

RUGVISTA

Earnings Call

January – December 2023

Rugvista Group AB (publ)

Solid outcome despite a macroeconomically challenging year

Maintained profitable organic growth in challenging market during Q4

- All-time high quarterly net revenue of SEK 233.3 (204.1) million (+14.3%).
- Organic net revenue growth was +9.3%.
- Healthy profitability maintained, but negatively affected by intense market environment, price sensitive consumers, as well as investments into future growth and organizational development.
- EBIT was SEK 29.4 (36.4) million and the EBIT margin was 12.6% (17.8%).

Solid full year performance combined with strengthened financial position

- Net revenue was SEK 702.2 (639.3) million representing an increase of +9.8% (-9.3%).
- Organic net revenue growth was 2.8% (-13.1%).
- EBIT was SEK 85.4 (74.9) million representing a +14.0% increase.
- EBIT margin was 12.2% (11.7%) representing an increase of +0.5 percentage points.
- Net cash of SEK 186 (112) million and the Board of Directors proposes a dividend of SEK 1.80 (1.50) per share.

Strong development across strategic KPIs

- All-time high quarterly number of orders (101K) and number of new customers (74K) acquired.
- Customer satisfaction levels remain high with an NPS-value of 64.

Significant progress made on realizing long-term vision during 2023

- First version of new e-commerce platform live in 20+ European markets.
- Assortment offering continues to improve and broadened selection within both outdoor and kids rugs contributed to net revenue growth.
- Rugvista brand journey initiated with multiple initiatives executed to drive increased brand awareness.
- Enabled organic search engine visibility of own content. Already starting to have positive impact.
- Lease agreement signed for new warehouse and office facility plus office in Berlin opened.

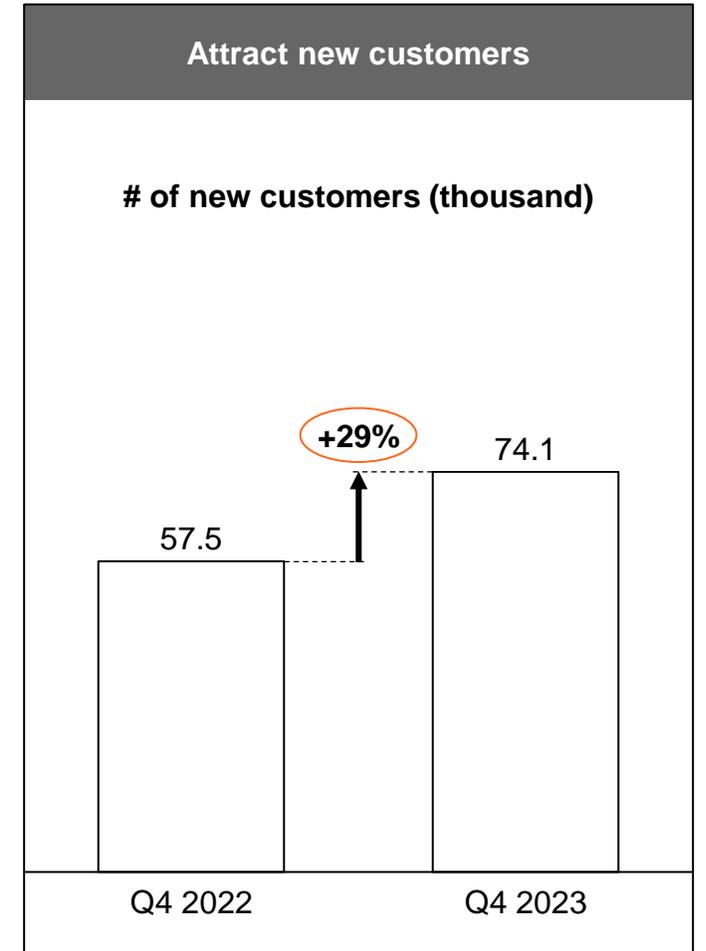
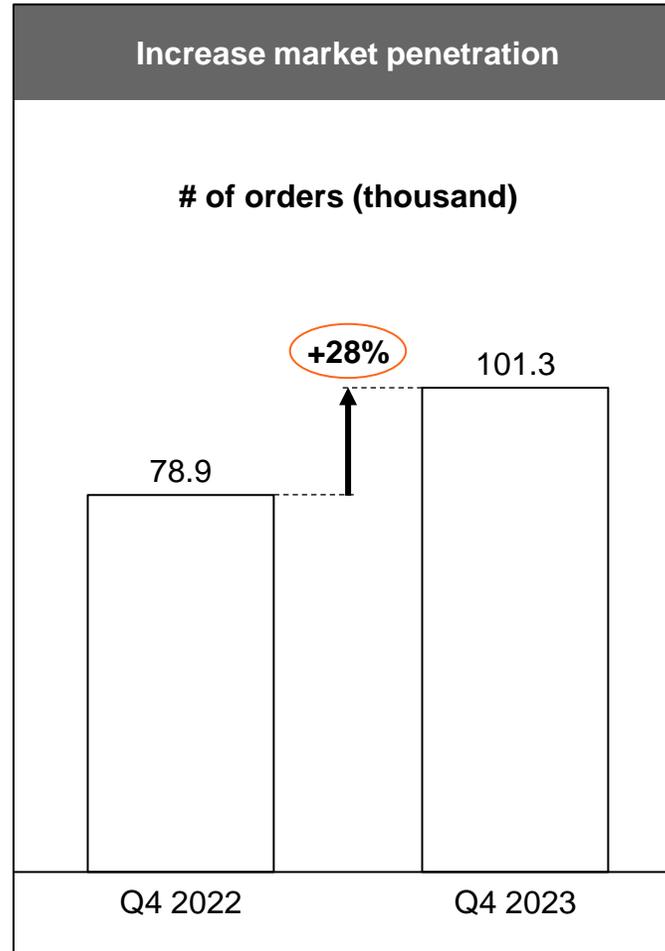
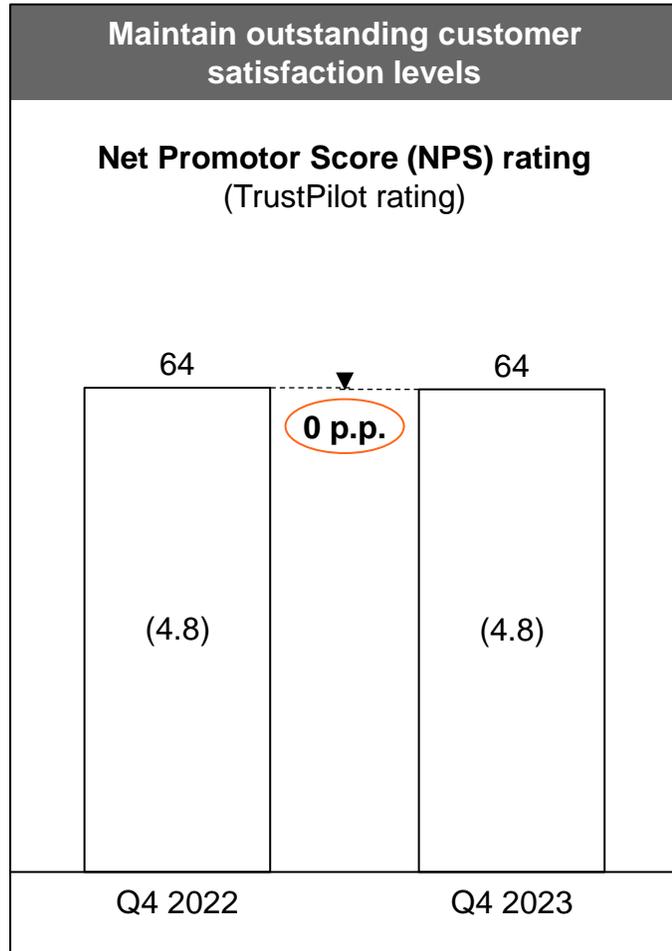
Business Update



RUGVISTA

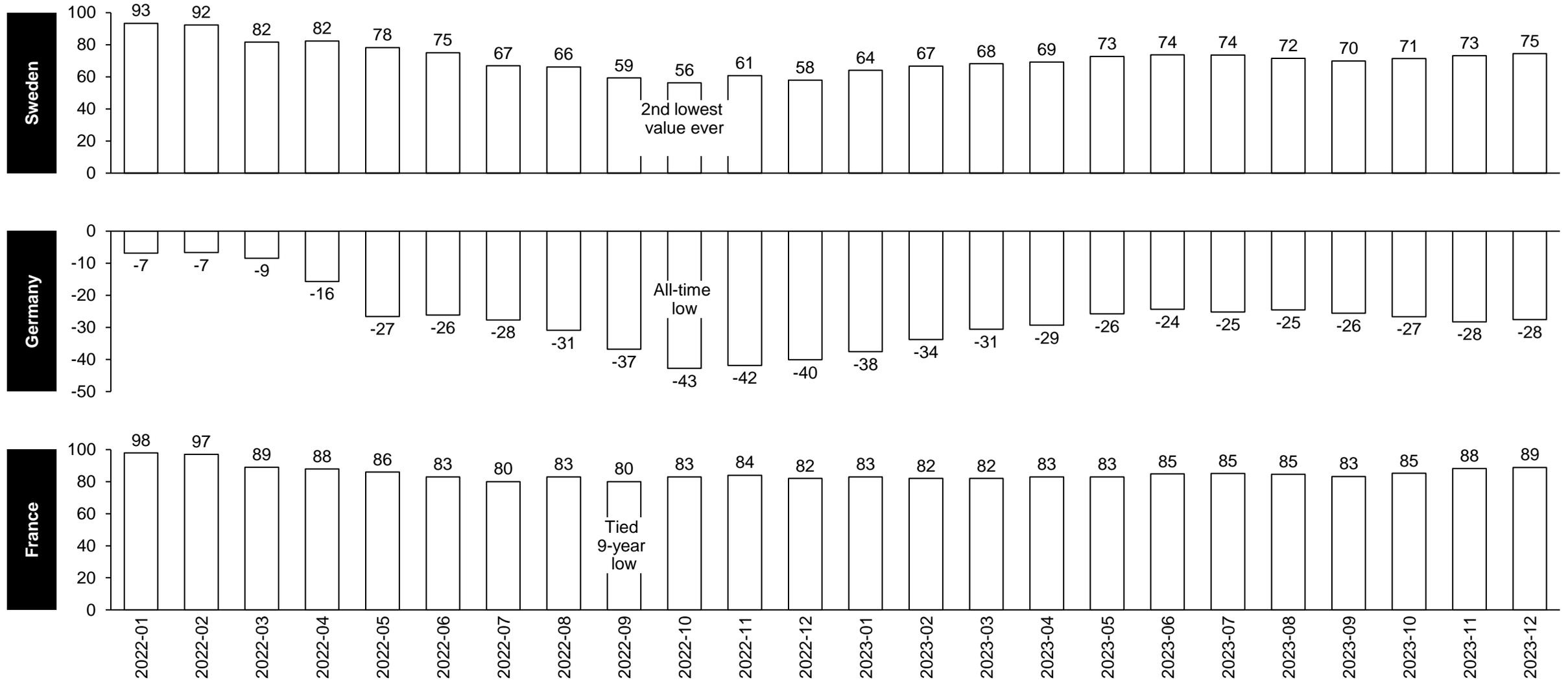
Continued high customer satisfaction levels combined with all-time highs in quarterly order count and new customers

← Strategic priorities KPIs →



Consumer confidence stable but remains at historically low levels

Consumer confidence index across selected key markets

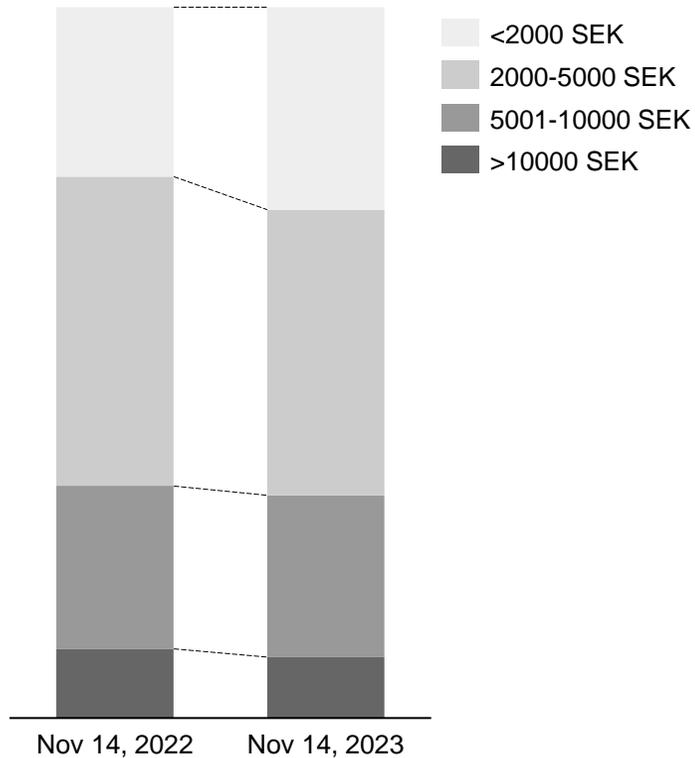


AoV decline driven by price sensitive consumers and small changes in assortment composition

Marginal year-over-year difference in price attractiveness of our assortment offering...

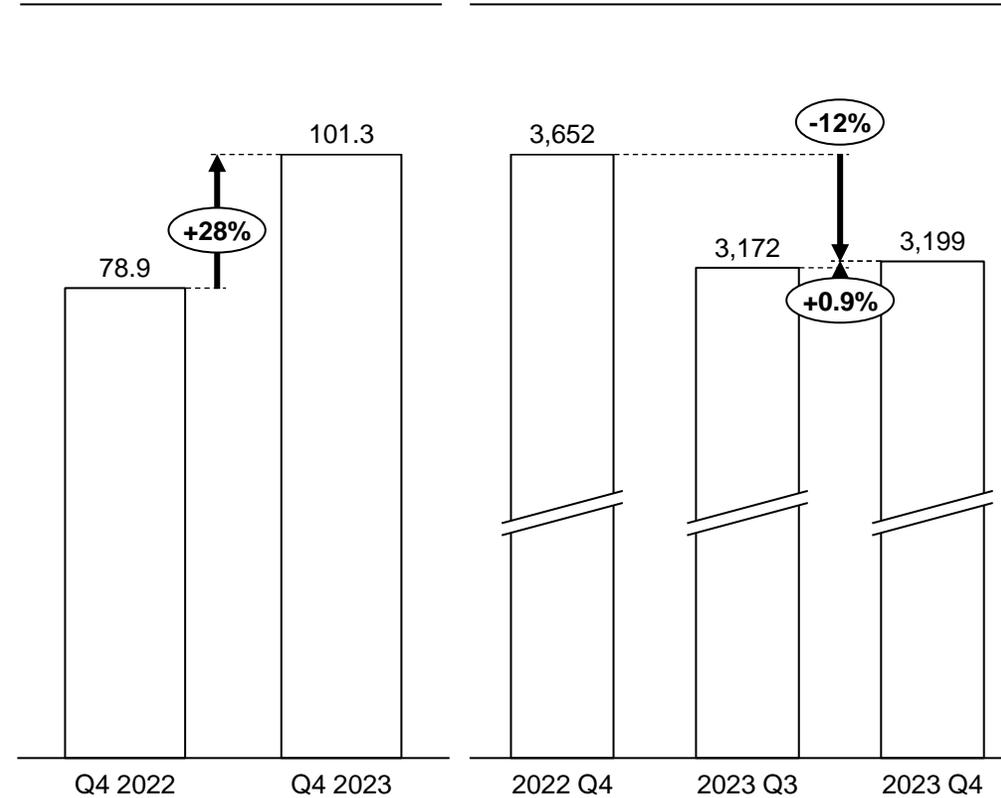
...consumer's willingness to buy higher compared to last year, but strong focus on price

Design rugs by price range¹
Share of design articles



Number of Orders
Thousand

AoV² development
SEK



Multiple factors indicating a stronger than normal price focus this year, e.g., sales discount rate development, category mix changes, price point down-trading within categories

New warehouse and office

Inspirational rendition of new warehouse and office building



Current and future Rugvista footprint in Malmö



Why

- End of 2023 and 2024 window for extending or terminating leases for current Malmö facilities
- Warehouse #2 (FA10) located in an area to be re-zoned within the next 2-3 years
- Current warehouse spaces not 100% fit-for-purpose, i.e., challenging to achieve desired efficiency gains and capacity scaling
- Current office space (RG11) not sufficient for near-term requirements

Details Lodgatan 11 facility

- **Building:** Green-field construction of facility on existing plot with 9-year lease
- **Warehouse space:** ~10K sqms (~11.5 meters ceiling height)
- **Office space:** ~2.5K sqms (sufficient space for foreseeable future)
- **CapEx until mid-2025 move in:** SEK 55-60 million (preliminary)

Expected benefits

- **“One location”**, e.g., improved operational processes management, cross functional collaboration, and organizational culture building
- **Fit-for-purpose**, e.g., spaces for warehousing and office functions designed based on our unique requirements
- **Future proof**, e.g., process optimizations and automation possible (where relevant) to meet future capacity requirements efficiently

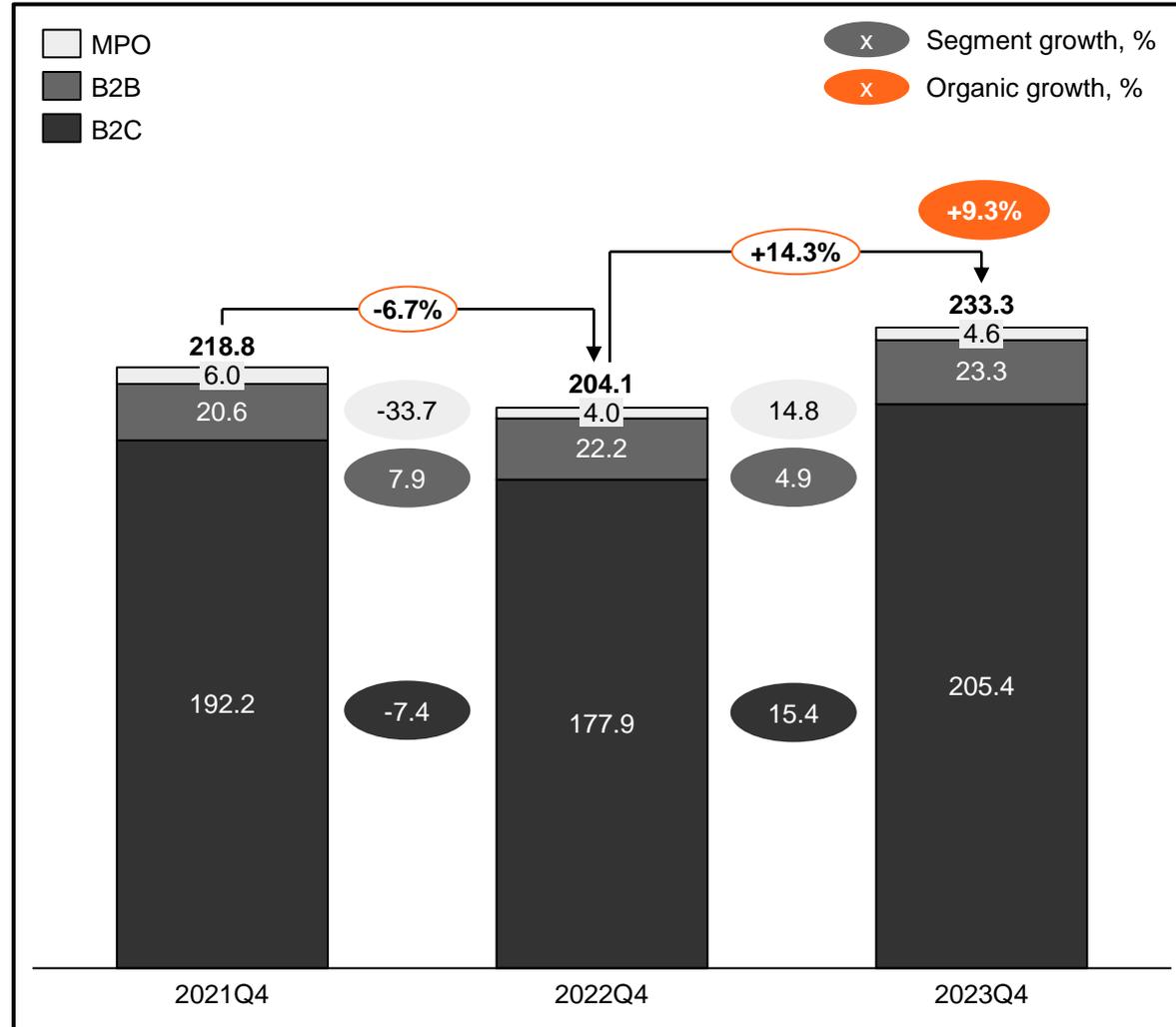
Financial Update

RUGVISTA

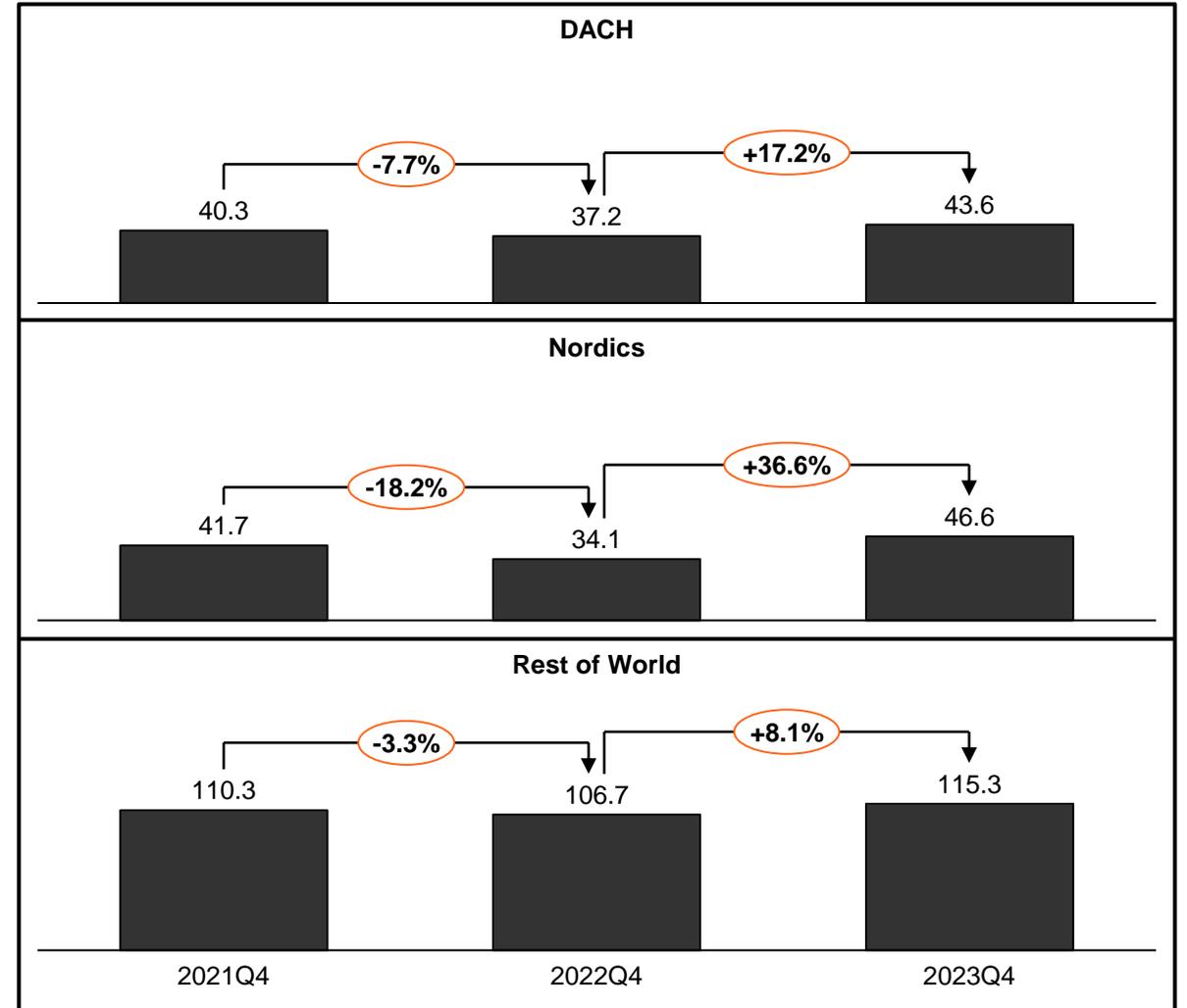


Continued organic growth during Q4 with Nordics driving performance

Group net revenue – Quarter¹
SEK million

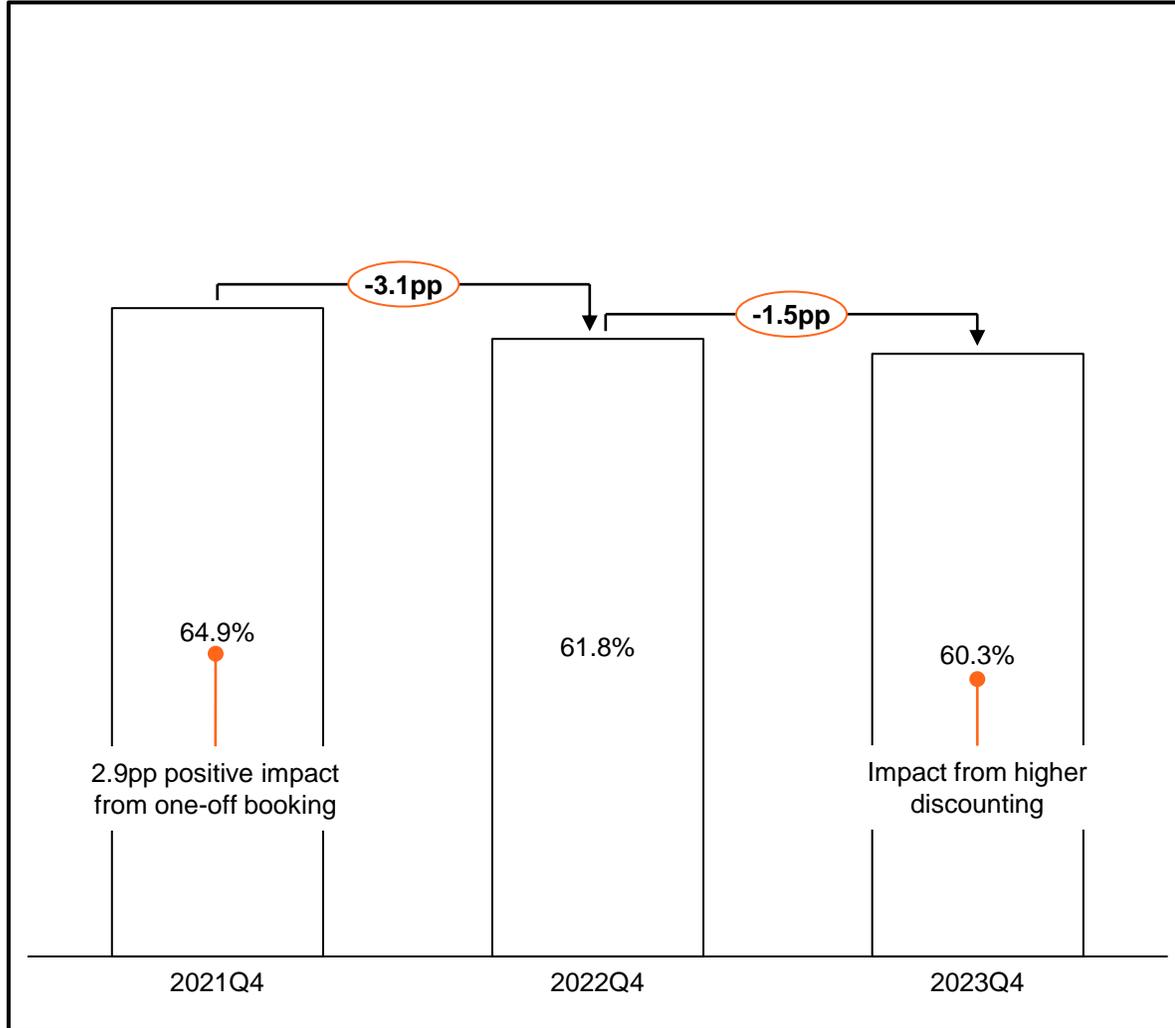


Net revenue B2C by region – Quarter
SEK million

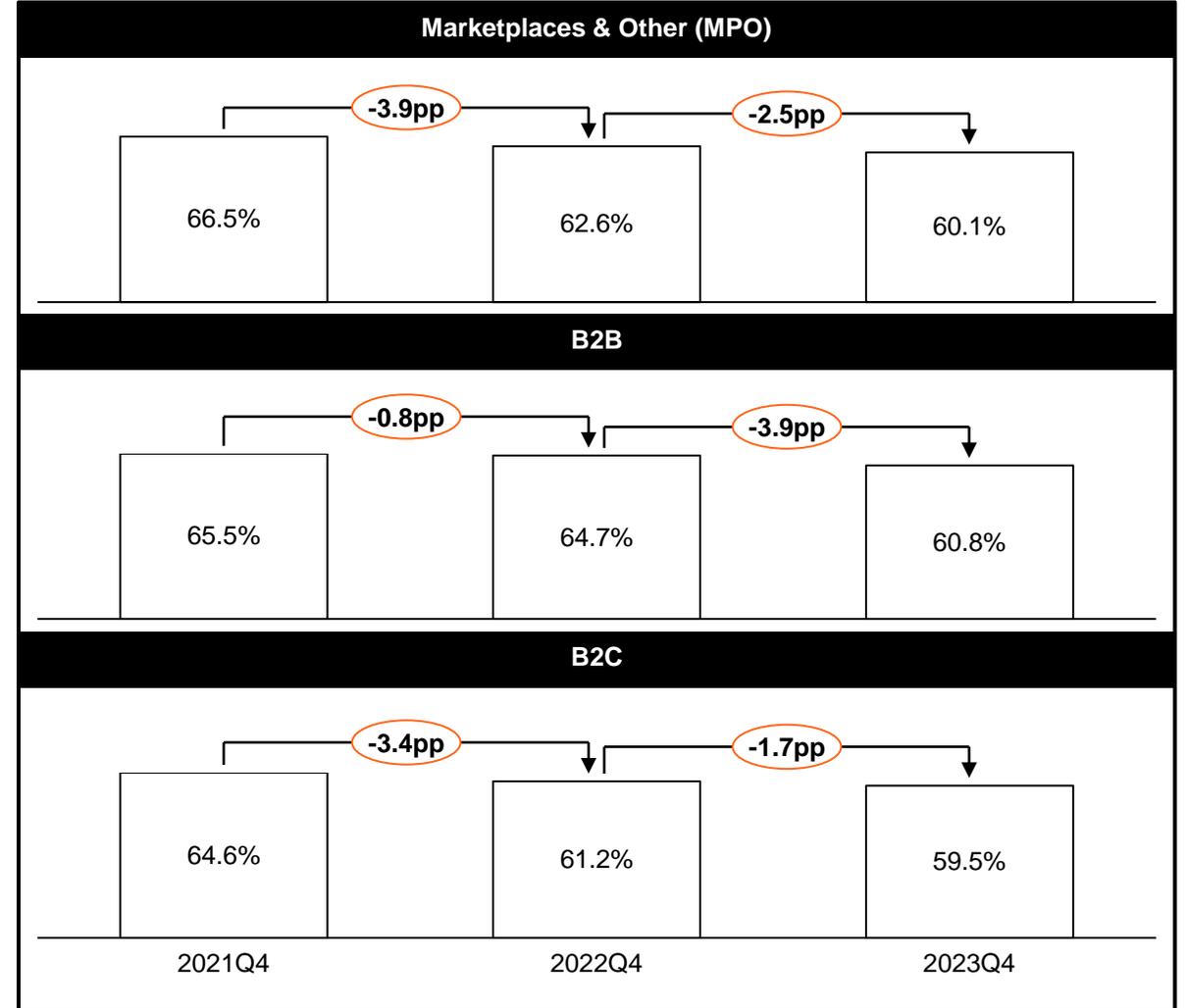


Price focused consumers negatively impacting gross margin

Gross margin – Group
% of net revenue



Gross Margin – Segments
% of net revenue

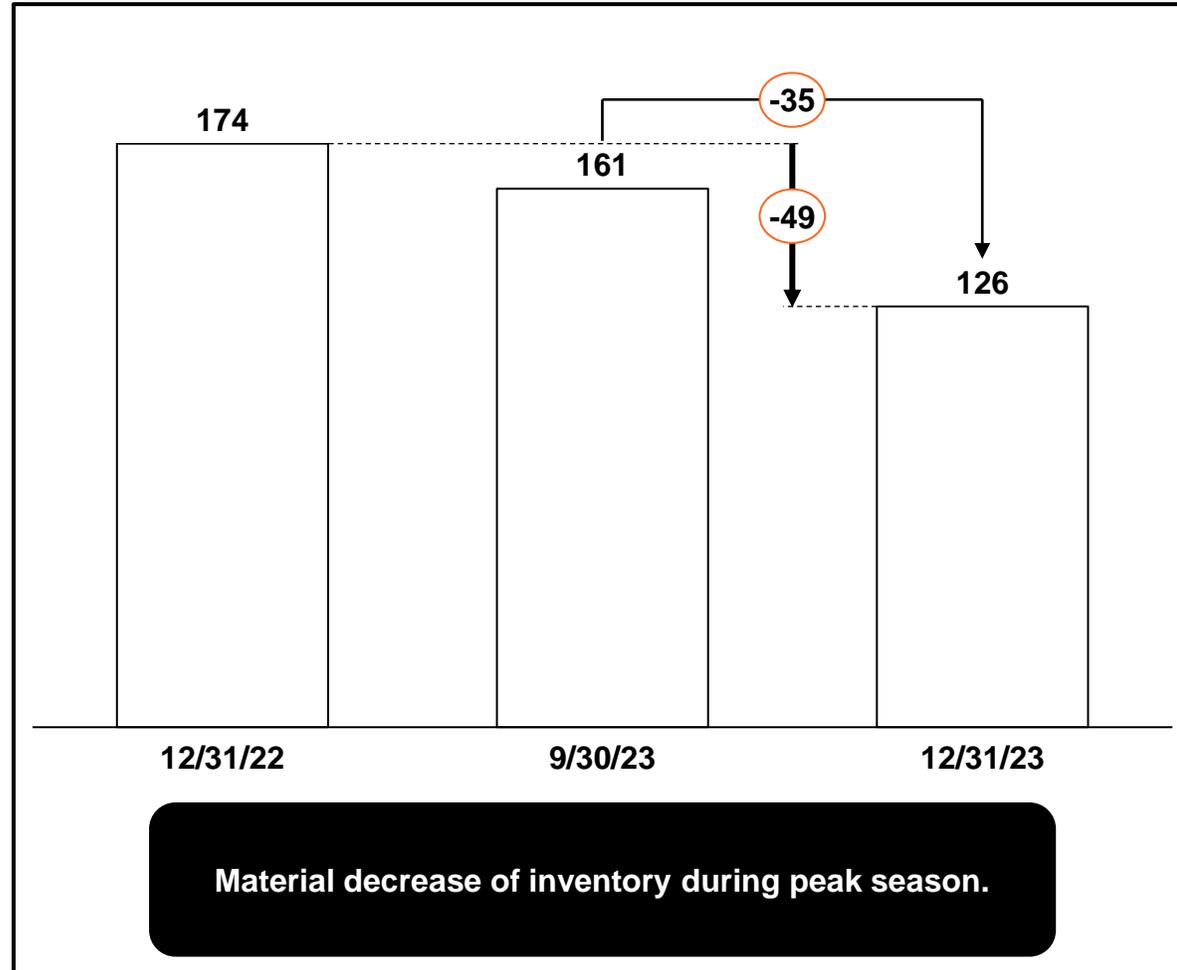


Q4 EBIT margin decline, full year EBIT and EBIT-margin improved

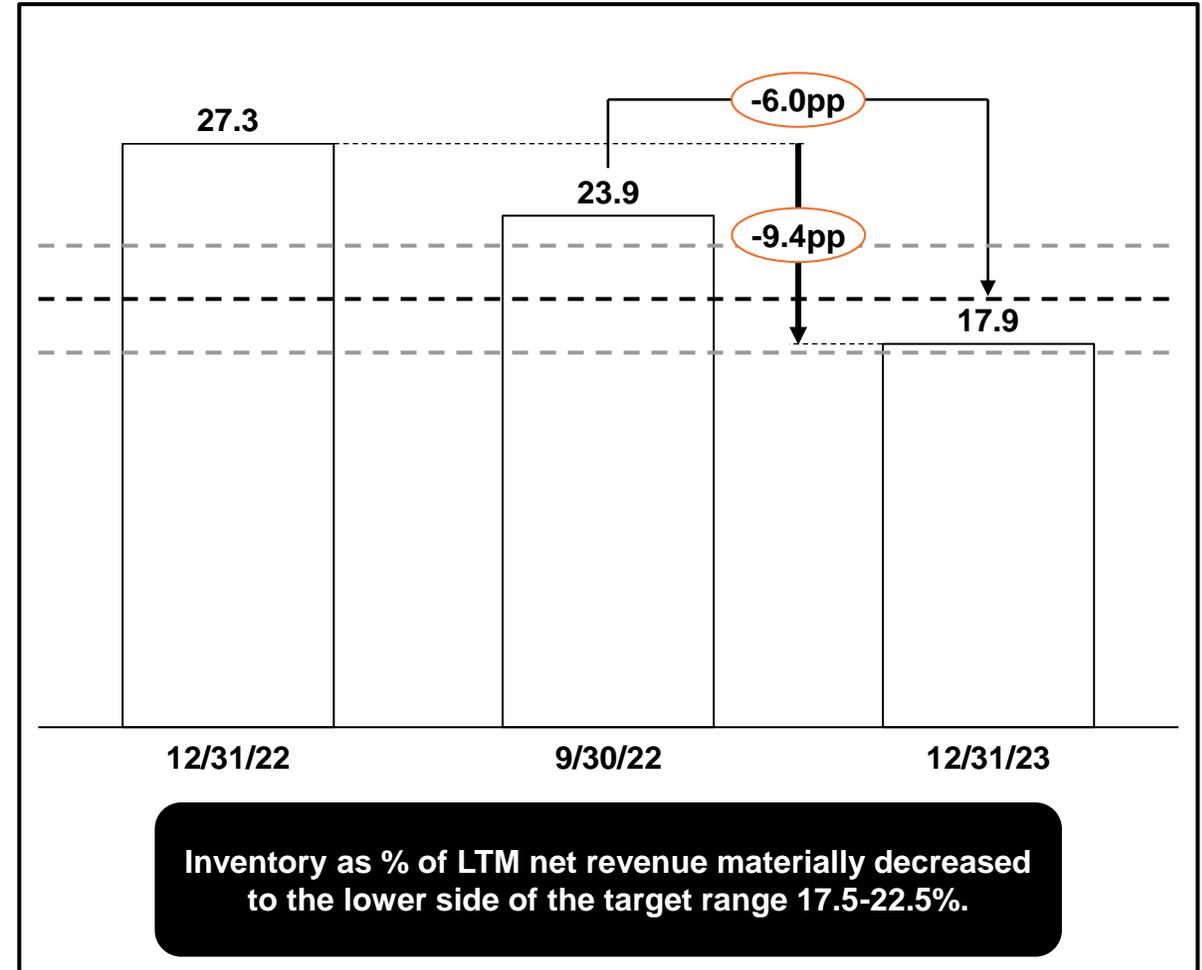
Cost ratios & EBIT-margin Percent of net revenue ¹⁾	YTD				Q4				
	2021	2022	2023	Δ '23 vs '22	2021	2022	2023	Δ '23 vs '22	
Goods for resale	-35.6%	-38.3%	-38.3%	0.0pp	-35.3%	-38.4%	-40.3%	-1.9pp	Larger discounted share of sales and higher outbound transport costs.
Other external expenses	-35.9%	-37.0%	-37.0%	0.0pp	-36.3%	-34.9%	-36.4%	-1.5pp	Consultant costs for new WH design & IT.
Personnel expenses	-9.0%	-10.9%	-10.4%	+0.5pp	-8.5%	-8.6%	-8.9%	-0.3pp	Salary increases, peak season staffing in Operations.
Other operating expenses	-0.4%	-0.6%	-0.7%	-0.1pp	-0.6%	0.8%	-1.1%	-1.9pp	FX effect on revaluation of assets and liabilities.
Depreciation & Amortization	-1.2%	-1.7%	-1.7%	0.0pp	-1.0%	-1.3%	-1.3%	+0.0pp	
EBIT-margin	18.1%	11.7%	12.2%	+0.5pp	18.4%	17.8%	12.6%	-5.2pp	The variance vs the sum of the items above is "other income" (~MSEK 1) and larger than usual during Q4.

Inventory at the lower end of target range

Inventory value
SEK million

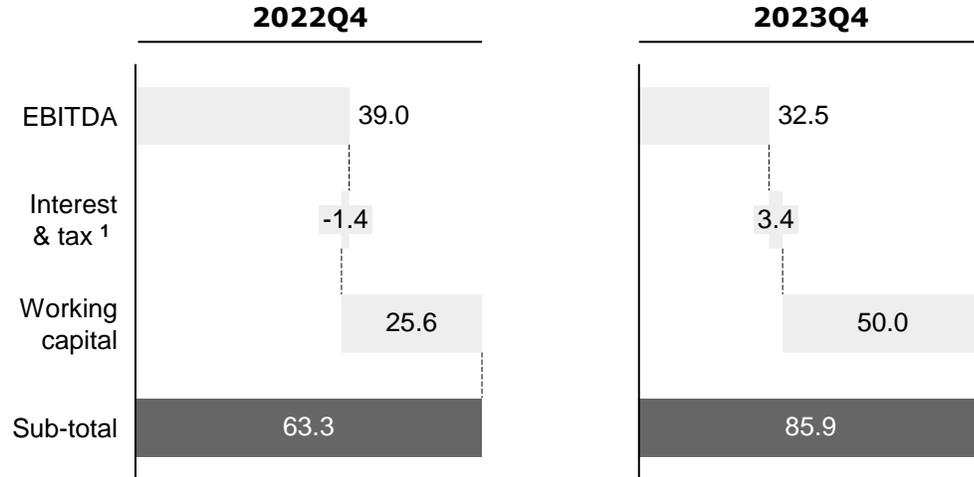


Inventory as share of LTM¹ net revenue
Percent

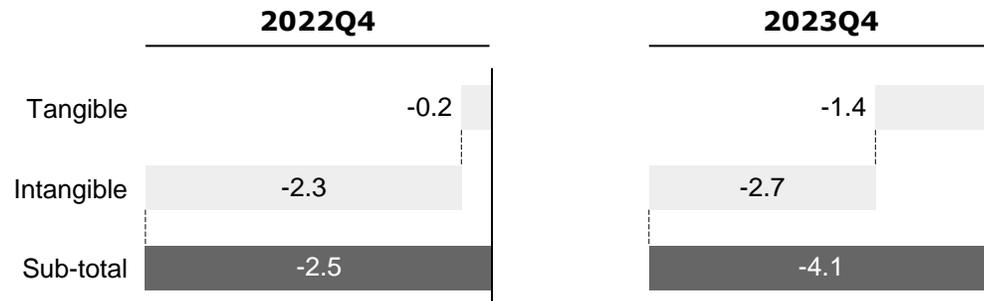


Strong cash flow development

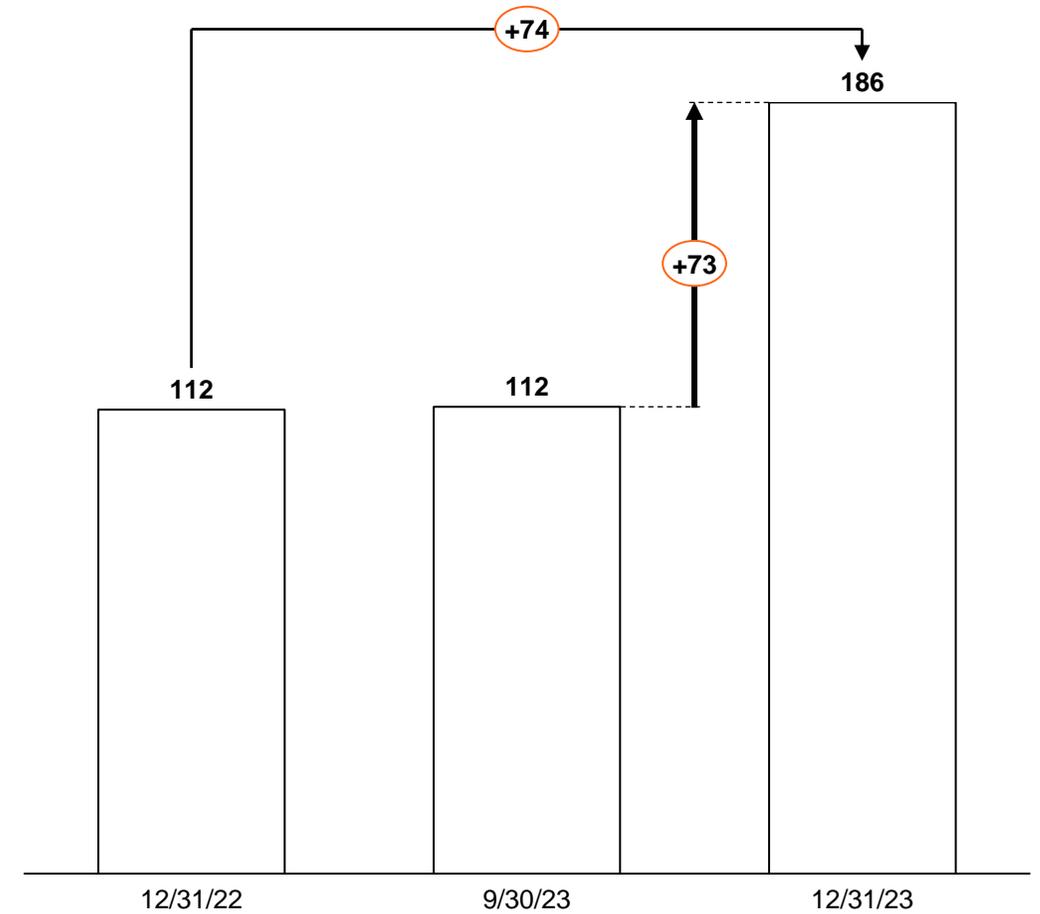
Cash flow from operating activities SEK million



Cash flow from investing activities SEK million



Net cash position SEK million



Successfully navigated macro economically challenging year

Back to organic profitable growth despite challenging market environment

- Net revenue was SEK 702.2 (639.3) million representing an increase of +9.8% (-9.3%).
- Organic net revenue growth was 2.8% (-13.1%).
- EBIT was SEK 85.4 (74.9) million representing a +14.0% increase.
- EBIT margin was 12.2% (11.7%) representing an increase of +0.5 percentage points.

Financial position strengthened throughout the year

- Inventory to LTM net sales back within target range at 17.9%.
- Net cash of SEK 186 (112) million.
- Board of Directors proposes a dividend of SEK 1.80 (1.50) per share.

Strong development across strategic KPIs and significant progress on strategic initiatives

- Full-year all-time high order count (296K) and number of new customers (216K) acquired.
- Customer satisfaction levels remain high with a full-year average NPS-value of 66.
- First version of new e-commerce platform live in 20+ European markets. Basis for several of our long-term strategic initiatives. Already enabled improved organic search engine visibility.
- Assortment offering continues to improve with outdoor and kids as specific highlights during the year.
- Rugvista brand journey initiated with multiple initiatives to increase brand awareness executed.
- Lease agreement for new Malmö facility and Berlin office to enable mid- to long-term profitable growth.

Outlook for 2024 remains uncertain

- Some indications that the economy bottomed out during 2023 but 2024 outlook uncertain.
- Organizational focus on successfully navigating the geopolitical and economic environment to drive both short- and long-term profitable growth.



Q&A

Additional information

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Financial calendar

Activity	Date	Conference call
Year-end report 2023	February 8, 2024	09:00-10:00 CET
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

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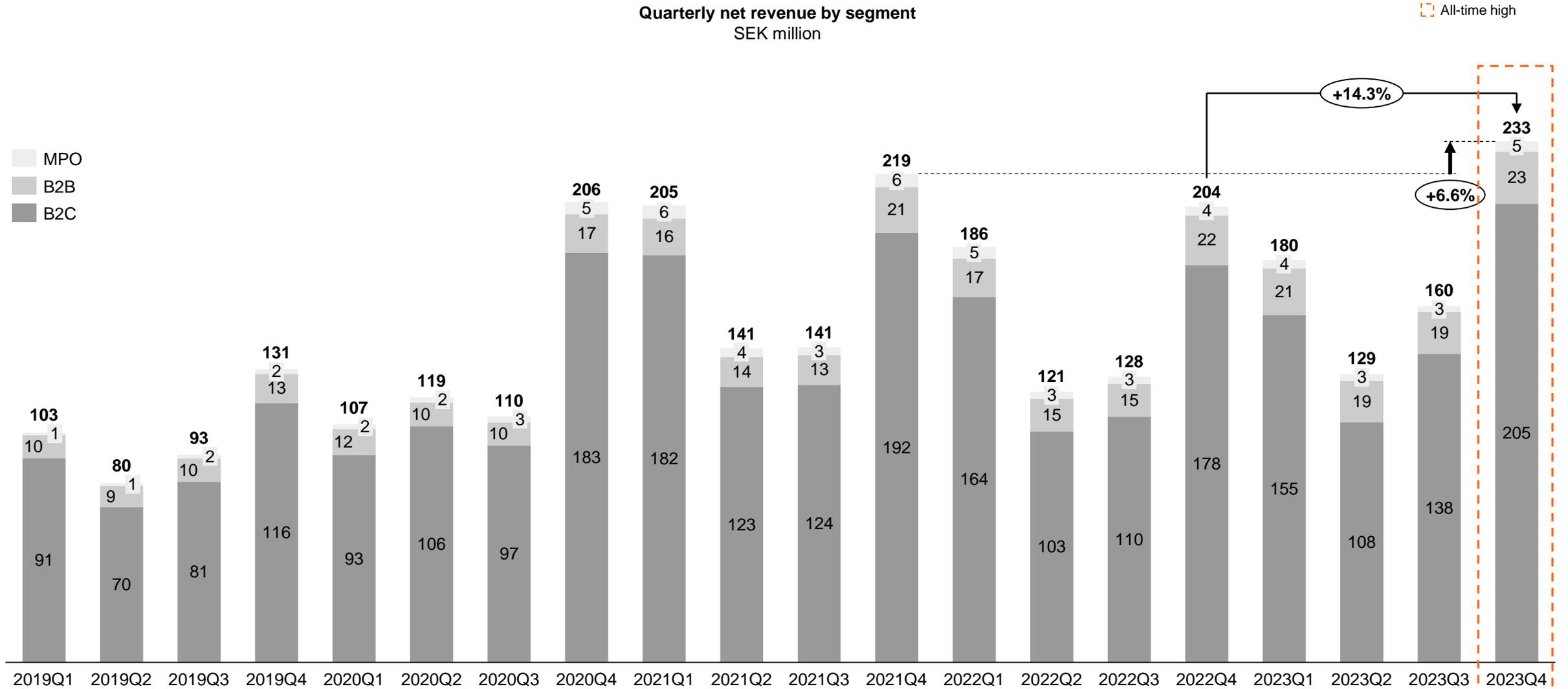
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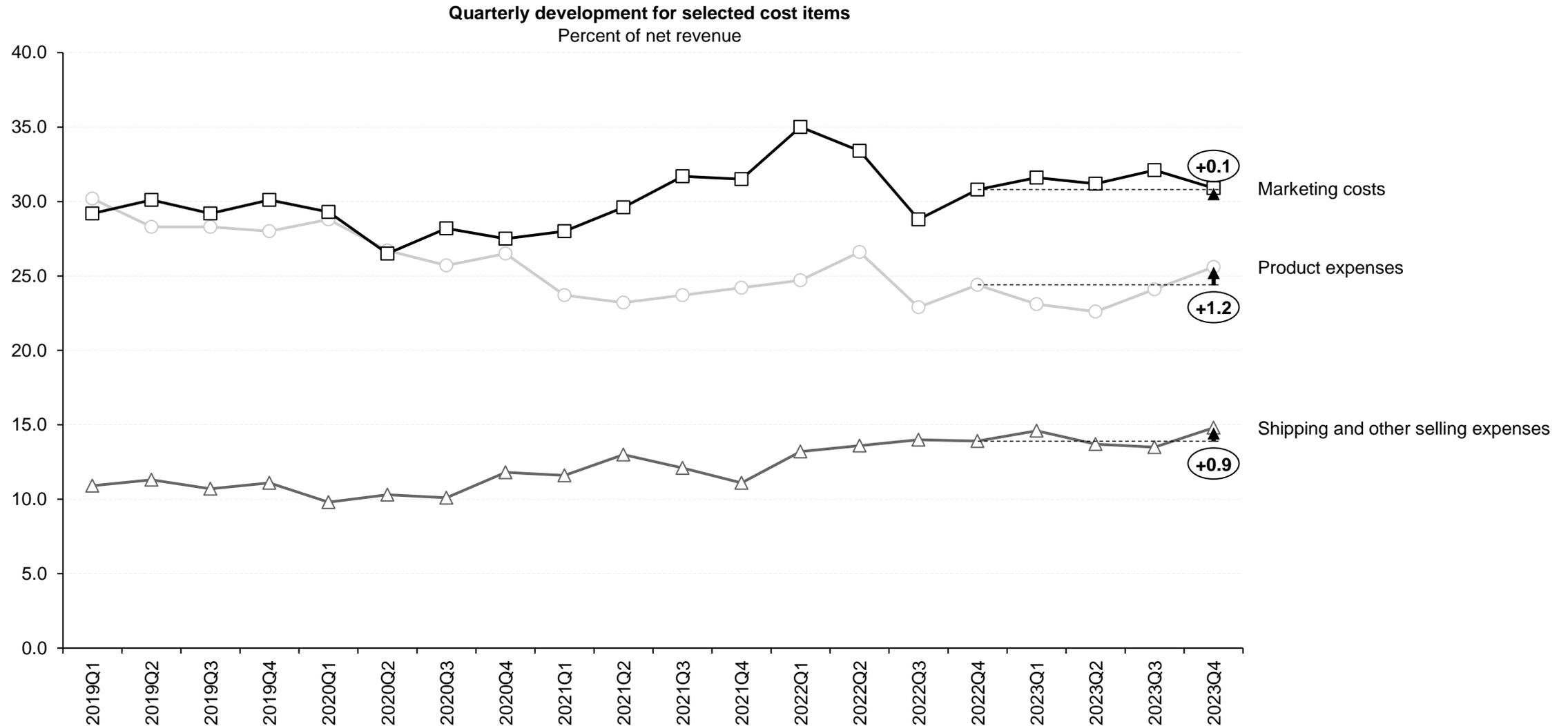
Rugvista Group AB (publ)

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Sweden

Historical quarterly information – net revenue



Historical quarterly information – selected cost items



Introduction to what we are aiming to achieve

Strategic initiatives

Win the key European markets

e.g., enhance localization and invest into building a known and preferred brand over time.

Showcase our assortment

e.g., emphasize our exclusive products, more inspirational & informative content, and improve website usability.

Be world-class in everything we do

e.g., develop tools & processes to steer and continuously optimize commercial as well as operational performance.

Capture selected marketplace opportunities

e.g., scale Amazon business through assortment optimization and leveraging available tools.

Vision

**To become the *Center of Gravity*
for the European rug industry**

**Continue to ensure high customer satisfaction ratings
Leverage data & technology to fuel the initiatives**

About Rugvista Group AB (publ)

Introduction

Rugvista Group is one of the leading European direct-to-consumer online platforms within carpet and rug sales through its online stores, available in 20 different languages, using the Rugvista and Carpetvista brands.

The company was founded in 2005 and offers a broad and relevant range of quality design and traditional carpets and rugs. Rugvista Group offers its EU based customers free deliveries and returns free of charge.

The Group's operations are divided into three segments: B2C, B2B, and Marketplaces & Other (MPO). The B2C segment represents the consumer market and is the Company's core segment.

Purpose and vision

Rugvista Group's purpose is ***to help people to a home they love.***

Rugvista Group has defined three visions, each of which has a clear ambition.

- *Business*
To be the center of gravity for the European rug industry.
- *Sustainability*
To lead the rug industry towards a socially and environmentally sustainable future.
- *People*
To attract, motivate, and retain extraordinary people.

Strengths and competitive advantages

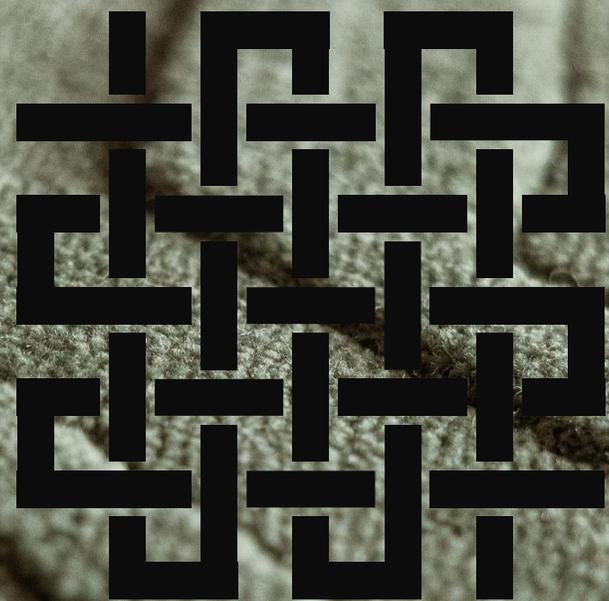
Rugvista Group considers itself having several strengths and competitive advantages which contributes to the Group's ability to realize strategic objectives and reaching financial targets.

- Large European rug market with strong momentum for online sales.
- Attractive position in a market in which size is important.
- Large and growing customer base in Europe.
- Product expertise and assortment.
- Data-driven operational platform.
- Financial profile combining growth and profitability.
- A well-qualified Board of Directors and management team with extensive and relevant experience.

Financial targets

The Board of Directors has adopted the following financial targets for the medium- to long-term:

- Rugvista Group targets to organically grow net revenues by approximately 20 percent per year.
- Rugvista Group targets to maintain an EBIT margin of at least 15 percent.
- Rugvista Group targets to invest resources into growth and developing the business. In addition, Rugvista Group aims to pay out up to 50 percent of annual net profits in dividends to shareholders.



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