

RUGVISTA

Year-end Report

January – December 2022

RugVista Group AB (publ)

Continued good profitability despite a challenging market

Fourth quarter

- Net revenue was SEK 204.1 (218.8) million representing a decrease of -6.7% (4.0%).
- Organic net revenue growth was -12.7% (7.0%).
- Gross margin was 61.8%% (64.9%).
- EBIT was SEK 36.4 (40.3) million and EBIT margin was 17.8% (18.4%).
- Profit for the period was SEK 29.2 (31.2) million.
- Earnings per share and per diluted share was SEK 1.40 (1.50) ¹.
- The average NPS (Net Promotor Score) value was 64 (67).

January – December

- Net revenue was SEK 639.3 (705.0) million representing a decrease of -9.3% (25.5%).
- Organic net revenue growth was -13.1% (34.0%).
- Gross margin was 62.0% (64.6%).
- EBIT was SEK 74.9 (127.7) million and EBIT margin was 11.7% (18.1%).
- Profit for the period was SEK 58.9 (99.9) million.
- Earnings per share and per diluted share was SEK 2.83 (4.80) ¹.
- Net cash position was SEK 111.8 (189.6) million.
- The average NPS (Net Promotor Score) value was 68 (67).
- Inventory as a share of last-twelve-month (LTM) net revenue was 27.3% (20.8%).
- Average return rate was 15.5% (16.0%) for the year.
- The Board of Directors proposes a dividend payout of SEK 1.50 (2.50) per share.

Group key performance indicators²

SEK thousand if not stated otherwise	October - December		January - December	
	2022	2021	2022	2021
Operating income	204,512	219,155	640,958	706,527
Net revenue	204,135	218,801	639,273	704,984
Net revenue growth, %	-6.7%	4.0%	-9.3%	25.5%
Organic net revenue growth, %	-12.7%	7.0%	-13.1%	34.0%
Gross profit	126,176	141,972	396,145	455,698
Gross margin, %	61.8%	64.9%	62.0%	64.6%
EBIT	36,375	40,287	74,919	127,658
EBIT margin, %	17.8%	18.4%	11.7%	18.1%
Profit for the period	29,164	31,189	58,872	99,851
Profit margin, %	14.3%	14.3%	9.2%	14.2%
Adjusted EBIT	36,375	40,287	74,919	137,558
Adjusted EBIT margin, %	17.8%	18.4%	11.7%	19.5%
Inventory as a share of LTM net revenue, %	-	-	27.3%	20.8%
Net financial indebtedness	-	-	-111,810	-189,627
Earnings per share, SEK	1.40	1.50	2.83	4.80
Earnings per share, diluted, SEK	1.40	1.50	2.83	4.80
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	8.8	11.6	31.9	39.8
Number of orders, thousand	78.9	82.2	252.9	273.0
Number of new customers, thousand	57.5	59.0	179.8	197.2
Average order value, SEK	3,652	3,754	3,569	3,636
Average NPS value	64	67	68	67
Average TrustPilot value	4.8	4.8	4.8	4.8
Average return rate, % ³⁾	-	-	15.5%	16.0%

¹⁾ No dilution effect for 2022 or 2021.

²⁾ See page 30 for definitions and explanations of key performance indicators (KPI's)

³⁾ Only reported for the full year.



“Our focus on profitability rendered desired effects and we delivered, considering the circumstances, good profitability both for last quarter and the full year.”

Michael Lindskog, CEO



Good profitability despite a challenging market

Dear shareholders,

EBIT for Q4 was SEK 36.4 million and the EBIT-margin was 17.8% despite that the challenging macroeconomic climate continued during the quarter and affected growth. Our focus on profitability achieved desired effects and we delivered, considering the circumstances, good profitability both for last quarter and the full year.

Net revenue for Q4 was SEK 204.1 million representing a decrease of -6.7% (4.0%). Organic net revenue growth for Q4 was -12.7%. Growth was affected by the reduced purchasing power of the households, the SEK's depreciation compared to the euro in particular, and that the comparison number from 2021 was an all-time high quarter.

The gross margin for Q4 was 61.8% which is in-line with the previous year after adjusting for items of one-off character during 2021. The SEK's value stabilized somewhat during the quarter, but we continue to monitor the exchange rate development to ensure a continued healthy gross margin.

The advertising climate continued to be overall intense during Q4 with the Nordics standing out as a region with high activity among the parties within digital advertising. Our focus on increased marketing efficiency resulted in marketing costs as a share of net revenue was 30.8% representing a decrease by -0.7 percentage points compared to last year.

EBIT for Q4 was SEK 36.4 million and the EBIT-margin was 17.8%. The EBIT-margin decreased by 0.6 percentage points but continues to be at a healthy level considering the market conditions, high delivery charges, and less favorable operational leverage as a result from the lower net revenue.

Our average NPS-value for Q4 was 64 (67) which is a decrease compared to last year but still at a very high level where all values above 50 typically is considered excellent.

2022 was a year marked by the tragic war in Ukraine, macro-economic uncertainty with high cost inflation, and increased interest rates leading to reduced purchasing power for the households in most markets. These external factors resulted in a challenging year for us and placed high demands on our ability as an organization to continuously adapt to, and navigate in, the changing market conditions. Our net revenue for 2022 decreased by -9.3% (25.5%) and organic net revenue growth was -13.1%. Despite lower net revenue and challenging external factors we managed to deliver an EBIT-margin of 11.7% (18.1%) for 2022. Our focus on profitability and the actions implemented during the second half of the year were effective in reducing both variable and fixed costs.

For 2022 we can look back at several successes related to our strategic initiatives. The introduction of *Rugvista Essentials*, our assortment targeting those decorating their first home, exceeded our expectations and will undoubtedly be a key to future growth. Rugvista's updated brand positioning, the new communication platform, and the associated modernization of our visual identity is the starting point for the exciting brand journey that we are about to embark upon. We expect that this effort will attract existing customers but especially new customer segments which we are not reaching today. The integration of the new freight booking platform is also a highlight that has enabled us to offer localized delivery alternatives in more than ten countries during the year. Our average NPS-value for the year was 68 which is an all-time high and we are incredibly proud that such a high share of our customers wants to recommend us to friends and acquaintances.

I especially want to thank all co-workers for their continued engagement and commitment to our long-term vision even when we had to take difficult decisions which affected some co-workers. When reflecting on 2022, I am incredibly grateful and proud that we have come together as a team to jointly solve the challenges we have faced during what was undoubtedly a macroeconomically tough year.

During 2022 we saw proof of the strength in our Direct-to-Consumer (DTC) business model. Largely because of it, we were able to successfully navigate the market conditions and deliver good profitability. We continue to be financially strong with cash on hand of SEK 140 million. The Board of Directors proposes a dividend payout of SEK 1.50 per share (SEK 31.2 million) which represents approximately half of our annual profits and meets the target in our dividend policy.

The 2023 outlook is uncertain, but we know that the year will present new opportunities and challenges. We are well prepared and eager to take these on. I am convinced that we will continue to make progress on our journey toward the vision of becoming the center of gravity for the European rug industry and delivering on our mid- to long-term financial targets and sustainability ambitions.

With best wishes,



CEO Rugvista Group

Fourth quarter

Net revenue

Group net revenue during the quarter was SEK 204.1 (218.8) million representing a decrease of -6.7% (4.0%). The challenging macroeconomic climate with reduced purchasing power because of the increasing inflation, geopolitical unrest and lower consumer confidence, continued to negatively impact consumer demand across most of Europe during the quarter. Organic net revenue growth was -12.7% (7.0%) but was positively affected by the appreciation of the EUR compared to the SEK.

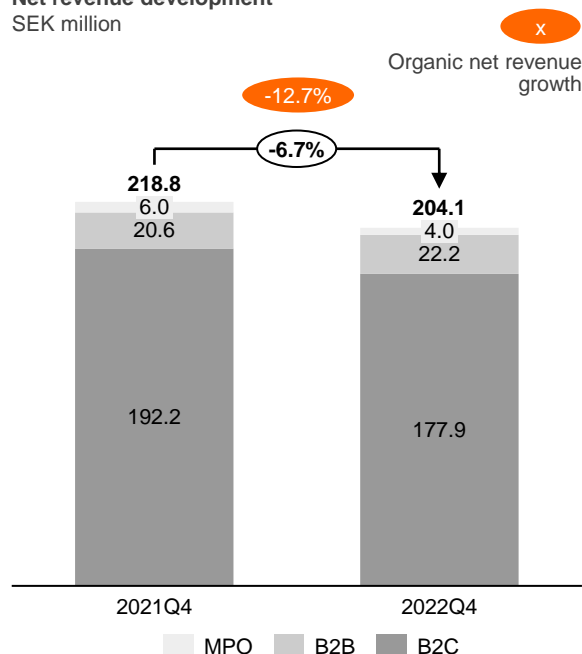
Net revenue within the B2C segment, the Group's largest, was SEK 177.9 (192.2) million representing a decrease of -7.4% (4.8%). The decrease in net revenue within the segment was primarily driven by lower net revenues in the DACH and Nordics regions with net revenue growth rates of -7.7% (12.1%) and -18.2% (5.1%) respectively.

Net revenue within the B2B segment was SEK 22.2 (20.6) million representing an increase of 7.9% (19.0%). Demand within the B2B-segment continues to be more robust compared to the B2C-segment. The customer group interior designers continue to drive demand.

Net revenue within the Marketplace & Other (MPO) segment was SEK 4.0 (6.0) million representing a decrease of -33.7% (12.1%). The growth within the segment was more affected

than for the B2C segment, as the measures taken had a higher negative impact on sales via Amazon's marketplaces than our own websites.

Net revenue development
SEK million



Profits and margins

The gross margin was 61.8% (64.9%) whereas the prior year comparison contains one-off items with a positive effect of 2.9 percentage points. The gross margin was also negatively impacted by continued fuel surcharges and high-season surcharges for deliveries to our customers. Despite higher discount rates compared to prior year, the product cost as a share of net revenue declined because of the price adjustments implemented in the beginning of the third quarter.

Other external expenses as a share of net revenue was 34.9% (36.3%). The improvement was driven by the increased efficiency in marketing investments within especially the B2C-segment and other cost saving initiatives.

Personnel expenses as a share of net revenue was 8.6% (8.5%). Personnel expenses as a share of net revenue was stable compared to prior year despite the lower net revenue.

Other operating expenses were SEK 1.7 (-1.4) million. The line-item specifies foreign exchange effects on transactions and revaluation of assets and liabilities in foreign currencies during the period. The cost decrease was driven by exchange rate effects whereas revaluation of cash balances in foreign currencies is the largest part.

Depreciation and amortization were SEK -2.7 (-2.3) million and mainly consists of amortization of right-of-use assets.

EBIT was SEK 36.4 (40.3) million representing an EBIT margin of 17.8% (18.4%). The EBIT margin decrease was driven by the lower gross margin.

Net financial expenses were SEK 0.3 (-0.2) million.

Taxes for the period were SEK -7.5 (-8.9) million.

Profit for the period was SEK 29.2 (31.2) million representing a profit margin of 14.3% (14.3%).

Fourth quarter

Cash flow

Cash flow from operating activities was SEK 61.7 (70.0) million during the quarter. The decrease of cash flow is mainly related to a lower EBIT and a higher paid income tax.

Cash flow from investing activities was SEK -2.5 (-1.2) million during the period and the increase is related to the development of our software platform and capitalization of costs related to this.

Cash flow from financing activities was SEK -2.4 (-1.3) million during the period. The difference compared to last year is driven by the inflow of cash during Q4 2021 related to sales of options to key personnel within the group totaling SEK 0.8 million.

Other KPIs

The NPS value was 64 (67) and the TrustPilot value was 4.8 (4.8). The maintained high level proves that our continued focus on assuring a world-class customer experience has been successful.

The number of web-shop visits was 8.8 (11.6) million representing a decrease of -24.2% (0.2%). The decrease is driven by the macroeconomic climate with lower demand within the B2C-segment and our focus on increased marketing efficiency.

The order count was 78.9 (82.2) thousand representing a decrease of -4.0% (0.2%).

The number of new customers acquired was 57.5 (59.0) thousand representing a decrease of -2.5% (-3.1%).

The average order value was SEK 3,652 (3,754) representing a decrease of -2.7% (3.9%) and was driven by changes in buying patterns within the design product category and higher discount rates.





January – December

Net revenue

Group net revenue during the period was SEK 639.3 (705.0) million representing a decrease of -9.3% (25.5%). The turbulent macroeconomic climate with reduced purchasing power because of the increasing inflation, geopolitical unrest, and lower consumer confidence continued to negatively impact consumer demand across most of Europe during the period. Organic net revenue growth was -13.1% (34.0%) but was positively affected by the appreciation of the EUR compared to the SEK.

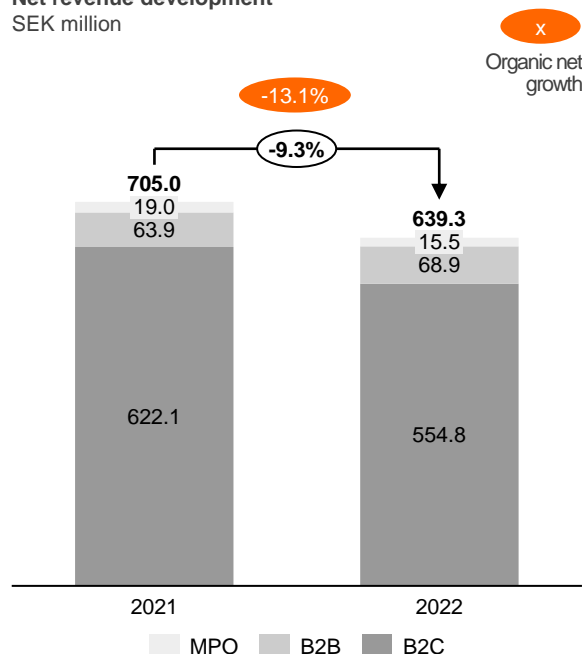
Net revenue within the B2C segment, the Group's largest, was SEK 554.8 (622.1) million representing a decrease of -10.8% (29.8%). The decrease in net revenue within the segment was primarily driven by lower net revenues in the DACH and Nordics regions with net revenue growth rates of -14.6% (42.8%) and -23.9% (18.8%) respectively.

Net revenue within the B2B segment was SEK 68.9 (63.9) million representing an increase of 7.9% (28.6%). Demand within the B2B-segment continues to be more robust compared to the B2C-segment. The customer group interior designers continue to drive demand.

Net revenue within the Marketplace & Other (MPO) segment was SEK 15.5 (19.0) million representing a decrease of -18.4% (48.1%). Like the B2C-segment, demand within the MPO-

segment was negatively affected by the macroeconomic climate during the quarter and the cost saving initiatives that were taken in the second half of the year.

Net revenue development
SEK million



Profits and margins

The gross margin was 62.0% (64.6%). The decrease was driven by higher product costs as a share of net revenue and increased costs for customer deliveries. The increase of product cost as a share of net revenue was driven by category mix effects, higher discount rates, and increased product costs in foreign currency. The increased costs for customer deliveries were driven by investments in carrier selection to ensure high customer satisfaction as well as fuel surcharges from the carriers.

Other external expenses as a share of net revenue was 37.0% (35.9%). The increase was primarily driven by increased marketing investments within all segments. The high marketing investment was driven by the intense activity from most of the market participants despite a lower consumer demand during the period. Costs associated with recruitment of personnel and preparations of the company's first public annual general meeting (AGM) also contributed to the increase in other external expense.

Personnel expenses as a share of net revenue was 10.9% (9.0%). The increase versus last year was driven by a higher number of FTEs, negative scale effects and costs related to changes of personnel.

Other operating expenses was SEK -3.7 (-2.9) million. The line-item specifies foreign exchange effects on transactions and revaluation of assets- and liabilities in foreign currency during the period. The cost increase is mainly a result from revaluating trade payables in foreign currency.

Depreciation and amortization were SEK -11.0 (-8.4) million and mainly consists of amortization of right-of-use assets. The increase compared to last year was driven by investments in additional right-of-use assets for the warehouses and investments into our facilities during the second half of 2021.

EBIT was SEK 74.9 (127.7) million representing an EBIT margin of 11.7% (18.1%). The EBIT margin decrease was driven by lower gross margin, higher other external expenses and the negative scale effect associated with the lower net revenue.

Adjusted EBIT was MSEK 74.9 (137.6) representing an adjusted EBIT margin of 11.7% (19.5%).

Net financial expenses were SEK -0.6 (-0.9) million. Taxes during the period were SEK -15.5 (-26.9) million.

Profit for the period was SEK 58.9 (99.9) million representing a profit margin of 9.2% (14.2%).

January - December

Financial position and liquidity

Inventory value at the end of the period was SEK 174.3 (146.6) million and inventory value as a share of LTM net revenue was 27.3% (20.8%). To safeguard the service level to customers in an uncertain external environment, the inventory value as a share of LTM net revenue is above the target range of 17.5% to 22.5%. The inventory is expected to be sold over time which makes the risk for inventory write-downs low even though the ratio is above the target range. The inventory position means that we are well prepared ahead of the peak-season during the upcoming two quarters.

Net financial indebtedness was SEK -111.8 (-189.6) million with the decline of SEK -77.8 million was primarily driven by the SEK 52.0 (0.0) million shareholder dividend payout during the second quarter of 2022.

Cash and cash equivalents were SEK 140.0 (218.1) million.

Other KPIs

The NPS value was 68 (67) and the TrustPilot value was 4.8 (4.8) and proof that that our continued focus on assuring a world-class customer experience has been successful.

The number of web-shop visits was 31.9 (39.8) million representing a decrease of -19.9% (19.1%). The decrease is mainly related to the macroeconomic environment with reduced demand within the B2C-segment and our focus on profitability.

The order count was 252.9 (273.0) thousand representing a decrease of -7.4% (32.5%).

The number of new customers acquired was 179.8 (197.2) thousand representing a decrease of -11.5% (32.1%).

The average order value was SEK 3,569 (3,636) representing a decrease of -1.8% (-3.2%) and driven by changes in buying patterns within the design product category and higher discount rates.



B2C

Fourth quarter

SEK thousand if not stated otherwise	October - December		
	2022	2021	Δ
Net revenue	177,920	192,209	-7.4%
Net revenue, DACH	37,190	40,288	-7.7%
Net revenue, Nordics	34,075	41,658	-18.2%
Net revenue, Rest of World	106,655	110,263	-3.3%
Gross profit	108,929	124,150	-12.3%
Gross margin, %	61.2%	64.6%	-3.4pp
Marketing cost as a share of net revenue, %	33.0%	33.3%	-0.3pp
Segment earnings	50,232	60,070	-16.4%
Segment margin, %	28.2%	31.3%	-3.1pp

Net revenue for the B2C-segment during the quarter was SEK 177.9 (192.9) million representing a decrease of -7.4% (4.8%). The decrease in net revenue within the segment was primarily driven by the DACH and Nordics regions with growth rates of -7.7% (12.1%) and -18.2% (-5.1%) respectively. The Growth for the Nordics was negatively affected by the focus on profitability, as the marketing intensity continued to be high in the market.

Gross profit was SEK 108.9 (124.2) million representing a decrease of -12.3% (10.3%) and the gross margin was 61.2% (64.6%). The gross margin decrease was driven by higher costs for customer deliveries and one-off items in the prior year comparison.

Marketing cost as a share of net revenue was 33.0% (33.3%). The improvement was driven by the increased efficiency in marketing investments.

Segment earnings were SEK 50.2 (60.1) million representing a decrease of -16.4% (0.9%) and the segment margin was 28.2% (31.3%) with the decrease driven by the lower gross margin.

January – December

SEK thousand if not stated otherwise	January - December		
	2022	2021	Δ
Net revenue	554,831	622,109	-10.8%
Net revenue, DACH	116,138	135,968	-14.6%
Net revenue, Nordics	117,916	154,964	-23.9%
Net revenue, Rest of World	320,776	331,176	-3.1%
Gross profit	340,325	399,058	-14.7%
Gross margin, %	61.3%	64.1%	-2.8pp
Marketing cost as a share of net revenue, %	34.3%	32.0%	2.3pp
Segment earnings	150,272	200,224	-24.9%
Segment margin, %	27.1%	32.2%	-5.1pp

Net revenue for the B2C-segment during the period was SEK 554.8 (622.1) million representing a decrease of -10.8% (29.8%). The decrease in net revenue within the segment was primarily driven by the DACH and Nordics regions with growth rates of -14.6% (42.8%) and -23.9% (18.8%) respectively. The challenging macroeconomic climate, which negatively impacted consumer demand, drove the revenue decline during the bulk of the period.

Gross profit was SEK 340.3 (399.1) million representing a decrease of -14.7% (34.0%) and the gross margin was 61.3% (64.1%). The gross margin decrease was driven by higher product cost as a share of net revenue and higher costs for customer deliveries.

Marketing cost as a share of net revenue was 34.3% (32.0%). The increase compared to last year was driven by continued intense advertising activity from most market participants despite the lower consumer demand as well as pilots of new marketing activities.

Segment earnings were SEK 150.3 (200.2) million representing a decrease of -24.9% (27.4%) and the segment margin was 27.1% (32.2%) with the decrease driven by both the decreased gross margin as well as the increased marketing cost as a share of net revenue.

B2B

Fourth quarter

<i>SEK thousand if not stated otherwise</i>	October - December		
	2022	2021	Δ
Net revenue	22,247	20,610	7.9%
Gross profit	14,385	13,489	6.6%
Gross margin, %	64.7%	65.4%	-0.8pp
Marketing cost as a share of net revenue, %	13.5%	14.8%	-1.3pp
Segment earnings	11,374	10,434	9.0%
Segment margin, %	51.1%	50.6%	0.5pp

Net revenue for the B2B-segment during the quarter was SEK 22.2 (20.6) million representing an increase of 7.9% (19.0%). Demand within the B2B-segment continues to be more robust compared to the B2C-segment. The customer group interior designers continue to drive demand.

Gross profit was SEK 14.4 (13.5) million representing an increase of 6.6% (21.1%) and the gross margin was 64.7% (65.4%). The gross margin decrease was driven by higher product costs as a share of net revenue and higher costs for customer deliveries.

Marketing cost as a share of net revenue was 13.5% (14.8%) with the decrease driven by the same factors impacting marketing costs as in the B2C-segment.

Segment earnings were SEK 11.4 (10.4) million representing an increase of 9.0% (19.1%) and the segment margin was 51.1% (50.6%) with the increase driven by the lower marketing cost as a share of net revenue

January - December

<i>SEK thousand if not stated otherwise</i>	January - December		
	2022	2021	Δ
Net revenue	68,943	63,877	7.9%
Gross profit	44,543	42,408	5.0%
Gross margin, %	64.6%	66.4%	-1.8pp
Marketing cost as a share of net revenue, %	14.1%	13.4%	0.7pp
Segment earnings	34,824	33,821	3.0%
Segment margin, %	50.5%	52.9%	-2.4pp

Net revenue for the B2B-segment during the period was SEK 68.9 (63.9) million representing an increase of 7.9% (28.6%). Demand within the B2B-segment has been more robust compared to the B2C-segment. The customer group interior designers drives the demand.

Gross profit was SEK 44.5 (42.4) million representing an increase of 5.0% (32.4%) and the gross margin was 64.6% (66.4%). The gross margin decrease was driven by higher product costs as a share of net revenue and higher costs for customer deliveries.

Marketing cost as a share of net revenue was 14.1% (13.4%) with the increase driven by the same factors impacting marketing costs as in the B2C-segment.

Segment earnings were SEK 34.8 (33.8) million representing an increase of 3.0% (34.2%) and the segment margin was 50.5% (52.9%) with the decrease driven by the lower gross margin and increased marketing costs.

MPO

Fourth quarter

<i>SEK thousand if not stated otherwise</i>	October - December		
	2022	2021	Δ
Net revenue	3,968	5,981	-33.7%
Gross profit	2,485	3,980	-37.6%
Gross margin, %	62.6%	66.5%	-3.9pp
Marketing cost as a share of net revenue, %	30.0%	31.6%	-1.6pp
Segment earnings	1,295	2,090	-38.0%
Segment margin, %	32.6%	34.9%	-2.3pp

Net revenue for the MPO-segment during the quarter was SEK 4.0 (6.0) million representing a decrease of -33.7% (12.1%). The growth within the segment was affected more than for the B2C-segment as our focus on profitability had a larger negative effect on Amazon customers than compared to our own web-shops.

Gross profit was SEK 2.5 (4.0) million representing a decrease of -37.6% (16.7%) and the gross margin was 62.6% (66.5%). High freight costs affected the segment to a higher degree due to the geographic sales-mix.

Marketing cost as a share of net revenue was 30.0% (31.6%) where the decrease was driven by focus on marketing efficiency.

Segment earnings were SEK 1.3 (2.1) million representing a decrease of -38.0% (-1.1%) and the segment margin was 32.6% (34.9%) with the decrease driven by the lower gross margin.

January - December

<i>SEK thousand if not stated otherwise</i>	January - December		
	2022	2021	Δ
Net revenue	15,499	18,998	-18.4%
Gross profit	9,592	12,689	-24.4%
Gross margin, %	61.9%	66.8%	-4.9pp
Marketing cost as a share of net revenue, %	35.7%	27.6%	8.1pp
Segment earnings	4,061	7,440	-45.4%
Segment margin, %	26.2%	39.2%	-13.0pp

Net revenue for the MPO-segment during the period was SEK 15.5 (19.0) million representing a decrease of -18.4% (48.1%). Like the B2C-segment, demand within the MPO-segment was negatively affected by the macroeconomic climate during the period as the main part of revenue is derived from sales to private consumers via Amazon's European marketplaces. The focus on profitability during the second half of the year also affected the growth negatively.

Gross profit was SEK 9.6 (12.7) million representing a decrease of -24.4% (52.7%) and the gross margin was 61.9% (66.8%). The gross margin decrease was driven by higher product expenses as a share of net revenue and higher costs for customer deliveries. The increased costs for customer deliveries affected specially the MPO-segment negatively due to the geographic sales mix.

Marketing cost as a share of net revenue was 35.7% (27.6%). The marketing cost ratio increase was driven by similar factors as within the B2C-segment.

Segment earnings were SEK 4.1 (7.4) million representing a decrease of -45.4% (39.7%) and the segment margin was 26.2% (39.2%) with the decrease driven by the lower gross margin and the higher marketing cost as a share of net revenue.



Other information

Material events during the quarter

The Nomination Committee for RugVista Group AB (publ) ("Rugvista") has been formed in accordance with the company's instructions for nomination committee adopted by the Annual General Meeting on 20 May 2022. The Nomination Committee appointed for Rugvista's 2023 Annual General Meeting consists of Gunnar Mattsson (representative of madHat AB and Chairperson of the Nomination Committee), Klara Hanzon (representative of TIN Fonder) and Erik Lindgren (Chairperson of Rugvista's Board of Directors).

Material events after the quarter

The epicenter of the earthquakes in Turkey on February 6, 2023, was in the vicinity of an important production area for the company. Management is evaluating any potential impact on the business. There is a risk that the production capacity of the company's partners in the area and supply chains could be negatively affected by the consequences of the earthquakes.

Joakim Tuvner has joined as the CFO of the company.

Co-workers

The number of FTEs during October – December were 91.5 (85.6) and the share of women was 41.6% (44.3%).

The number of FTEs during January – December were 92.5 (81.7) and the share of women was 42.2% (44.5%).

Seasonality

The Group's sales typically varies between the seasons where the first and fourth quarters tend to be the strongest.

Russia's invasion of Ukraine

Through its business operations, the Group has no direct exposure to Russia, Ukraine or Belarus. However, in the current situation, it is difficult to assess the indirect impact of the war on GDP growth, inflation, global supply chains, consumers' faith in the future, and demand for the Group's products.

The share

The RugVista Group AB (publ) share is listed on Nasdaq First North Premier Growth Market under the ticker code RUG and ISIN-code SE0015659834.

The market capitalization of RugVista Group AB (publ) at the last day of trading in Q4 2022 (December 30th) was SEK 919 million with a closing price of SEK 44.20 per share.

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

In 2021, 860,000 warrants were issued by the Group. Of these, 436,981 have been sold to key employees within the Group.

During the second quarter of 2022, 300,000 warrants were issued by the Group. Out of these, 40,000 have been sold to senior executives within the Group.

For more detailed information on incentive programs, see "LTIP2021" and "LTIP2022" below and the company's website www.rugvistagroup.com.

See note 6 for an overview of the ten largest shareholders.

LTIP 2021

The Group has issued warrants as part of a long-term incentive program ("LTIP 2021/2024"). Each warrant entitles the holder to subscribe for one (1) share in the company during the exercise period at SEK 162.50, which corresponds to 130 percent of the introductory price of the share. The warrants can be exercised during the period April 15–June 15, 2024.

The Annual General Meeting on May 20, 2022, was the last day of sale of warrants under LTIP 2021. Of the total of 860,000 warrants issued, 423,019 warrants remained unsold, which were thereby forfeited.

Other information

LTIP 2022

The Group has issued warrants as part of a long-term incentive program ("LTIP 2022/2025"). Each warrant entitles the holder to subscribe for one (1) share in the company during the exercise period at SEK 89.61, which corresponds to 130 percent of the average share price during the valuation period. The warrants can be exercised during the period June 1 – September 1, 2025.

October – December

During the period, no warrants under the LTIP 2022 program have been sold.

January – December

During the period, 40,000 warrants from series LTIP 2022 have been sold to senior executives with the Group.

Transactions with closely related parties

October - December

Love Terins, daughter to CDPO Carin Terins, has during the quarter invoiced the company a consultancy fee of 100 KSEK for service related to development and design of a collection.

January – December

Apart from what has been mentioned for the quarter, Cutting Edge Construction AB, owned by Board member Ludvig Friberger, invoiced the company 72 KSEK for development work related to the IT platform during the year.

Audit

This Year-end Report has not been subject to review by the Group's auditor.

Parent company

RugVista Group AB (publ), with registration number 559037-7882, is the parent company of the Group. RugVista Group AB (publ) is incorporated and registered in Sweden.

RugVista Group AB (publ) is listed on Nasdaq First North Premier Growth Market since March 18, 2021.

The parent company's net revenue amounted to MSEK 2.8 (3.4) during the quarter and for the period January – December MSEK 15.6 (12.1). The parent company's revenue consists of invoiced fees for management services to subsidiaries, in accordance with an intra-group agreement.

The parent company's costs mainly consist of salaries to parts of the management, remuneration to the Board of Directors and costs related to the company's shares being listed on Nasdaq. The profit for Q4 amounted to MSEK 36.9 (71.0) and for the period January – December MSEK 36.6 (62.1).

The parent company has an internal group receivable on the subsidiary, which together with shares in the subsidiary Rugvista AB and equity constitutes the majority of financial assets of the parent company.

Other information

Financial calendar

Activity	Date	Conference call
Annual report 2022	13 April 2023	
Interim report January-March 2023	11 May 2023	09:00-10:00 CEST
AGM 2023	25 May 2023	
Capital Markets Day	25 May 2023	
Interim report January-June 2023	17 August 2023	09:00-10:00 CEST
Interim report January-September 2023	9 November 2023	09:00-10:00 CET
Year-end report 2023	8 February 2024	09:00-10:00 CET

In connection with the publication of the year-end report for January – December 2022, Michael Lindskog (CEO) and Joakim Tuvner (CFO) will hold a conference call and webcast at 09.00 a.m. on February 9, 2023. The call will be held in English.

Conference call (with possibility to ask verbal questions): Following registration via the link below you will receive call-in details (phone number and conference-ID).

<https://conference.financialhearings.com/teleconference/?id=5005162>

Webcast (with possibility to ask written questions): <https://ir.financialhearings.com/rugvista-group-q4-2022>.

The conference call can also be joined through the Group's website:

<https://www.rugvistagroup.com/se/investors/Q422/>

The year-end report and the presentation are available at:

<https://www.Rugvistagroup.com/sv/investerare/rapporter-och-presentationer/>

Contact information

Michael Lindskog

CEO

Michael.Lindskog@rugvista.se

Joakim Tuvner

CFO

Joakim.Tuvner@rugvista.se

Corporate & Investor information

InvestorRelations@rugvistagroup.com

www.rugvistagroup.com

+46 40 668 81 04

Headquarters and visitor address

RugVista Group AB (publ)

Ringugnsgatan 11

SE-216 16 Limhamn

Sweden

Certified Advisor

FNCA Sweden AB

Box 5216

Nybrogatan 34, SE-102 45 Stockholm

info@fnca.se

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 person set out above, at 7:30 a.m. CET on February 9, 2023.



Group

Consolidated Statement of Income

<i>SEK thousand if not stated otherwise</i>	October - December			January - December		
	2022	2021	Δ	2022	2021	Δ
Net revenue	204,135	218,801	-6.7%	639,273	704,984	-9.3%
Other income	377	354	6.6%	1,685	1,543	9.2%
Total operating income	204,512	219,155	-6.7%	640,958	706,527	-9.3%
Goods for resale	-78,336	-77,182		-244,813	-250,829	
Other external expenses	-71,274	-79,372		-236,847	-253,178	
Personnel expenses	-17,521	-18,683		-69,711	-63,566	
Other operating expenses	1,653	-1,359		-3,676	-2,936	
Amortization & depreciation	-2,660	-2,272		-10,992	-8,360	
Operating profit (EBIT)	36,375	40,287	-9.7%	74,919	127,658	-41.3%
Financial expenses	310	-221		-582	-910	
Profit before taxes (EBT)	36,684	40,066	-8.4%	74,336	126,749	-41.4%
Taxes	-7,520	-8,877		-15,464	-26,898	
Profit for the period	29,164	31,189	-6.5%	58,872	99,851	-41.0%
Attributable to:						
Parent company's shareholders	29,164	31,189		58,872	99,851	
Earnings per share	1.40	1.50		2.83	4.80	
Earnings per share, diluted	1.40	1.50		2.83	4.80	

Group

Consolidated Statement of Comprehensive Income

<i>SEK thousand if not stated otherwise</i>	October - December			January - December		
	2022	2021	Δ	2022	2021	Δ
Profit for the period	29,164	31,189	-6.5%	58,872	99,851	-41.0%
<i>Items that can later be reclassified to the income statement</i>						
Translation differences	-	-		-	-	
Other comprehensive income	-	-	-	-	-	-
Comprehensive profit for the period attributable the parent company's shareholders	29,164	31,189	-6.5%	58,872	99,851	-41.0%

Group

Consolidated Statement of Financial position

ASSETS	December 31, 2022	December 31, 2021	EQUITY AND LIABILITIES	December 31, 2022	December 31, 2021
NON-CURRENT ASSETS			EQUITY		
Goodwill	299,949	299,949	Share capital	1,039	1,039
Intangible assets	9,064	-	Other contributed capital	227,627	227,784
Tangible assets	3,540	4,150	Retained earnings	216,113	168,224
Right-of-use assets	26,828	27,533	Profit for the period	58,872	99,851
Deferred tax assets	311	236	Total equity attributable to the parent company's shareholders	503,651	496,899
Total non-current assets	339,693	331,868			
CURRENT ASSETS			NON-CURRENT LIABILITIES		
Inventory	174,259	146,559	Deferred tax liability	90	107
Other receivables	51,581	19,920	Leasing debt	17,249	20,070
Prepaid expenses	1,465	921	Total non-current liabilities	17,338	20,177
Cash and cash equivalents	139,978	218,116			
Total current assets	367,283	385,516	CURRENT LIABILITIES		
TOTAL ASSETS	706,975	717,384	Accounts payable	76,963	95,334
			Current tax liabilities	41,556	48,126
			Other current liabilities	44,429	33,505
			Current leasing debt	10,919	8,419
			Prepaid income and accrued expenses	12,118	14,924
			Total current liabilities	185,986	200,308
			TOTAL EQUITY AND LIABILITIES	706,975	717,384

Group

Consolidated Statement of Changes in Equity

October - December

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

	Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity
2021				
Opening balance 2021-10-01	1,039	227,001	236,886	464,927
Profit for the period			31,189	31,189
Other comprehensive income			-	-
Total comprehensive profit	1,039	227,001	268,076	496,116
<i>Transactions with shareholders:</i>				
Dividend per AGM decision				-
Warrants, issue		783		783
Warrants, repurchase				-
New share issue				-
Closing balance 2021-12-31	1,039	227,784	268,076	496,899

Consolidated Statement of Changes in Equity

January - December

	Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity
2022				
Opening balance 2022-01-01	1,039	227,784	268,076	496,899
Profit for the period			58,872	58,872
Other comprehensive income			-	-
Total comprehensive profit	1,039	227,784	326,949	555,771
<i>Transactions with shareholders:</i>				
Dividend per AGM decision			-51,963	-51,963
Warrants, issue		469		469
Warrants, repurchase		-626		-626
New share issue				-
Closing balance 2022-12-31	1,039	227,627	274,986	503,651

	Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity
2022				
Opening balance 2021-01-01	1,014	244,229	168,225	413,468
Profit for the period			99,851	99,851
Other comprehensive income			-	-
Total comprehensive profit	1,014	244,229	268,076	513,319
<i>Transactions with shareholders:</i>				
Dividend per AGM decision				-
Warrants, issue		10,201		10,201
Warrants, repurchase		-38,069		-38,069
New share issue	25	11,423		11,449
Closing balance 2021-12-31	1,039	227,784	268,076	496,899

Group

Consolidated Statement of Cash flow

KSEK if not stated otherwise

	October - December		January - December	
	2022	2021	2022	2021
<i>Operating activities before changes in working capital</i>				
EBIT	36,375	40,287	74,919	127,658
<i>Adjustments for non-cash items</i>				
Depreciation and amortization	2,660	2,272	10,992	8,360
Unrealized exchange rate difference	-1,208	-	-4,657	-
Interest	310	-221	-582	-910
Income tax paid	-1,738	871	-22,126	-8,767
Cash flow from operating activities before changes in working capital	36,399	43,209	58,546	126,342
<i>Changes in working capital</i>				
Change in inventory	11,865	-15,706	-27,699	-55,562
Change in operating receivables	-2,972	3,442	-31,792	9,561
Change in operating liabilities	16,424	39,092	-10,799	24,467
Cash flow from changes in working capital	25,317	26,828	-70,290	-21,535
Cash flow from operating activities	61,716	70,037	-11,744	104,807
Investment in intangible assets	-2,309	-	-9,064	-
Acquisition of tangible assets	-222	-1,174	-1,018	-2,358
Sales of tangible assets	-	-	136	-
Cash flow from investing activities	-2,531	-1,174	-9,946	-2,358
New shares issue	-	-	-	11,449
Warrants	-	783	469	10,201
Warrants, repurchase	-	-	-626	-38,069
Amortization of leasing debt	-2,356	-2,045	-9,116	-7,423
Dividend payout	-	-	-51,963	-
Cash flow from financing activities	-2,356	-1,263	-61,236	-23,842
TOTAL CASH FLOW DURING THE PERIOD	56,829	67,601	-82,927	78,608
Liquidity at the start of the period	81,610	150,515	218,116	139,508
Exchange rate differences in liquidity	1,539	-	4,789	-
Liquidity at the end of the period	139,978	218,116	139,978	218,116



Notes

Note 1 – Accounting principles

This interim report has been prepared according to IAS 34 Delårsrapportering and Årsredovisningslagen. 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 1 “Supplementary accounting rules for Group’s”. For additional information about RugVista Group’s accounting principles, we refer to note 2 in the 2021 Annual Report (page 94) published on www.rugvistagroup.com

Other intangible assets – development expenses

Expenses for development of new or for improved products and processes is recognized as an asset in the statement of financial position if the process is technically and commercially useful and the Group has sufficient resources to complete the development. The carrying amount includes direct costs and – when applicable – salary costs and share of indirect costs. Other expenses related to technology developments are recognized in profit or loss as a cost when they arise. In the statement of financial position, capitalized development expenses are recognized at cost less accumulated amortization and any impairment losses. Amortization begins when the asset is put into operation and can be used in the way that management intends. Amortization is carried out in a systematic way over the useful period. Capitalized development expenses are mainly related to software and software platforms.

New and changed standards

None of the new and changed standards and interpretations applicable commencing January 1, 2022, 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 2021.

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, financial risks, and uncertainty factors 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 page 85 in the Directors’ report in the 2021 annual report.

Apart from the risks described therein, the assessment is that there are no additional material risks other than that a significant decrease in consumer sentiment has been observed in many of the Group’s key markets in Europe during 2022. The consumer sentiment in Sweden, for example, was at the lowest level it has been since the global financial crisis in 2008.

To source Persian rugs, the Group works with EU based wholesales and does not have direct exposure to Iran but products with Iranian origin is part of the Group’s product assortment. Group management is closely following the development in Iran and the EU’s stance and introduction of potential additional sanctions.

During the period, the Covid-19 pandemic has had a diminishing impact on society as a whole and on the Group. Despite this, the future development of the Covid-19 pandemic is uncertain and its possible impact on the Group’s operations. The Group’s financial position is strong and thus well equipped to face potential future challenges related to the Covid-19 pandemic.

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 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
October - December 2021	B2C	B2B	MPO	Segment total
Net revenue	192 209	20 610	5 981	218 801
Goods for resale	-68 060	-7 121	-2 002	-77 182
Gross profit	124 150	13 489	3 980	141 619
Marketing costs	-64 080	-3 055	-1 890	-69 025
Segment earnings	60 070	10 434	2 090	72 594
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
January - December 2021	B2C	B2B	MPO	Segment total
Net revenue	622 109	63 877	18 998	704 984
Goods for resale	-223 050	-21 469	-6 309	-250 829
Gross profit	399 058	42 408	12 689	454 155
Marketing costs	-198 834	-8 588	-5 249	-212 671
Segment earnings	200 224	33 821	7 440	241 484

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	
	2022	2021	2022	2021
Reconciliation of income				
Segment earnings	62 901	72 594	189 158	241 484
Other income	377	354	1 685	1 543
Other external expenses (excl. Marketing costs)	-8 376	-10 347	-31 544	-40 506
Personnel expenses	-17 521	-18 683	-69 711	-63 566
Other operating expenses	1 653	-1 359	-3 676	-2 936
Amortization & depreciation	-2 660	-2 272	-10 992	-8 360
Financial expenses	310	-221	-582	-910
Profit before taxes (EBT)	36 684	40 066	74 336	126 749

Notes

Note 4 – Financial assets

Financial assets valued at accrued acquisition value	2022-12-31	2021-12-31
<i>Financial assets in the balance sheet</i>		
Other receivables	4,791	5,057
Cash and cash equivalents	139,978	218,116
Total	144,769	223,172

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	2022-12-31	2021-12-31
<i>Financial liabilities in the balance sheet</i>		
Accounts payable	76,963	95,334
Other liabilities	8,716	10,038
Accrued expenses	10,358	13,293
Leasing debt	28,167	28,489
Total	124,204	147,154

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

Note 5 – Items affecting comparability

Costs associated with the listing process on Nasdaq First North Premier Growth Market.

	October – December		January - December	
Items affecting comparability	2022	2021	2022	2021
Other external expenses	-	-	-	8,971
Personnel expenses	-	-	-	929
Total	-	-	-	9,900

Not 6 – Parent company ownership overview

The ten largest shareholders as of December 31, 2022.

Owner	Number of shares	Share of capital	Share of votes
Bank Julius Baer	2,505,874	12.1%	12.1%
Futur Pension	1,903,356	9.2%	9.2%
Litorina IV L.P.	1,902,323	9.2%	9.2%
TIN Fonder	1,671,250	8.0%	8.0%
Indexon AB	1,490,204	7.2%	7.2%
MediumInvest	1,074,323	5.2%	5.2%
Movestic Livförsäkring	998,944	4.8%	4.8%
Nordnet Pensionförsäkring	913,587	4.4%	4.4%
RBC Investor Services	910,468	4.4%	4.4%
Goldman Sachs International	815,000	3.9%	3.9%
<i>Total the ten largest shareholders</i>	<i>14,185,329</i>	<i>68.2%</i>	<i>68.2%</i>
Total number of outstanding shares	20,785,140	100.0%	100.0%

Source: Euroclear extract per December 30, 2022

Parent company

Parent company's Statement of Income

<i>SEK thousand if not stated otherwise</i>	October - December			January - December		
	2022	2021	Δ	2022	2021	Δ
Net revenue	2,796	3,415	-18.1%	15,595	12,088	29.0%
Total operating income	2,796	3,415	-18.1%	15,595	12,088	29.0%
Other external expenses	-1,266	-1,403		-5,756	-12,848	
Personnel expenses	-1,638	-1,999		-10,018	-8,073	
Other operating expenses	-	-		-21	-8	
Operating profit (EBIT)	-109	13	-958.0%	-200	-8,841	-98.0%
Financial expenses	53	-		-113	-15	
Profit before taxes (EBT)	-57	13	-547.1%	-314	-8,856	-96.5%
<i>Year-end appropriations</i>						
Group contribution	46,455	61,700		46,455	61,700	
Tax allocation reserve	-	25,687		-	25,687	
Taxes	-9,545	-16,426		-9,545	-16,426	
Profit for the period ¹⁾	36,854	70,973	-48.1%	36,596	62,105	-41.1%

Parent company

Parent company's Statement of Financial position

SEK thousand if not stated otherwise

ASSETS	December 31, 2022	December 31, 2021	EQUITY AND LIABILITIES	December 31, 2022	December 31, 2021
<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	3,591	-	Sub-total, restricted equity	1,039	1,039
Total non-current assets	324,862	321,271			
<u>CURRENT ASSETS</u>			<i>Unrestricted equity</i>		
Other receivables	47,498	63,250	Retained earnings	318,965	305,303
Prepaid expenses	156	98	Profit for the period	36,596	62,105
Cash and cash equivalents	10,983	17,437	Sub-total, unrestricted equity	355,561	367,408
Total current assets	58,637	80,785	Total equity	356,600	368,448
TOTAL ASSETS	383,499	402,056	<u>CURRENT LIABILITIES</u>		
			Accounts payable	251	614
			Current tax liabilities	24,654	30,364
			Other current liabilities	383	502
			Prepaid income and accrued expenses	1,611	2,128
			Total current liabilities	26,898	33,608
			TOTAL EQUITY AND LIABILITIES	383,499	402,056

Board of Directors and Chief Executive Officer assurance

The Board of Directors and the Chief Executive Officer (CEO) assures 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, February 9, 2023

Erik Lindgren

Chairperson of the Board

Eva Boding

Board member

Paul Steene

Board member

Hanna Graflund Sleyman

Board member

Ludvig Friberger

Board member

Michael Lindskog

CEO

Magnus Dimert

Board member

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 cash	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, but also the smaller Nordic countries such as 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	
	2022	2021	2022	2021
Total operating income (A)	204,512	219,155	640,958	706,527
Goods for resale (B)	-78,336	-77,182	-244,813	-250,829
Gross profit (A) + (B)	126,176	141,972	396,145	455,698
Net revenue (C)	204,135	218,801	639,273	704,984
Gross margin, % ((A) + (B)) / (C)	61.8%	64.9%	62.0%	64.6%

Adjusted EBIT margin

<i>SEK thousand if not stated otherwise</i>	October - December		January - December	
	2022	2021	2022	2021
Operating profit (EBIT) (A)	36,375	40,287	74,919	127,658
Items affecting comparability (B)	-	-	-	9,900
Adjusted EBIT (A) + (B)	36,375	40,287	74,919	137,558
Net revenue (C)	204,135	218,801	639,273	704,984
Adjusted EBIT margin, % ((A) + (B)) / (C)	17.8%	18.4%	11.7%	19.5%

Inventory as % of LTM net revenue

<i>SEK thousand if not stated otherwise</i>	October - December		January - December	
	2022	2021	2022	2021
Inventory (A)	174,259	146,559	174,259	146,559
Net revenue, last twelve months (LTM) (B)	639,273	704,984	639,273	704,984
Inventory as % of LTM net revenue (A) / (B)	27.3%	20.8%	27.3%	20.8%

Net debt

<i>SEK thousand if not stated otherwise</i>	October - December		January - December	
	2022	2021	2022	2021
Cash and cash equivalents (A)	-139,978	-218,116	-139,978	-218,116
Interest bearing liabilities (current and non-current) (B)	-	-	-	-
Interest bearing lease liabilities (current and non-current) (C)	28,167	28,489	28,167	28,489
Net financial indebtedness (+) /net cash (-) (A)+(B)+(C)	-111,810	-189,627	-111,810	-189,627

Organic net revenue growth

<i>SEK thousand if not stated otherwise</i>	October - December		January - December	
	2022	2021	2022	2021
Last year's net revenue (A)	218,801	210,477	704,984	561,883
Net revenue divested operations (B)	-	4,415	-	20,172
Last year's net revenue, excluding divested operations (A)-(B)=(C)	218,801	206,062	704,984	541,712
Net revenue (D)	204,135	218,801	639,273	704,984
Net revenue divested operations (E)	-	-	-	-
Net revenue, excluding divested operations (D)-(E)=(F)	204,135	218,801	639,273	704,984
FX impact on this year's net revenue (G)	13,210	-1,739	26,942	-21,082
Net revenue, excluding divested operations and FX impact (F)-(G)=(H)	190,925	220,540	612,331	726,066
Organic net revenue growth % (H)/(C)-1	-12.7%	7.0%	-13.1%	34.0%

Information by quarter for selected expenses

SEK thousand if not stated otherwise		Jan - Mar 2019		Apr - Jun 2019		Jul - Sep 2019		Oct - Dec 2019	
Expense item		SEK K	% ¹	SEK K	% ¹	SEK K	% ¹	SEK K	% ¹
Net revenue		102,847	100.0%	80,223	100.0%	92,945	100.0%	131,277	100.0%
Product expenses		-31,078	-30.2%	-22,717	-28.3%	-26,293	-28.3%	-36,721	-28.0%
Shipping and other selling expenses		-11,249	-10.9%	-9,056	-11.3%	-9,988	-10.7%	-14,613	-11.1%
Marketing costs		-30,073	-29.2%	-24,159	-30.1%	-27,180	-29.2%	-39,528	-30.1%
		Jan - Mar 2020		Apr - Jun 2020		Jul - Sep 2020		Oct - Dec 2020	
Expense item		SEK K	% ¹	SEK K	% ¹	SEK K	% ¹	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	SEK K	% ¹	SEK K	% ¹	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	SEK K	% ¹	SEK K	% ¹	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%

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

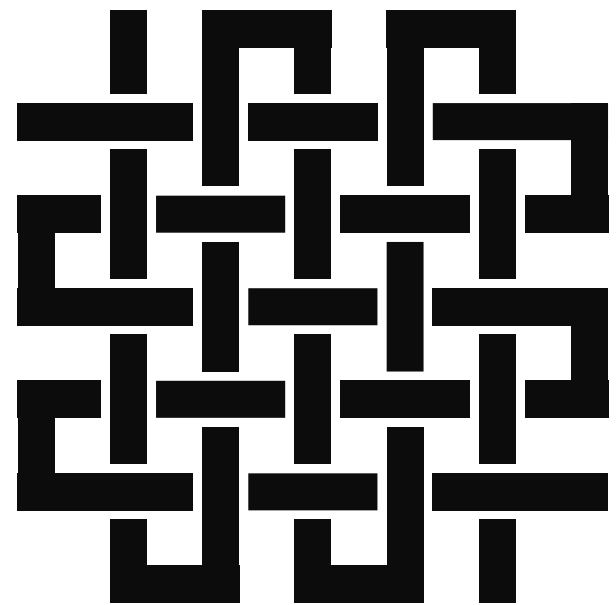
RugVista Group considers itself having several strengths and competitive advantages which contributes to the Group's ability to realize strategic objectives and reaching financial targets.

- 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

Ringugnsgatan 11, SE-216 16 Limhamn, Sweden
www.rugvistagroup.com