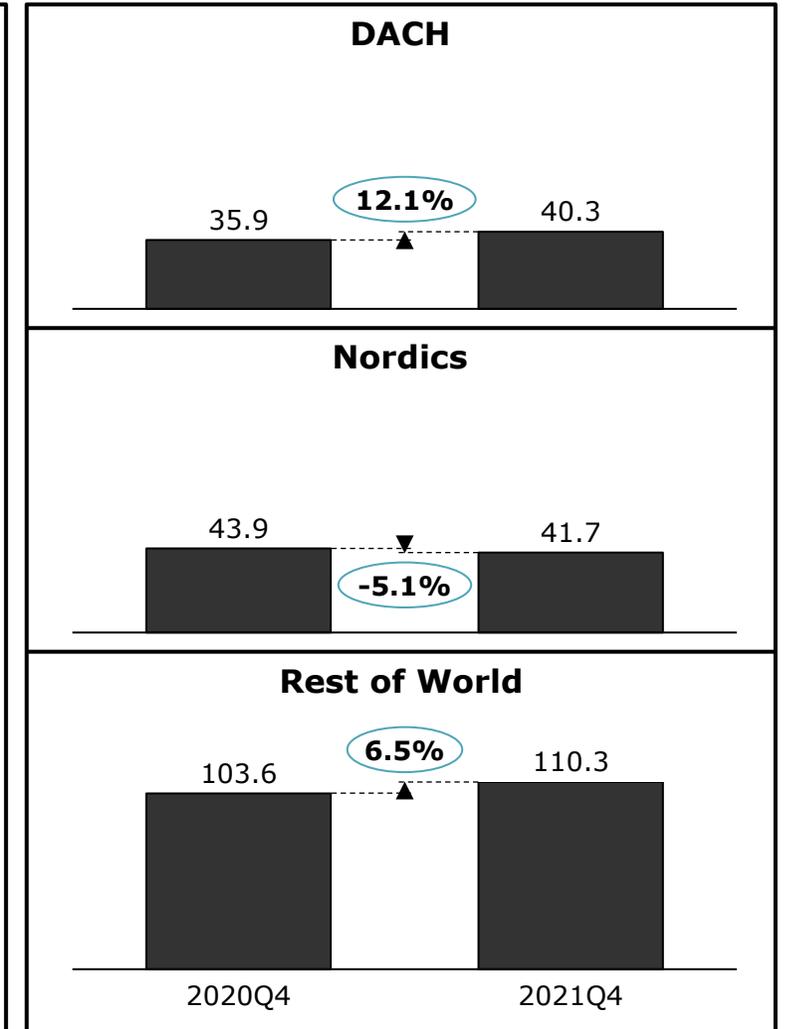
**Net revenue – Group (full year)**  
SEK million



**Net revenue – Group (Q4)**  
SEK million



**Net revenue – B2C by Region (Q4)**  
SEK million

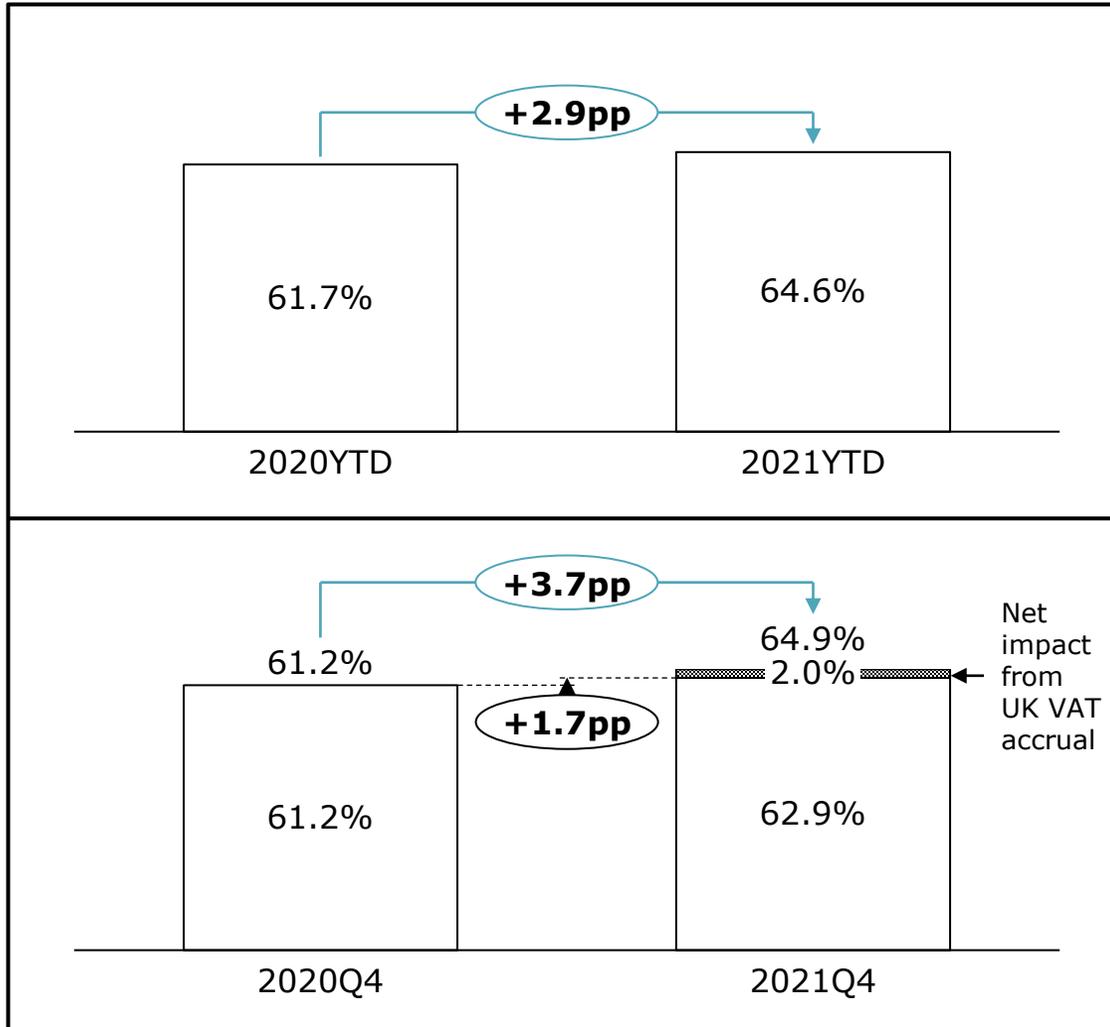


Note: Reported net revenue not including other income  
Note: Rounding differences may occur

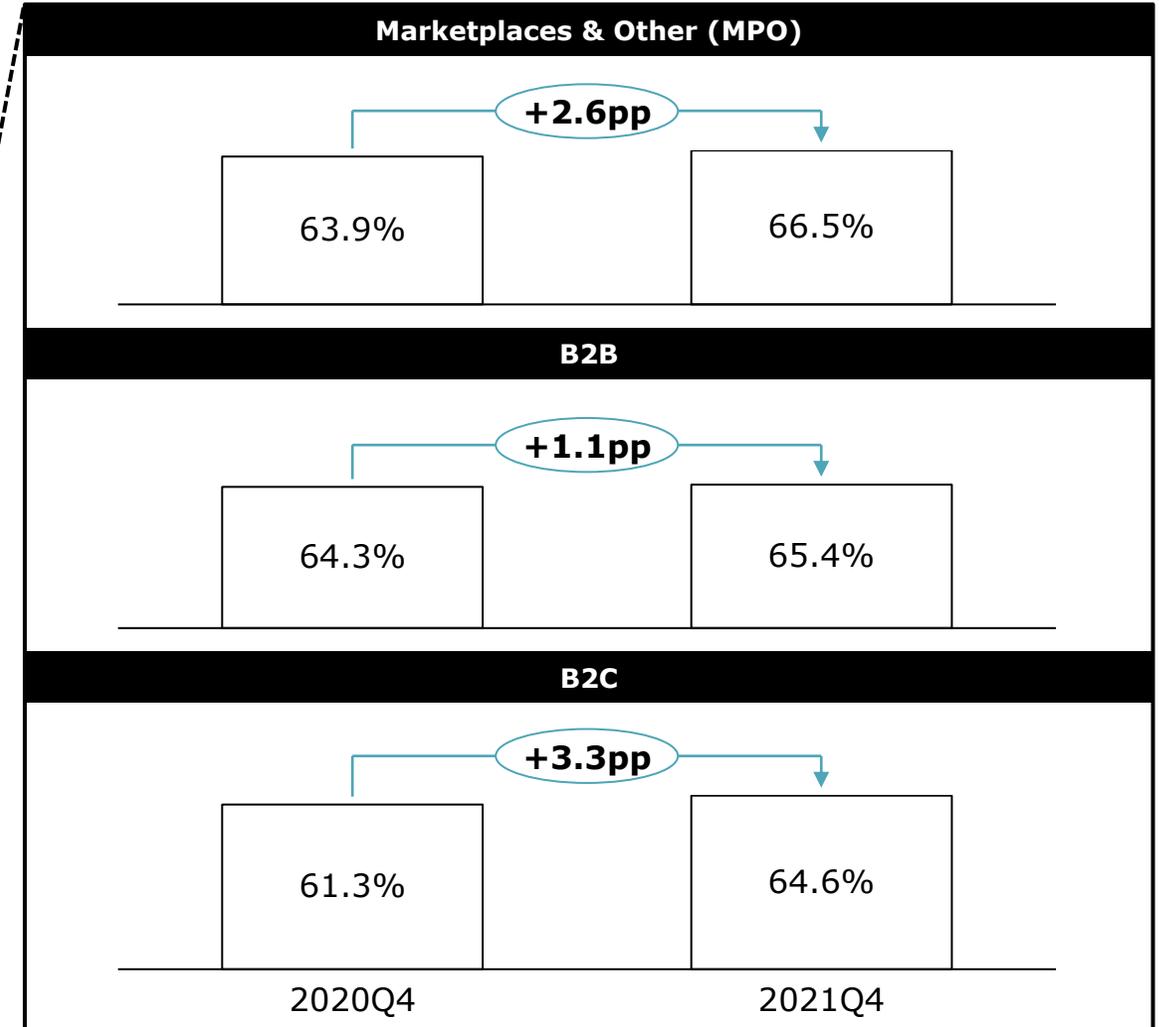
Divested
  MPO
  B2B
  B2C
 x Organic growth, %

# Continued improvement in underlying contribution margin mainly driven by B2C segment due to category mix effect and lower discount

**Gross margin – Group**  
% of net revenue



**Gross Margin – Segments (Q4)**  
% of net revenue



Note: Rounding differences may occur

# Solid operating profitability in Q4 well above mid to long term target despite continued headwind in marketing input prices

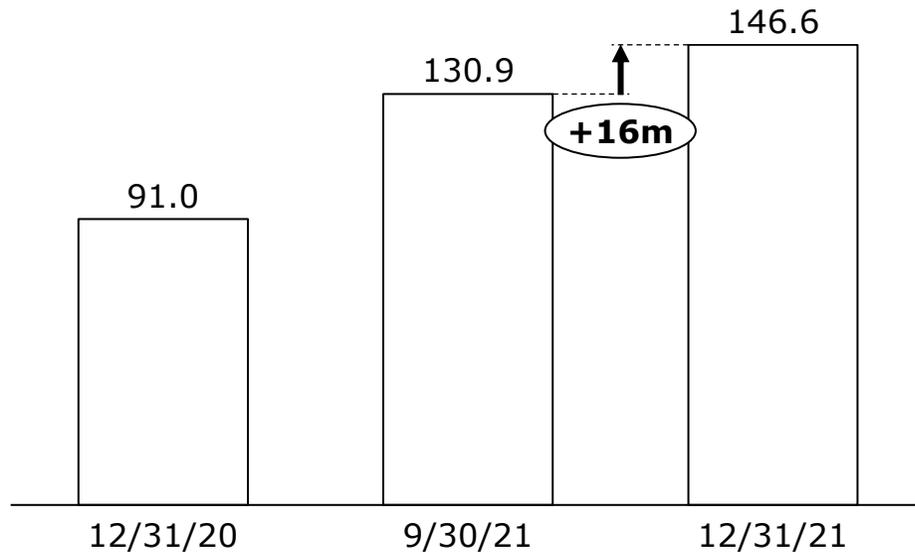
Cost ratios & margins Percent of net revenue	Full year			Q4			
	2020	2021	Δ	2020	2021	Δ	
<b>Goods for resale</b>	-38.6%	-35.6%	3.1pp	-39.0%	-35.3%	3.8pp	Category mix effects, reduced discount rates and UK VAT accrual
<b>Other external expenses</b>	-33.6%	-35.9%	-2.4pp	-34.5%	-36.3%	-1.8pp	Q4 increase driven by marketing investments in a more active market
<b>Personnel expenses</b>	-8.5%	-9.0%	-0.5pp	-7.3%	-8.5%	-1.3pp	Q4 increase driven by planned recruitments
<b>Profit from divesting shares in subs.</b>	0.4%	0.0%	-0.4pp	1.1%	0.0%	-1.1pp	Divestment of ArtGlass i Malmö AB in December 2020
<b>Other operating expenses</b>	-0.2%	-0.4%	-0.2pp	-1.1%	-0.6%	0.5pp	
<b>Depreciation &amp; Amortization</b>	-1.4%	-1.2%	0.2pp	-0.9%	-1.0%	-0.1pp	
<b>EBIT</b>	18.5%	18.1%	-0.4pp	18.6%	18.4%	-0.2pp	
<b>Adjusted EBIT<sup>1</sup></b>	19.4%	19.5%	0.1pp	21.0%	18.4%	-2.6pp	

Note: Rounding differences may occur

<sup>1</sup> Excluding costs related to the IPO in Q4 2020 and Q1 2021

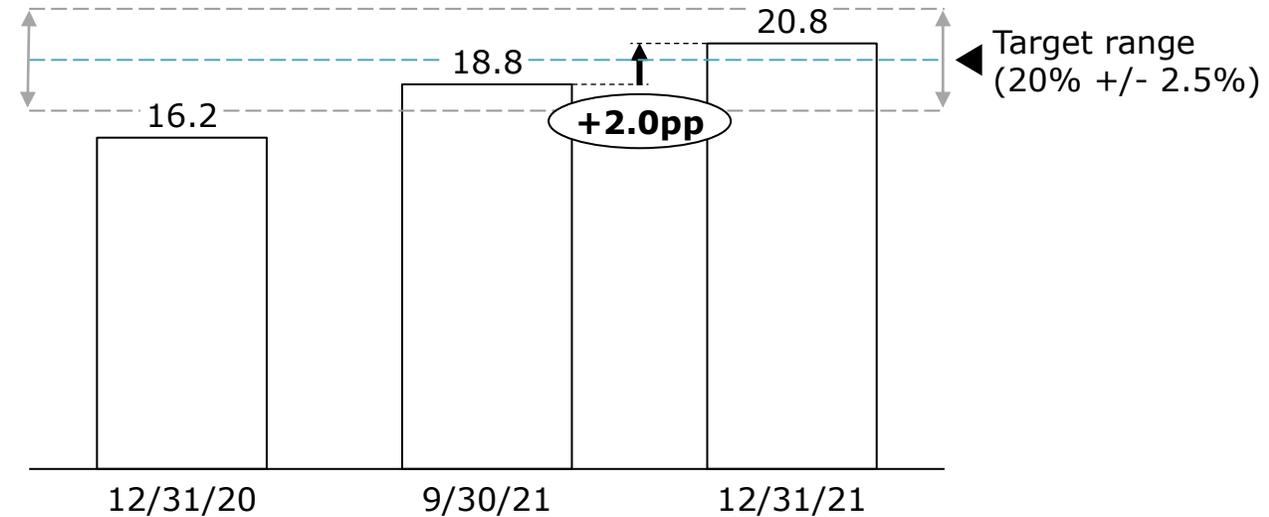
# Continued investment in inventory during Q4 to prepare for final stage of peak-season (Q1) – LTM ratio well within target range

**Inventory value**  
SEK million



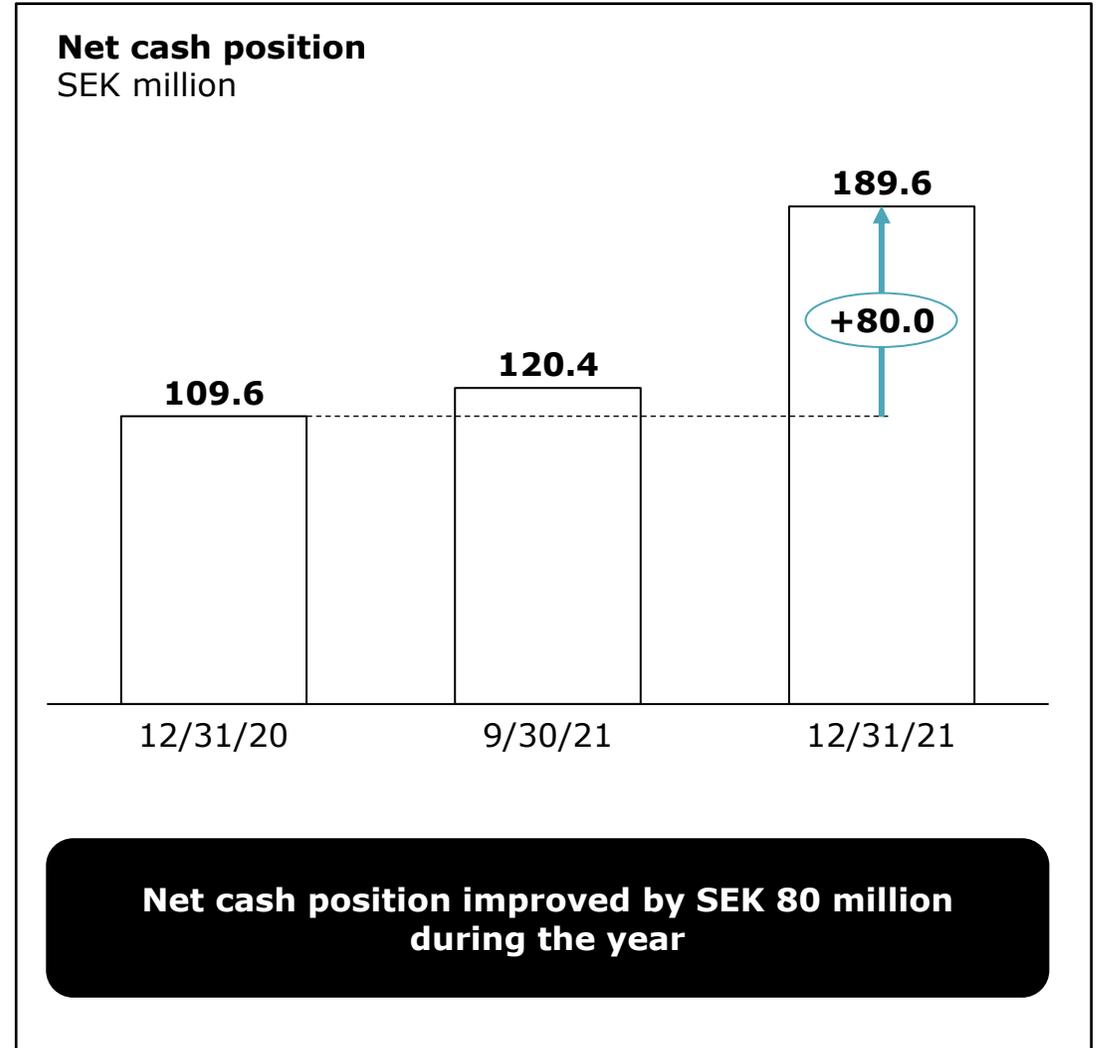
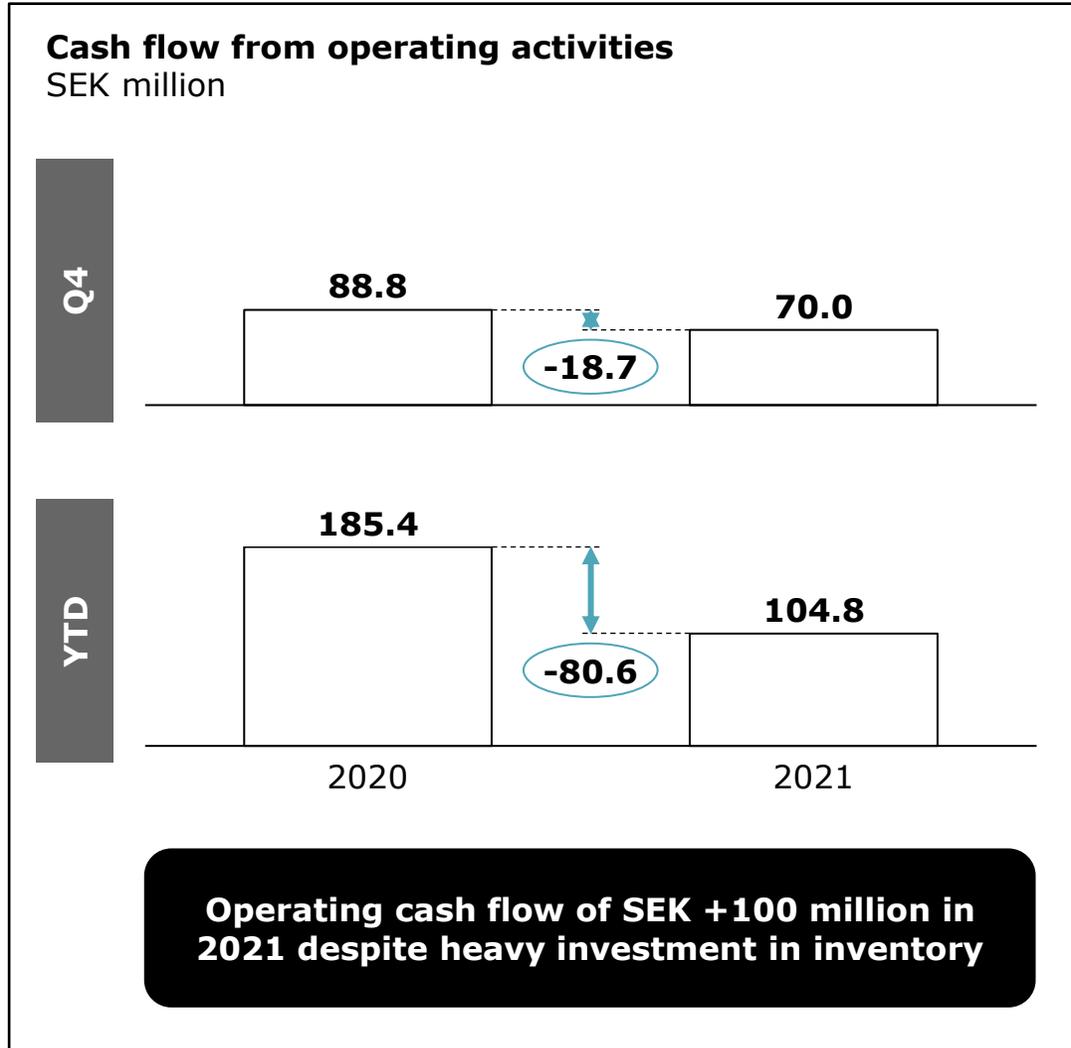
**SEK 16 million increase in stock value during Q4 2021**

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



**Inventory level remains well in-line with target range**

# Strong cash generation during Q4 and 2021 despite significant investments in goods on stock



# Dividend proposal

- The Board of Directors proposes a dividend payout of **SEK 2.50** per share
- Total proposed dividend payout equals **MSEK 51.9**
- Proposed dividend a **testament to the Group's strong cash generation**
- **Fulfillment of mid- to long-term financial target** of *investing resources into growth and developing the business in addition to pay out up to 50% percent of annual net profits in dividends to shareholders*
- Contingent on approval by AGM, the tentative record date is May 24, 2022

## Outstanding 2021 financial performance

- All-time highs reached across multiple financial metrics
- MSEK 705 in Net Revenues (reaching 700+ million threshold)
- Adjusted EBIT of MSEK 138 (19.5% adjusted EBIT margin)

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## Solid Q4 despite tough comparables & market conditions

- 7% organic net revenue growth; MSEK 40 EBIT & stable margin
- Continued high activity across all ad-formats with consumer demand unpredictable and volatile

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## Continued strong cash generation

- MSEK 105 in operating cash flow during 2021 despite heavy investments in inventory
- Proposed dividend payout of SEK 2.50 testament to strong cash generation (MSEK 51.9 in total)

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## Key strategic initiatives materializing

- *RugVista Essentials* introduced & developed for new consumer segment
- 1<sup>st</sup> version of new RugVista web-shop released in Croatia; Basis for commercial execution

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## Confidence in mid- to long-term outlook

- Start off facing another strong comparable from Q1 2021 (92% YoY)
- Organizational focus on executing on the right strategic initiatives and looking forward to everything that we can achieve in 2022



# Q&A

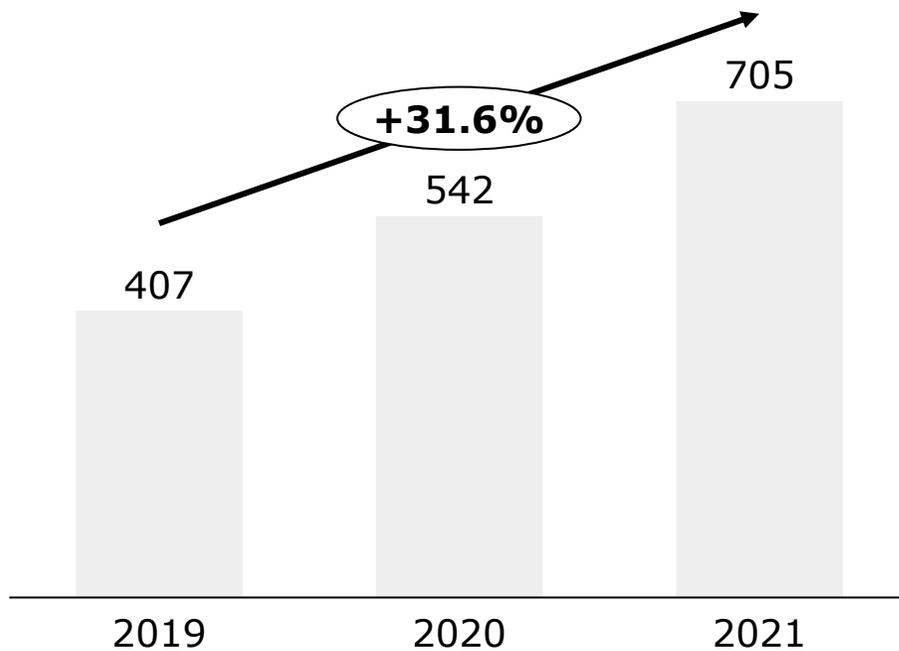


# Additional information

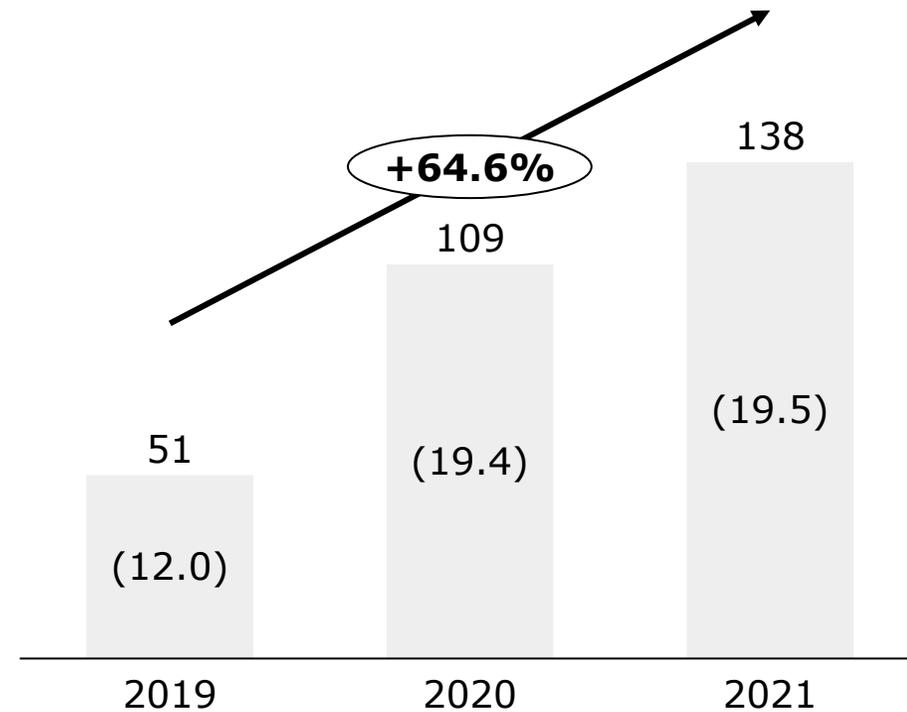


# 2019 – 2021 net revenue & adjusted EBIT CAGR

**Ongoing net revenue<sup>1</sup>**  
MSEK



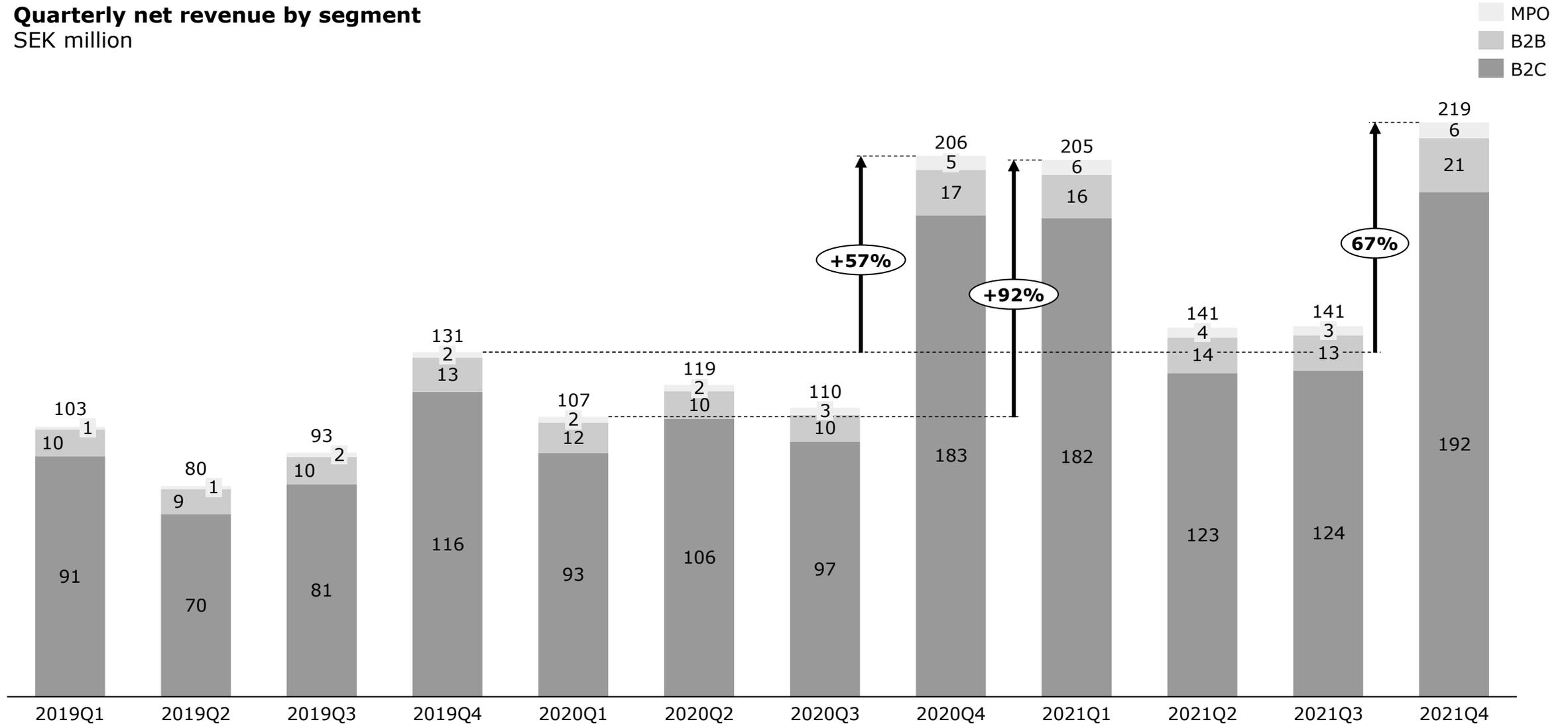
**Adjusted EBIT**  
MSEK (adjusted EBIT %)



<sup>1</sup> Excludes divested operations, i.e., Artglass i Malmö

# Historical quarterly information

**Quarterly net revenue by segment**  
SEK million



Note: Above graph excludes divested operations

## Financial calendar

Event	Date	Report release	Earnings call
○ Annual report 2021	April 8, 2022	07:30 CEST	-
○ Interim report January – March 2022 (Q1 2022)	May 12, 2022	07:30 CEST	09:00-10:00 CEST
○ Annual General Meeting 2022 (Malmö, Sweden)	May 20, 2022	-	-
○ Capital Markets Day	June 2, 2022	-	-
○ Interim report January – June 2022 (Q2 2022)	August 18, 2022	07:30 CEST	09:00-10:00 CEST
○ Interim report January – September 2022 (Q3 2022)	November 10, 2022	07:30 CET	09:00-10:00 CET
○ Interim report January – December 2022 (Q4 2022)	February 9, 2022	07:30 CET	09:00-10:00 CET

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# Introduction to what we are aiming to achieve

## *Strategic initiatives*

### **Penetrate core markets further,**

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.

### **Complete journey from “Good-to-Great”,**

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**

# 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.

RugVista 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:** *Be the center of gravity for the European rug industry.*
- **Sustainability:** *Lead the rug industry towards a sustainable future.*
- **People:** *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.