

**RUGVISTA**

Earnings call

**January – March 2024**

Rugvista Group AB (publ)

# Progress on strategic initiatives in a challenging market

## Progress on strategic initiatives in a challenging market

- Consumer sentiment improving but remains challenging across most markets. Low average order value continued due to price sensitive consumers.
- Double digit order count increase despite double digit session decline, i.e., increase in conversion rate.
- Investments into organic search engine optimization (SEO) and content production enabling higher total marketing spend efficiency despite intense advertising climate.

## Slight decline in net revenue driven by lower Average Order Value

- Net revenue was SEK 175.9 (180.3) million (-2.4% vs last year). Unusually high variance in net revenue growth across our key markets during the quarter.
- Organic net revenue growth was -3.5%.
- Average order value was SEK 2,957 (3,602) (-18% vs last year) driving decline in net revenue.

## Healthy profitability despite price pressure and investments

- Gross margin was 61.6% (62.6%) with decline driven by price sensitive behavior among consumers.
- Marketing cost as share of net revenue was 30.5% (31.6%) with improved efficiency driven by higher share of organic traffic to web-shops.
- EBIT was SEK 20.0 (25.7) million representing an EBIT margin of 11.4% (14.2%).
- EBIT margin negatively impacted by reduced scale effect on fixed costs and organizational development including preparations for moving to the new warehouse.

## Strong development on strategic KPIs

- High customer satisfaction levels maintained despite slight decrease in NPS 65 vs 68 last year.
- Order count increased 15% vs last year.
- New customer count increase 16% vs last year.

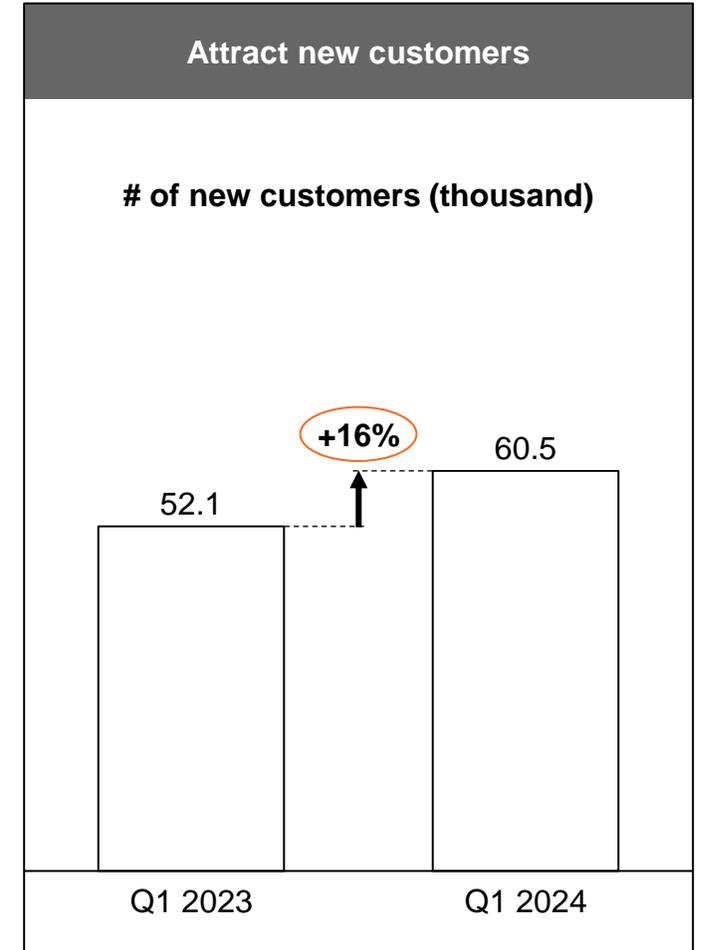
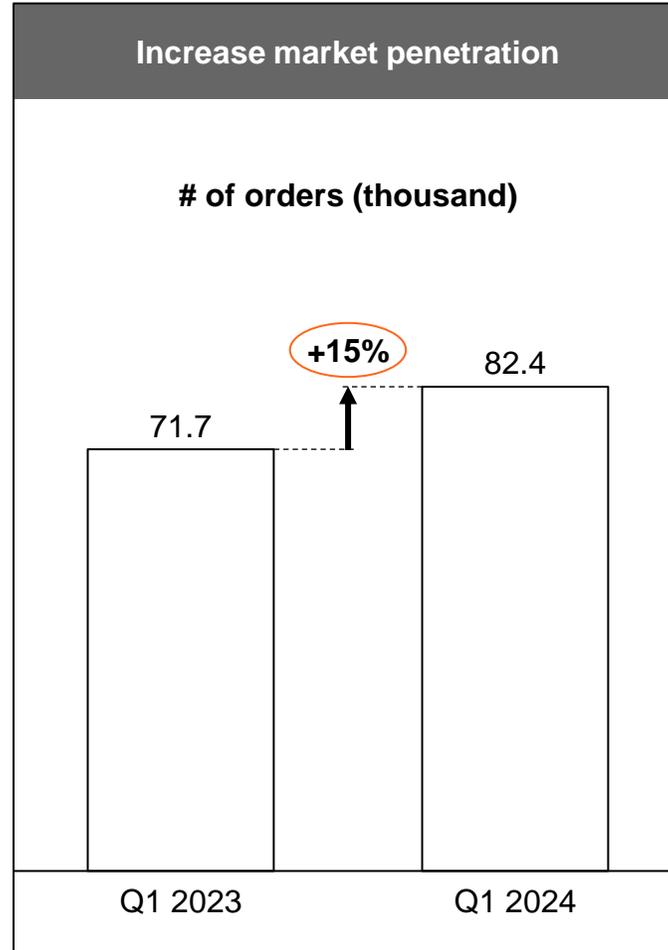
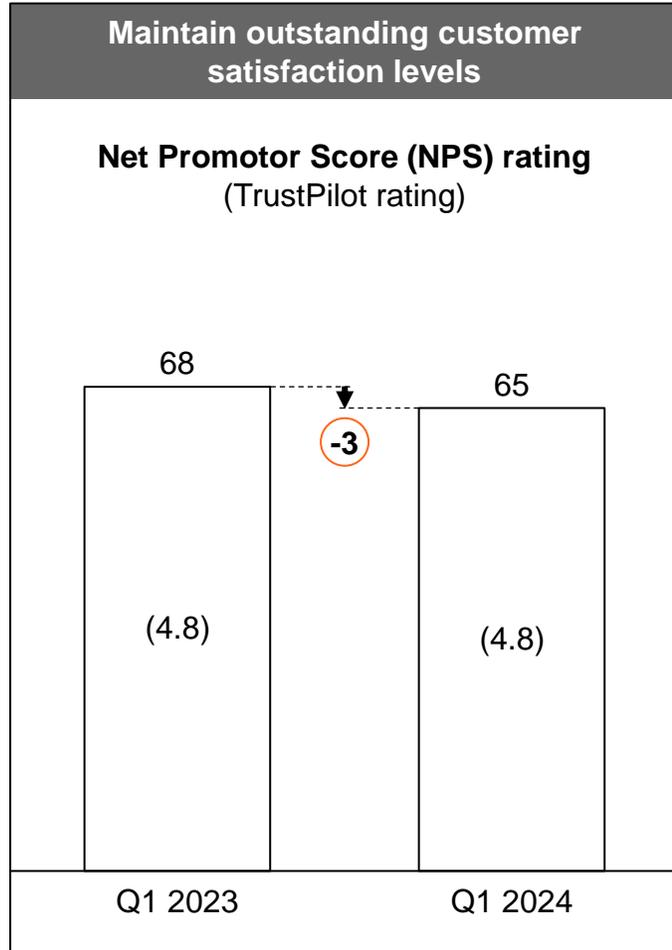
# Business Update

**RUGVISTA**



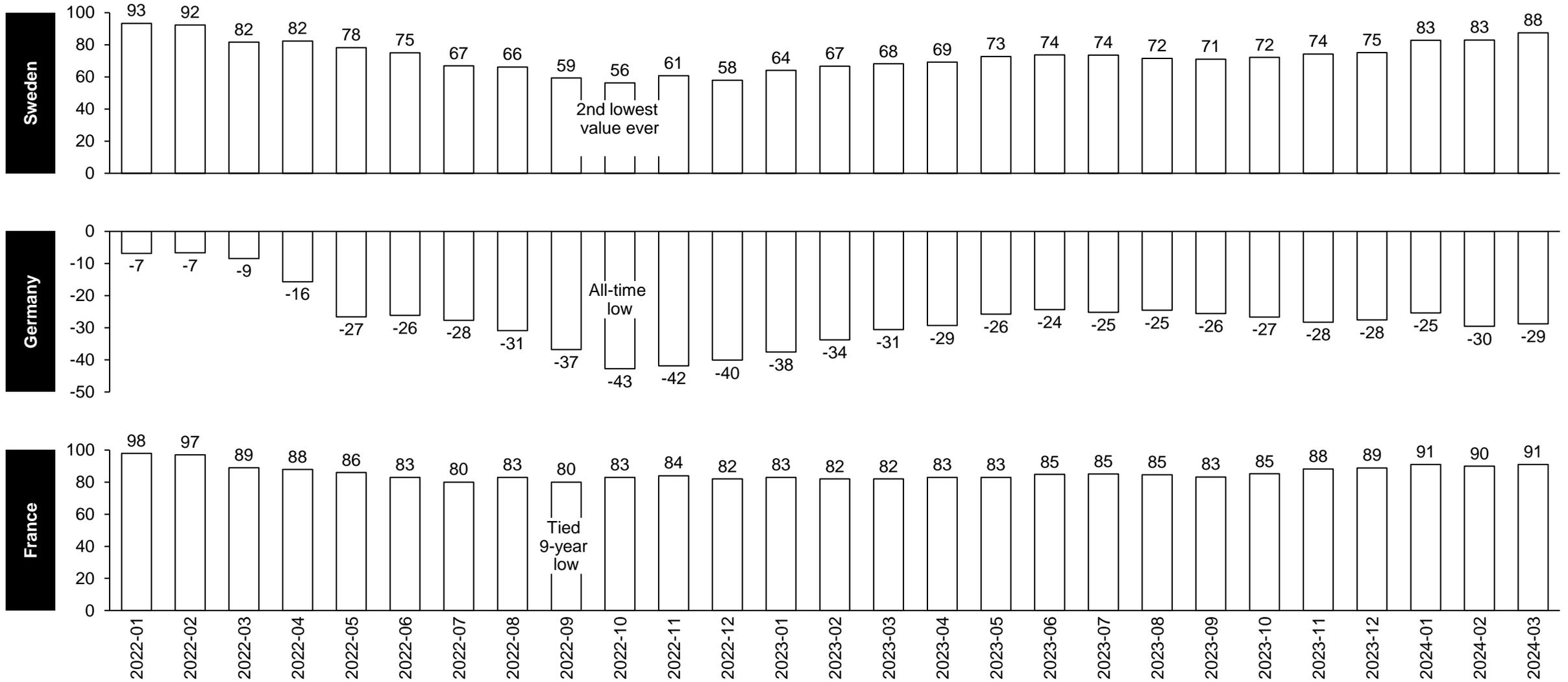
# Overall strong development across strategic KPIs

← Strategic priorities KPIs →



# Improved consumer confidence but still at low levels

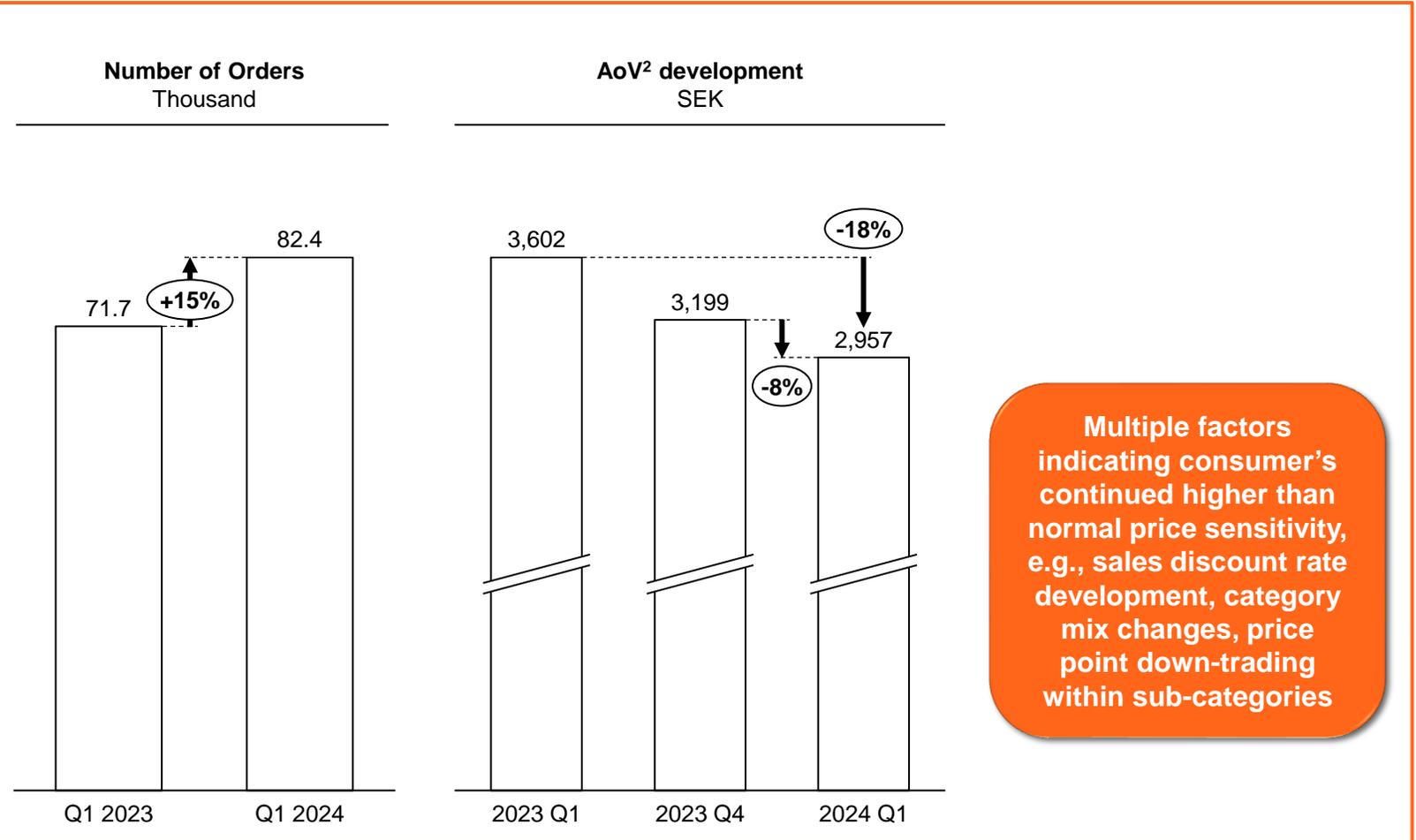
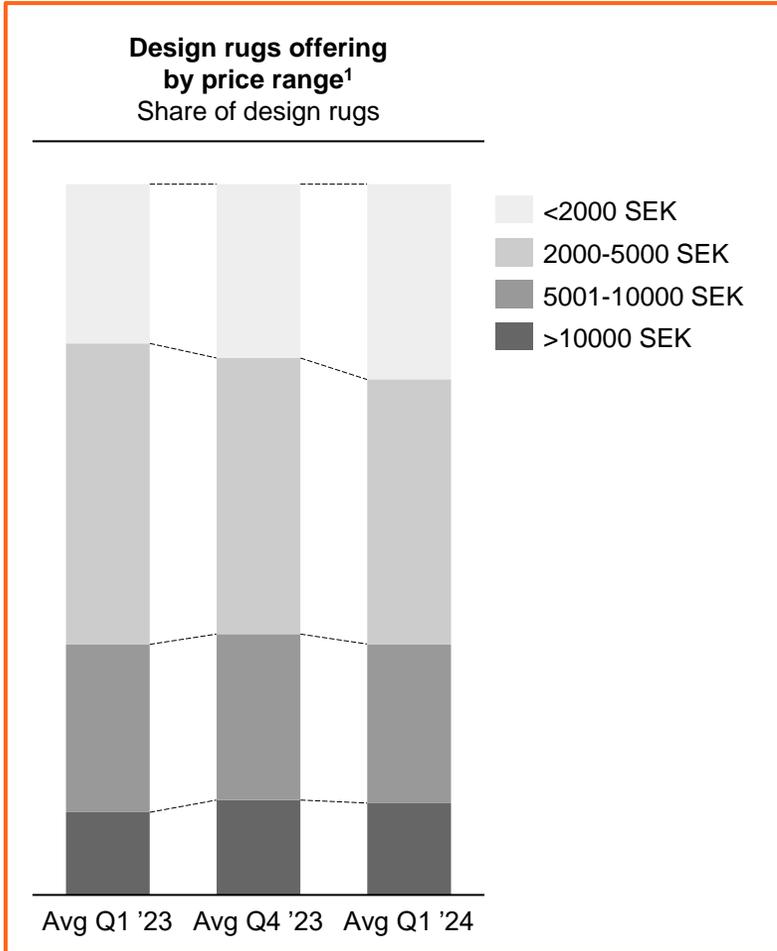
Consumer confidence index across selected key markets



# 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...

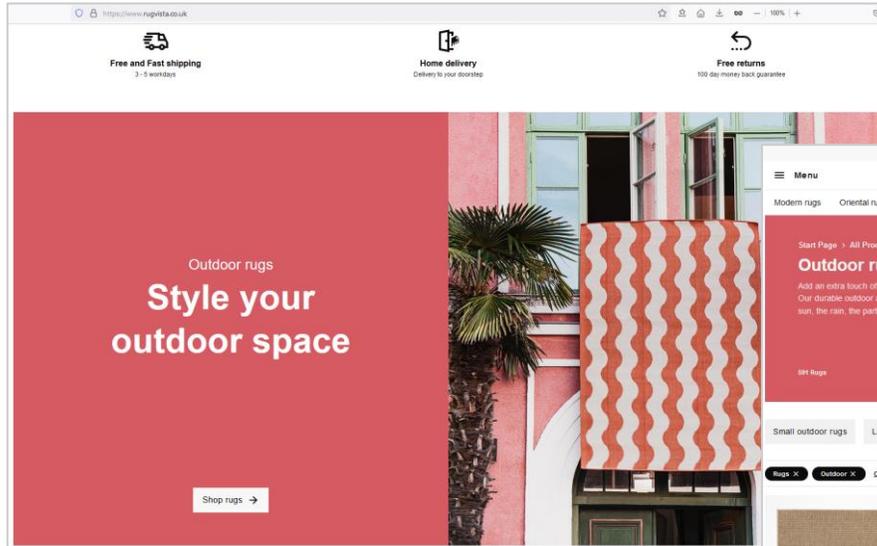
...consumer's willingness to buy higher compared to last year, but strong focus on price



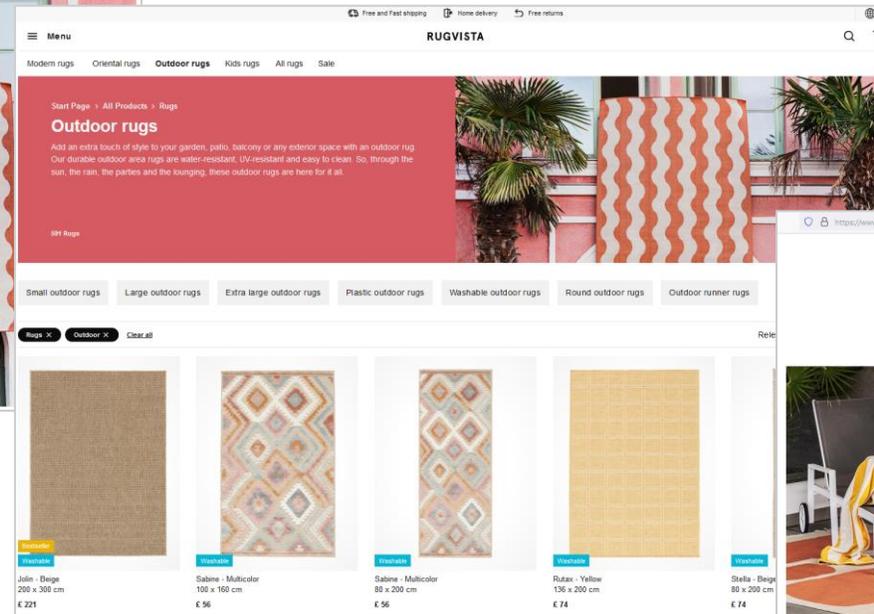
Multiple factors indicating consumer's continued higher than normal price sensitivity, e.g., sales discount rate development, category mix changes, price point down-trading within sub-categories

# Outdoor rugs presentation to our web-shop visitors leveraging multiple new platform capabilities

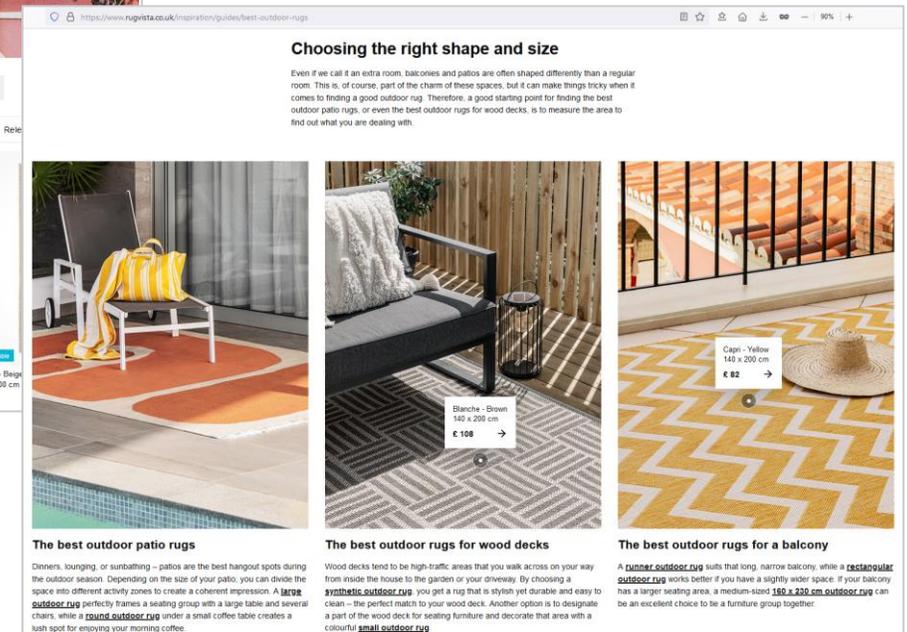
## Home page



## Category page



## Content page



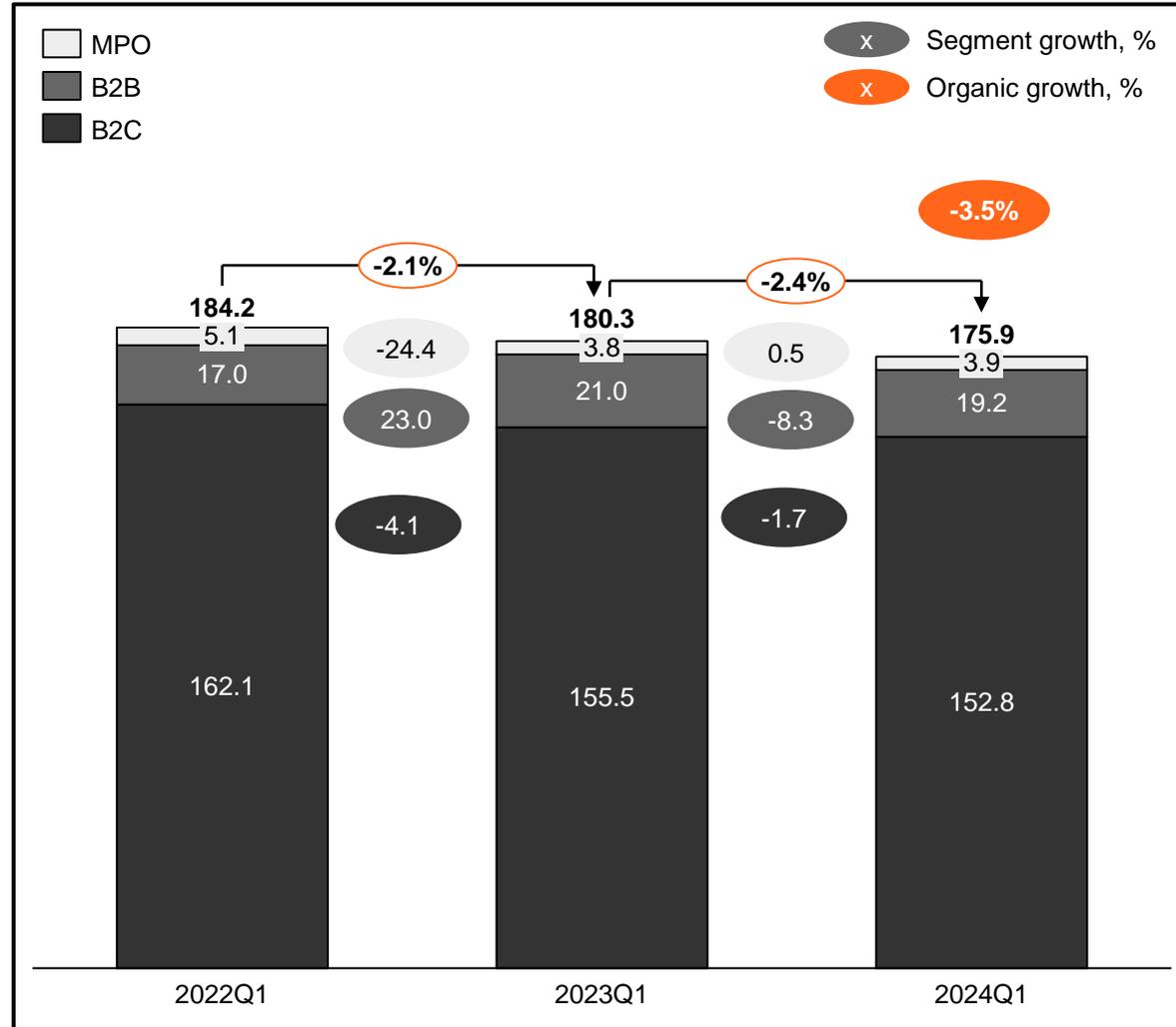
# Financial Update

**RUGVISTA**

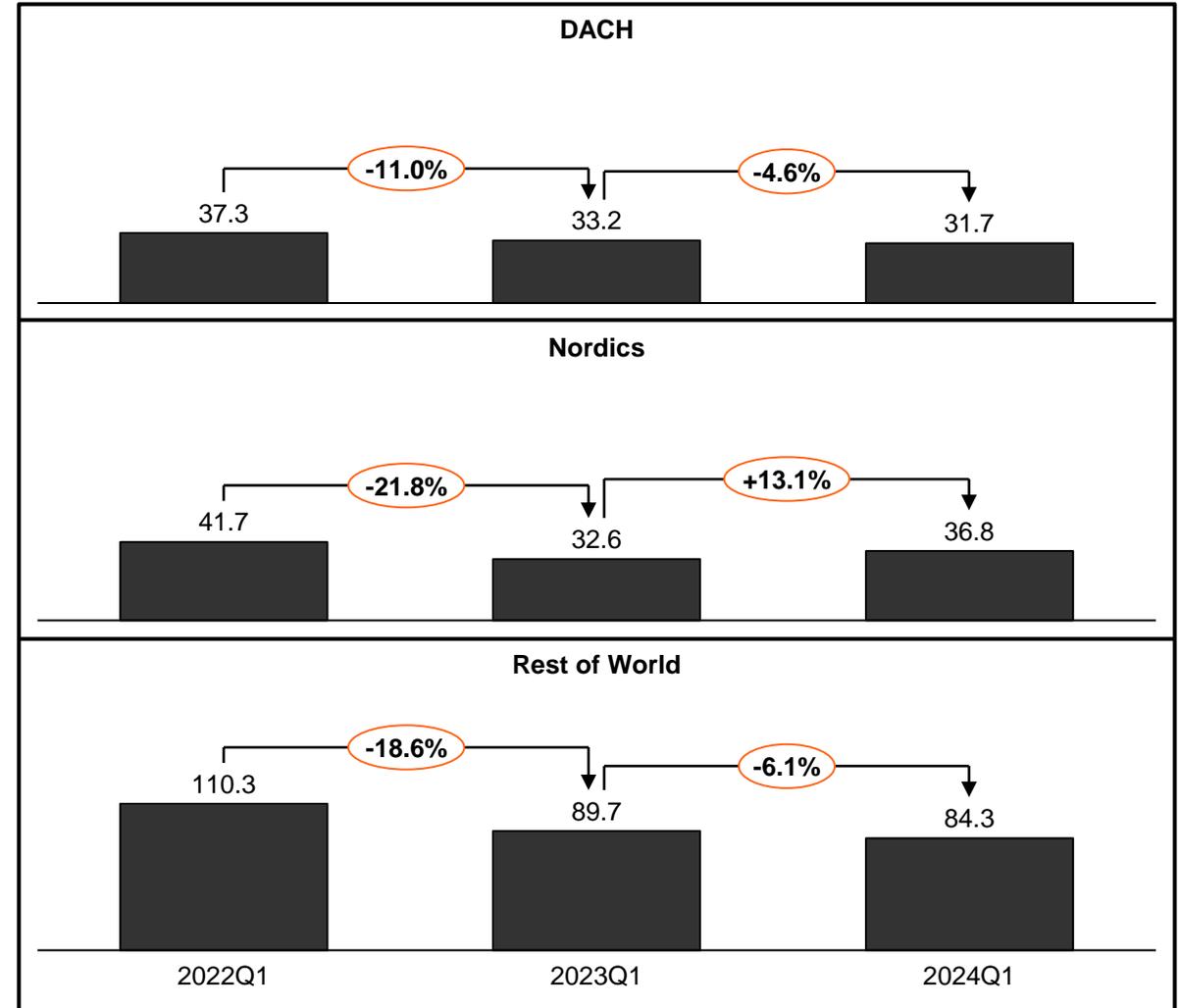


# Net revenue decline driven by lower Average Order but good order growth

Group net revenue – Quarter<sup>1</sup>  
SEK million

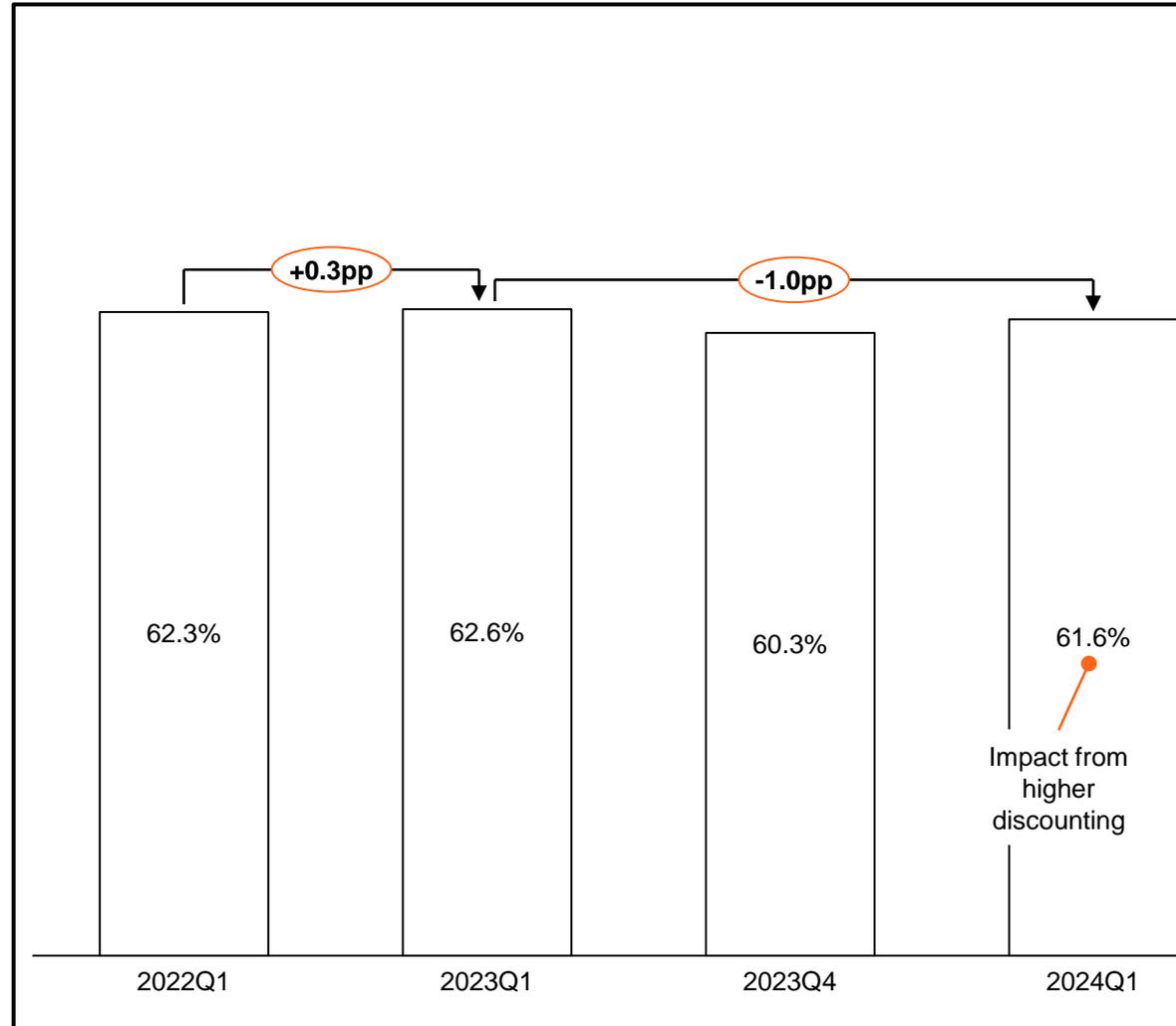


Net revenue B2C by region – Quarter  
SEK million

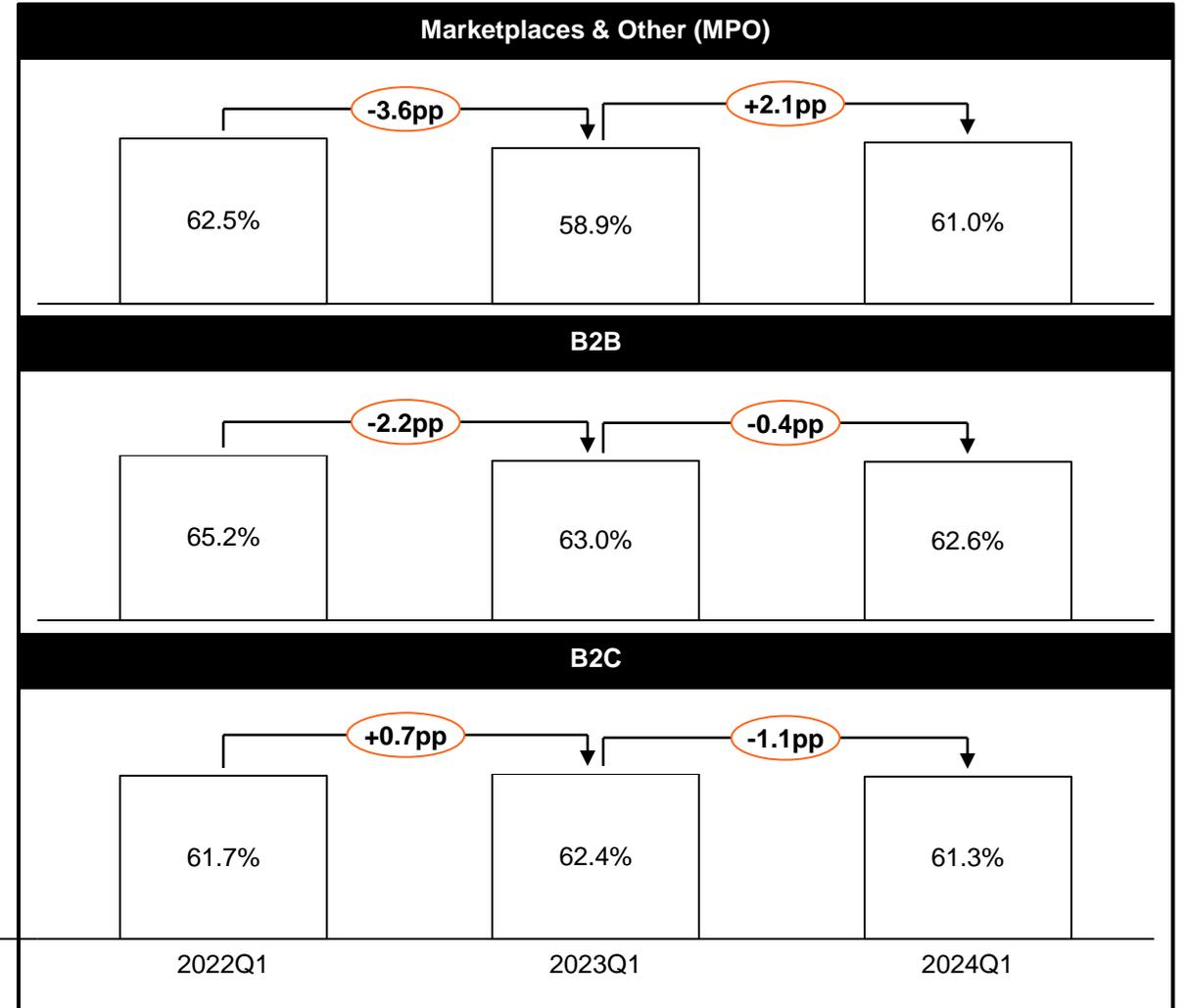


# Gross margin recovering despite price sensitive consumers

Gross margin – Group  
% of net revenue



Gross Margin – Segments  
% of net revenue

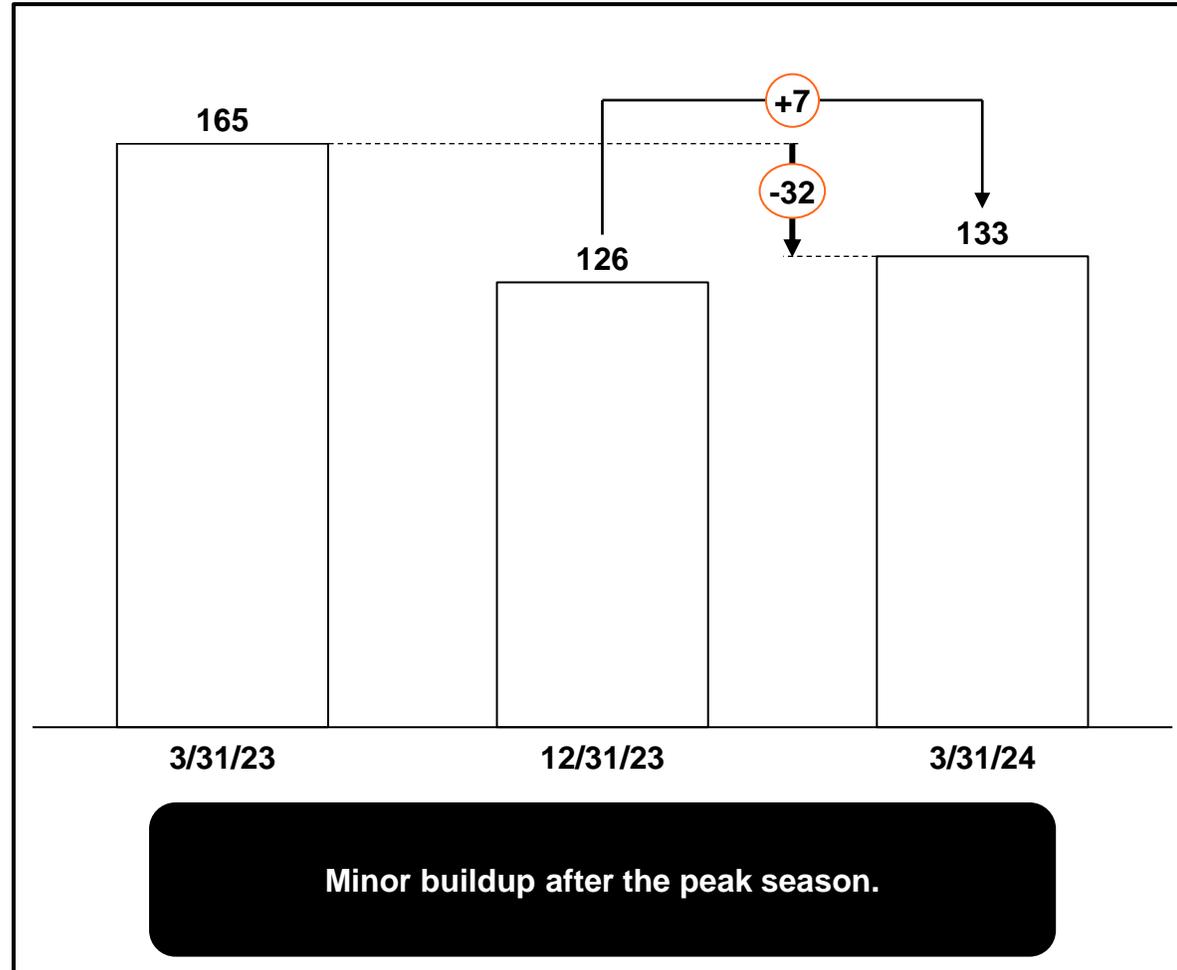


# EBIT margin decline driven by investments into organizational and business development

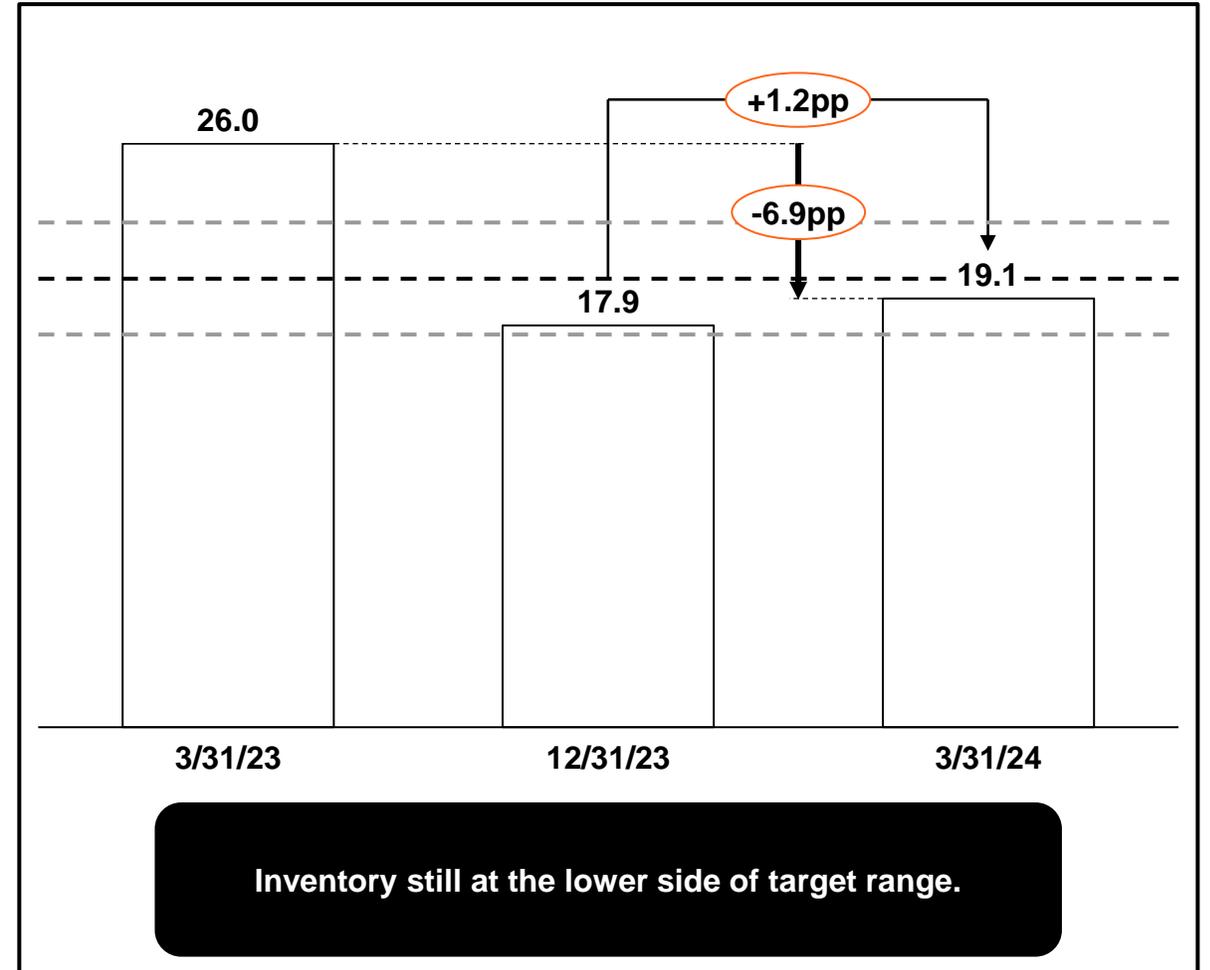
Cost ratios & EBIT-margin Percent of net revenue <sup>1)</sup>	Q1			
	2022	2023	2024	Δ '24 vs '23
<b>Goods for resale</b>	-37.9%	-37.6%	-38.6%	-1.0pp ● Driven by higher sales discount rate.
<b>Other external expenses</b>	-39.2%	-35.9%	-36.6%	-0.7pp ● Consultant costs for new WH design, increased IT costs and decreased marketing costs.
<b>Personnel expenses</b>	-9.1%	-9.9%	-11.5%	-1.6pp ● Salary increases and higher FTE count.
<b>Other operating expenses</b>	-0.9%	-0.9%	-0.1%	+0.8pp ● FX effect on revaluation of assets and liabilities.
<b>Depreciation &amp; Amortization</b>	-1.5%	-1.7%	-2.0%	-0.3pp ● New warehouse space and indexed rental agreements.
<b>EBIT-margin</b>	<b>11.6%</b>	<b>14.2%</b>	<b>11.4%</b>	<b>-2.8pp</b>

# Inventory at the lower end of target range

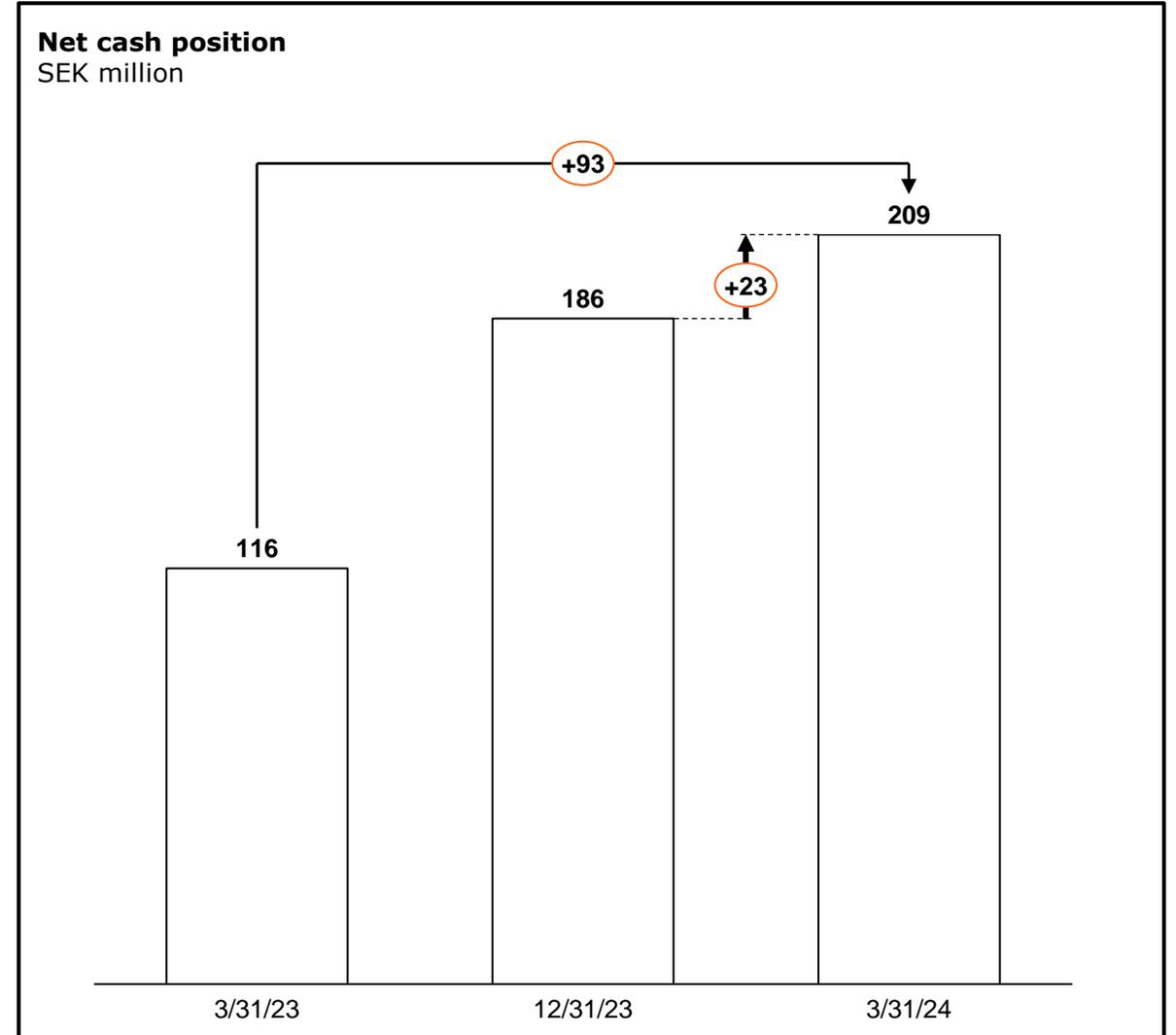
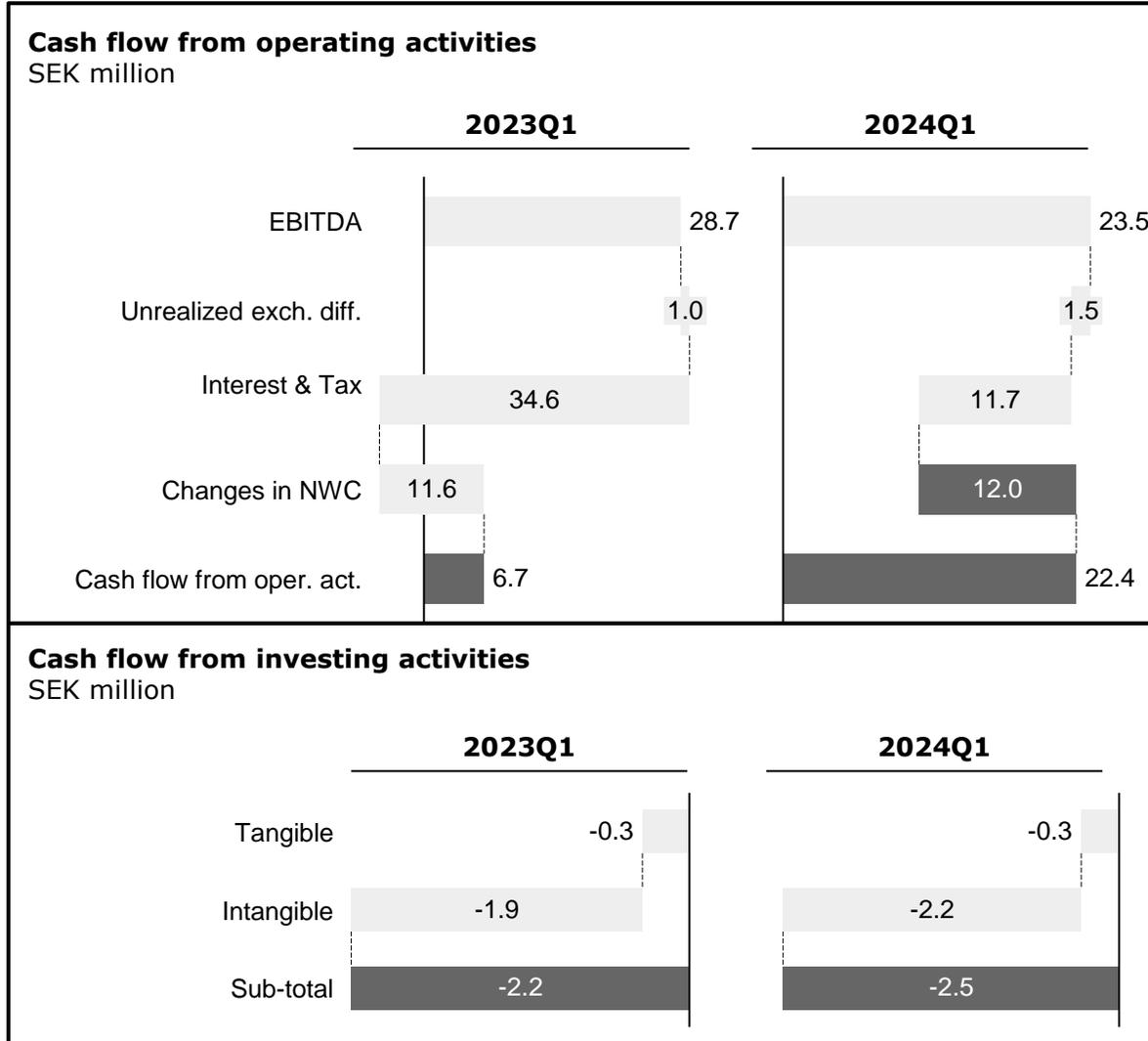
Inventory value  
SEK million



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



# Good cash flow and high post peak-season net cash position



# Continued focus on realizing strategic initiatives and navigating market conditions

## Progress on strategic initiatives in a challenging market

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- Double digit order count increase despite double digit session decline, i.e., increase in conversion rate.
- Investments into organic search engine optimization (SEO) and content production enabling higher total marketing spend efficiency despite intense advertising climate.

## Solid financial performance and financial position healthy

- Net revenue was SEK 175.9 (180.3) million (-2.4% vs last year). Organic net revenue growth was -3.5%.
- Gross margin was 61.6% (62.6%) with decline driven by price sensitive behavior among consumers.
- EBIT was SEK 20.0 (25.7) million representing an EBIT margin of 11.4% (14.2%). EBIT margin negatively impacted by reduced scale effect on fixed costs and investments into organizational development.
- Financial position remains healthy with net cash position of SEK 209 million and Board of Directors proposes dividend of SEK 1.80 (1.50) per share.

## 2024 outlook remains uncertain and actions taken

- Uncertain outlook for global security and macroeconomic climate.
- Expect differences in market conditions across our markets during the rest of year.
- Profitability enhancing measures implemented including price adjustments and cost optimizations related operating our new e-commerce platform. Desired impact from initiatives already observed.
- Focus continues to be on developing our customer offering and organization with the purpose of continuously improving our possibilities for profitable growth both in the short- and long-term.



**Q&A**

# Additional information

**RUGVISTA**



## Financial calendar

Activity	Date	Conference call
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 6, 2025	09:00-10:00 CET

## Certified Advisor

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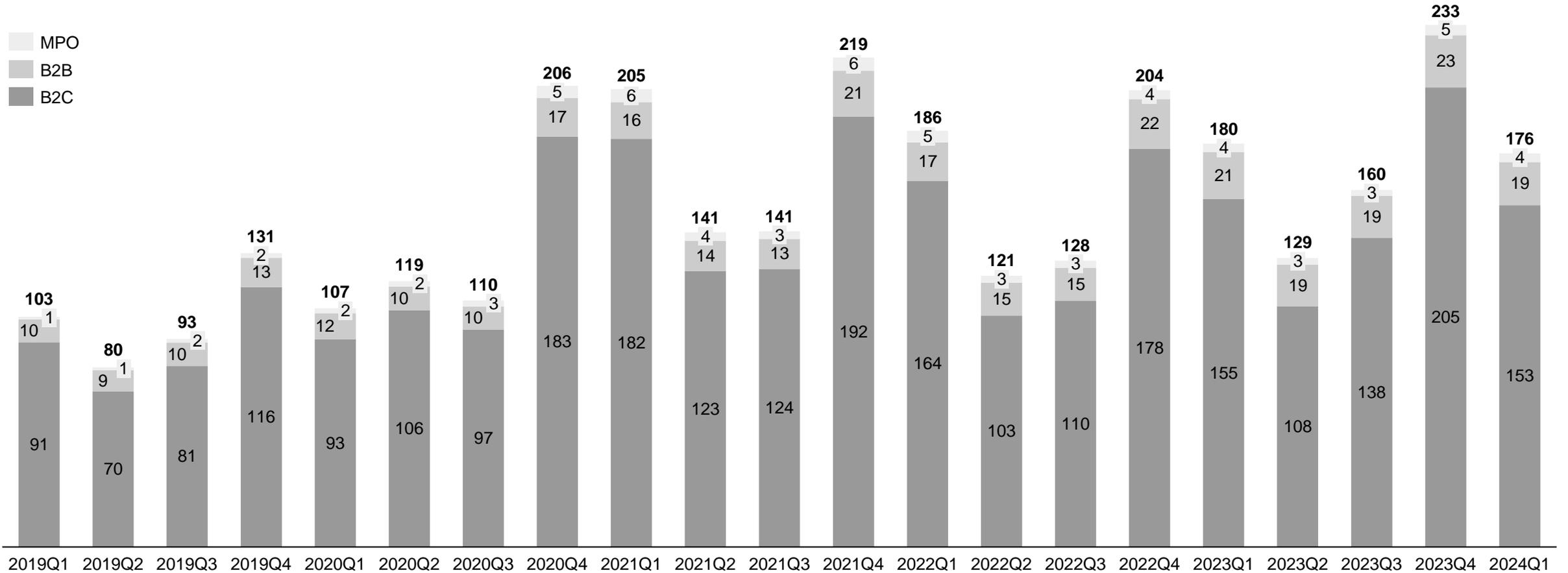
## Headquarters and visitor address

### Rugvista Group AB (publ)

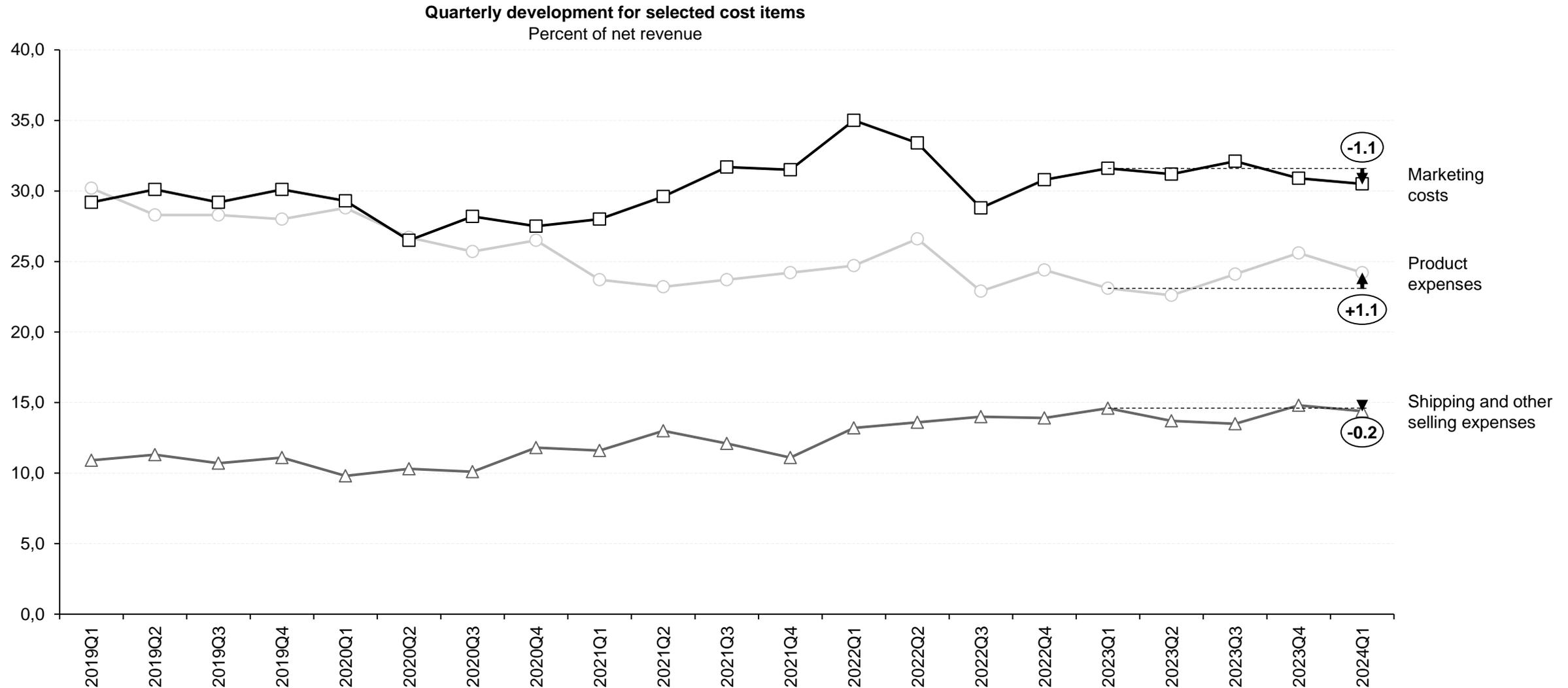
Ringugnsgatan 11  
SE-216 16 Limhamn  
Sweden

# Historical quarterly information – net revenue

Quarterly net revenue by segment  
SEK million



# 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.



**RUGVISTA**

Ringugnsgatan 11, SE-216 16 Limhamn, Sweden  
[www.rugvistagroup.com](http://www.rugvistagroup.com)

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