



RUG

V I S T A

Interim report January – March 2022

RugVista Group AB (publ)

Good profitability despite challenging market conditions

First quarter 2022 highlights

- Net revenue was SEK 186.0 (204.5) million representing a growth of -9.1% (+84.8%).
- Organic net revenue growth was -12.3%.
- Gross margin decreased to 62.3% (64.9%).
- EBIT was SEK 21.5 (39.7) million and EBIT margin was 11.6% (19.4%).
- Adjusted EBIT was SEK 21.5 (49.6) million corresponding to an adjusted EBIT margin of 11.6% (24.2%).
- Profit for the period was SEK 16.8 (32.2) million.
- Earnings per share and per diluted share was SEK 0.81 (1.58)¹.
- Net cash position was SEK 162.7 (136.8) million.
- The average NPS (Net Promotor Score) value was 68 (67).
- Inventory as a share of LTM net revenue was 21.6% (13.4%).

Group key performance indicators²

<i>SEK thousand if not stated otherwise</i>	January	-	March
	2022		2021
Operating income	186,380		205,003
Net revenue	185,973		204,538
Net revenue growth, %	-9.1%		84.8%
Organic net revenue growth, %	-12.3%		-
Gross profit	115,859		132,732
Gross margin, %	62.3%		64.9%
EBIT	21,528		39,677
EBIT margin, %	11.6%		19.4%
Profit for the period	16,805		32,229
Profit margin, %	9.0%		15.8%
Adjusted EBIT	21,528		49,577
Adjusted EBIT margin, %	11.6%		24.2%
Inventory as a share of LTM net revenue, %	21.6%		13.4%
Cash and cash equivalents	195,636		165,044
Net cash	162,726		136,764
Earnings per share	0.81		1.58
Earnings per share, diluted	0.81		1.58
Number of shares outstanding	20,785,140		20,359,050
Number of diluted shares outstanding	20,785,140		20,359,050
Number of website visits, million	10.6		12.9
Number of orders, thousand	75.5		81.5
Number of new customers, thousand	53.9		59.4
Average order value, SEK	3,528		3,529
Average NPS value	68		67
Average TrustPilot value	4.8		4.8

¹ No dilution effect for neither 2022 nor 2021.

² See page 24 for definitions and explanations

Challenging start to the year

Dear shareholders,

We knew that the first quarter would be challenging with exceptional comparables. It turned out to be even more challenging than we could have imagined. The turbulent macroeconomic environment with reduced purchasing power because of the increased inflation, geopolitical unrest, and lower consumer confidence negatively impacted consumer demand in markets across Europe during the quarter.

Net revenue growth for Q1 2022 was -9.1%. Organic net revenue growth was -12.3% which was primarily a consequence of the SEK depreciating versus the euro. The gross margin decreased to 62.3% (64.9%) and was impacted by category mix effects and increased costs for customer deliveries. The EBIT margin decreased to 11.6% (19.4%) where the primary reason for lower profitability was related to the marketing investments we decided to make during the quarter.

The high advertising intensity continued across most of our markets during the quarter even though all the data that we had access to indicated that consumer demand was down. We navigated this situation by selectively investing in driving traffic to our web-shops in certain markets only. As a result of these factors, the quarter ended with unusually high marketing expenses.

Considering the tough comparables from last year, it is worth noting that our net revenue grew by 74.3% compared to Q1'20, number of orders grew by 101.9%, and number of new customers acquired grew by 105.9%. We also continue to be profitable in a tough market environment.

Our average NPS value for Q1 2022 was 68 which is an all-time high and incredibly pleasing. This indicates that we continue to

deliver on our customer promises. We acquired 53.9 (59.4) thousand new customers which is a decline compared to last year but reflects the overall market conditions.

The development of our new web-shop continued during the quarter, and we expect to introduce the next version in at least one more market by summer. Our initiative, through *RugVista Essentials*, to reach those decorating their first home is showing initial promise and comprises an increasing share of sales. We continue to develop the collection and currently offer more than 400 articles under *RugVista Essentials*.

After Russia's invasion of Ukraine, which is a humanitarian catastrophe, we opted to immediately close our Russian web-shops. We have given financial assistance to UNICEF to support their work in helping Ukrainian refugees.

When writing this, the macroeconomic climate continues to be uncertain, and the rest of year outlook is difficult to predict. Thus, it will be even more important that we steer all aspects of our business even more agile and alertly. This will be needed to take advantage of specific growth opportunities as well as to avoid unfavorable investments.

We continue, despite the uncertain near-term outlook, to work on our strategic initiatives to improve our customer value proposition and organization. I remain confident that these efforts will position us well to achieve our mid-to long-term financial targets and our vision *to be the center of gravity for the European rug industry*.

With best wishes,

Michael Lindskog
CEO RugVista Group



Group development

First quarter

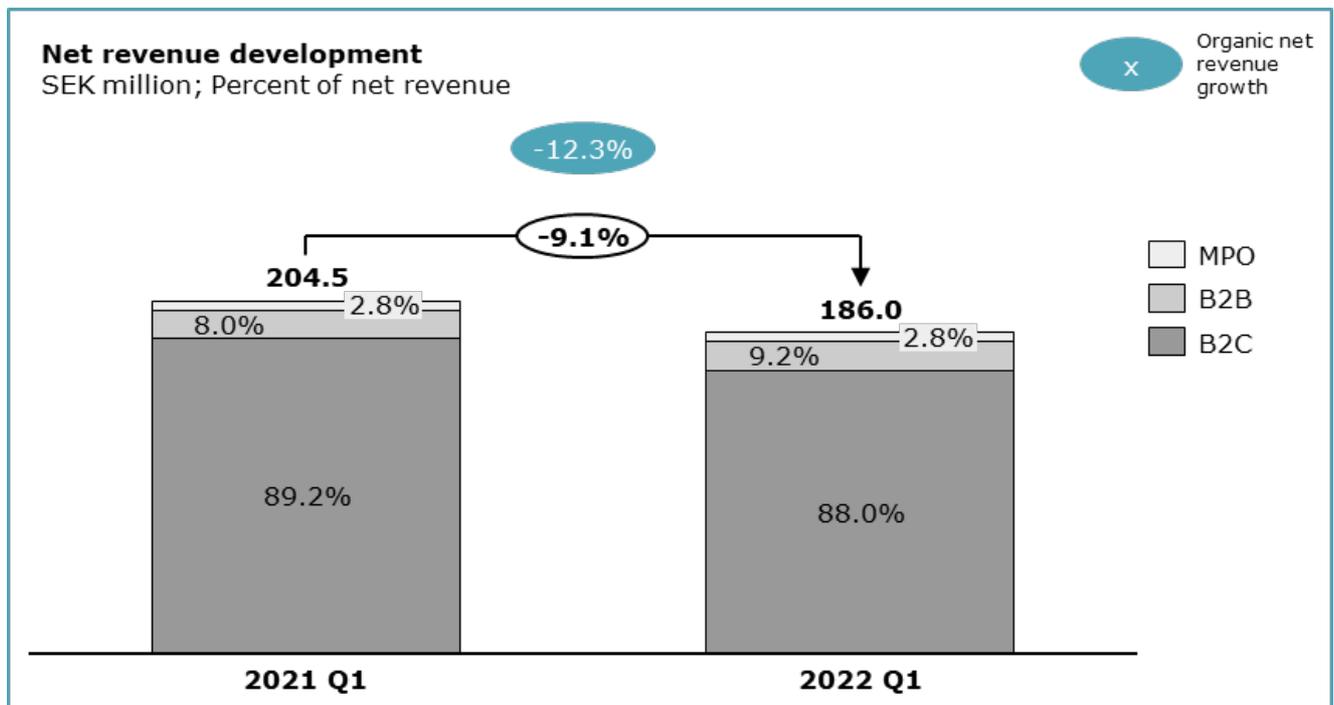
Net revenue

Group net revenue during the quarter was SEK 186.0 (204.5) million representing a decrease of -9.1% (+84.8%) while organic net revenue decreased by -12.3%. The turbulent macroeconomic environment with reduced purchasing power because of the increased inflation, geopolitical unrest, and lower consumer confidence negatively impacted consumer demand in markets across Europe during the quarter. This fact, in combination with the tough comparable (91.7% net revenue growth excluding divested operations), drove the negative net revenue growth during the quarter.

Net revenue within the B2C segment, the Group's largest, was SEK 163.6 (182.4) million representing a decrease of -10.3% (+96.4%). The decrease in net revenue within the segment was primarily driven by the DACH and Nordics regions with growth rates of -15.1% (+120.9%) and -22.6% (+73.1%), respectively.

Net revenue within the B2B segment was SEK 17.2 (16.4) million representing an increase of 5.0% (41.6%). Compared to the B2C segment, the demand was more robust during the quarter and continued to be driven by the interior designer customer group. Furthermore, last year's B2B comparable (41.6%) was not as challenging compared to the other segments.

Net revenue within the Marketplace & Other (MPO) segment was SEK 5.1 (5.8) million representing a decrease of -11.1% (+155.0%). Like the B2C segment, demand within the MPO segment was negatively impacted by the macroeconomic environment during the quarter as the bulk of sales is derived from sales to private consumers via Amazon's European marketplaces.



Profits and margins

Gross margin was 62.3% (64.9%). The gross margin decrease was driven by higher product expense ratio as well as higher costs for customer deliveries. The product expense ratio increase was driven by category mix effects while the higher 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 39.2% (36.6%). The increase was driven by increased marketing investments in all three segments albeit more pronounced within the B2C and MPO segments. The high marketing investment was driven by the continued intensive marketing activity from most of the players online and the choice to selectively drive traffic to our online stores despite the reduced consumer demand.

Personnel expenses as a share of net revenue were 9.1% (8.0%). The increase was primarily driven by a negative scale effect from the decrease in net revenue compared to last year as well as new hires joining the company according to plan.

Other operating expenses were SEK -1.6 (0.1) million. The line-item specifies the net of FX effects on transactions and cash balances during the period. The increase in expenses was driven by the depreciation of the SEK against most other currencies resulting in currency differences mainly on accounts payable.

Depreciation and amortization were SEK -2.9 (-2.0) 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 as well as a refurbishment of the office building during the second half of 2021.

EBIT was SEK 21.5 (39.7) million representing an EBIT margin of 11.6% (19.4%). The EBIT margin decrease was driven by the lower gross margin, higher other external expenses, and a reduced scale effect associated with the lower net revenue.

Adjusted EBIT was SEK 21.5 (49.6) million representing an adjusted EBIT margin of 11.6% (24.2%). There were no items affecting comparability this year, whereas last year's quarter included IPO related one-off costs of SEK 9.9 million.

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

Taxes during the period were SEK -4.5 (-7.2) million.

Profit for the period was SEK 16.8 (32.2) million representing a profit margin of 9.0% (15.8%).

Cash flows

Cash flow from operating activities was SEK -18.6 (+45.9) million during the quarter. The decrease related to lower operating profitability, higher tax payment, and higher working capital mainly due to payments to suppliers.

Cash flow from investing activities was SEK -1.6 (-0.1) million during the period and the increase is related to development cost capitalization.

Cash flow from financing activities was SEK -2.2 (-20.3) million during the period. Financing activities this year related to amortization of leasing debt while last year's outflow was mainly driven by the winding down of the historical long-term incentive programs (LTIP2017, LTIP2018, and LTIP2019) in conjunction with the listing on NASDAQ First North Premier Growth Market including repurchase of warrants worth SEK 38.1 million and issuance of new shares amounting to SEK 11.4 million.

Other KPIs

The NPS value was 68 (67) and the TrustPilot value was 4.8 (4.8), which is an indication that our continued high focus on ensuring a world-class customer experience has been successful.

Web-shop visits reached 10.6 (12.9) million representing a decrease of -18.1% (+73.9%). The decrease is related to the macroeconomic environment with reduced demand within the B2C segment and the tough comparable from last year.

Order count was 75.5 (81.5) thousand representing a decrease of 7.4% (+118.0%).

53.9 (59.4) thousand new customers acquired representing a decrease of 9.3% (+127.0%).

Average order value was SEK 3,528 (3,529).



Segment development

B2C

<i>SEK thousand if not stated otherwise</i>	January	-	March	Δ
	2022		2021	
Net revenue	163,635		182,380	-10.3%
<i>Net revenue, DACH</i>	37,273		43,922	-15.1%
<i>Net revenue, Nordics</i>	35,265		45,535	-22.6%
<i>Net revenue, Rest of World</i>	91,097		92,922	-2.0%
Gross profit	101,028		117,456	-14.0%
Gross margin, %	61.7%		64.4%	-2.7pp
Marketing cost as a share of net revenue, %	36.8%		29.5%	7.3pp
Segment earnings	40,758		63,625	-35.9%
Segment margin, %	24.9%		34.9%	-10.0pp

First quarter

B2C net revenue during the quarter was SEK 163.6 (182.4) million representing a decrease of -10.3% (+96.4%). The decrease in net revenue within the segment was primarily driven by the DACH and Nordics regions with growth rates of -15.1% (120.9%) and -22.6% (73.1%), respectively. The macroeconomic environment coupled with the tough comparable drove the net revenue decline.

Gross profit was SEK 101.0 (117.5) million representing a decrease of -14.0% (+106.6%) while the gross margin was 61.7% (64.4%). The gross margin decrease was driven by higher product expense ratio and higher costs for customer deliveries.

Marketing cost as a share of net revenue was 36.8% (29.5%). The increase compared to last year was a result of marketing spend investments to drive growth despite the challenging market conditions.

Segment earnings were SEK 40.8 (63.6) million representing a decrease of -35.9% (+130.0%) and the segment margin was 24.9% (34.9%) with the decrease driven by both the decreased gross margin as well as the increased marketing cost ratio.

B2B

<i>SEK thousand if not stated otherwise</i>	January - March		Δ
	2022	2021	
Net revenue	17,199	16,375	5.0%
Gross profit	11,212	10,909	2.8%
Gross margin, %	65.2%	66.6%	-1.4pp
Marketing cost as a share of net revenue, %	16.4%	12.4%	4.0pp
Segment earnings	8,385	8,876	-5.5%
Segment margin, %	48.8%	54.2%	-5.4pp

First quarter

B2B net revenue during the quarter was SEK 17.2 (16.4) million representing an increase of 5.0% (41.6%). Compared to the B2C segment, the demand was more robust during the quarter and demand continued to be driven by the interior designer customer group. In addition, last year's comparable was not as tough compared to both the B2C and MPO segments.

Gross profit was SEK 11.2 (10.9) million representing an increase of +2.8% (+52.1%) while the gross margin was 65.2% (66.6%). The gross margin decrease was driven by category mix effects and higher last mile shipping expenses.

Marketing cost as a share of net revenue was 16.4% (12.4%) with the increase driven by the same factors impacting marketing costs as in the B2C segment.

Segment earnings were SEK 8.4 (8.9) million representing a decrease of -5.5% (+59.0%) and the segment margin was 48.8% (54.2%) with the decrease driven by the lower gross margin and increased marketing costs.

MPO

SEK thousand if not stated otherwise

	January 2022	-	March 2021	Δ
Net revenue	5,139		5,783	-11.1%
Gross profit	3,212		3,902	-17.7%
Gross margin, %	62.5%		67.5%	-5.0pp
Marketing cost as a share of net revenue, %	37.8%		24.5%	13.3pp
Segment earnings	1,271		2,487	-48.9%
Segment margin, %	24.7%		43.0%	-18.3pp

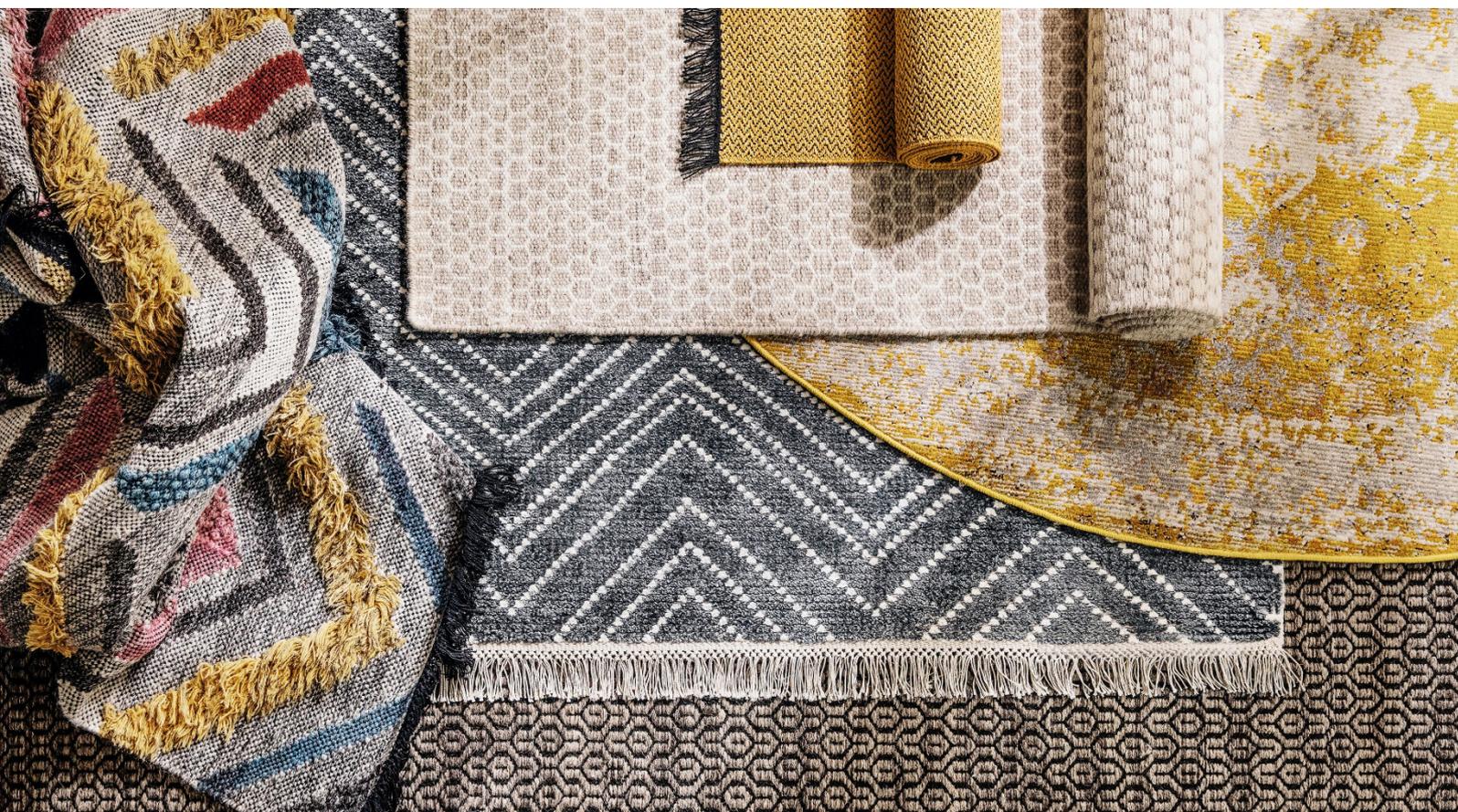
First quarter

MPO net revenue during the quarter was SEK 5.1 (5.8) million representing a decrease of -11.1% (+155.0%). Demand within the MPO segment was negatively impacted by the macroeconomic environment during the quarter and the tough comparable from last year.

Gross profit was SEK 3.2 (3.9) million representing a decrease of -17.7% (+168.6%) while the gross margin was 62.5% (67.5%). The gross margin decrease was driven by category mix effects and higher costs for customer deliveries.

Marketing cost as a share of net revenue was 37.8% (24.5%). The marketing cost ratio increase was driven by intensified marketing investments on the Amazon platform to drive growth.

Segment earnings were SEK 1.3 (2.5) million representing a decrease of -48.9% (+148.4%) and the segment margin was 24.7% (43.0%) with the decrease driven by the decrease in gross margin and higher marketing cost ratio.



Other information

Material events during the quarter

- RugVista was nominated for “e-commerce player of the year 2022” award also known as “D-Award 2022”. The Swedish Digital Trade Association (Svensk Digital Handel) nominates three companies who have contributed the most to drive digital commerce forward during the year.

Material events after the quarter

- RugVista Group’s first annual report as a listed company was published on April 8, 2022.
- On April 11, 2022, the shareholders of RugVista Group AB (publ), Reg. No. 559037-7882, were invited to attend the Annual General Meeting, to be held on Friday, May 20, 2022, at the company’s premises at Frihamnsallén 10 in Malmö, Sweden.
- Henrik Bo Jørgensen, CFO for RugVista Group AB (publ), has announced that he has decided to leave RugVista. Henrik Bo Jørgensen will continue as CFO until July 2022.

Co-workers

The average number of FTEs during January – March was 93.0 (79.5) and the share of women was 42.9% (46.1%).

Seasonality

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

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 Q1 2022 (March 31) was SEK 2.2 billion with a closing price of SEK 105.40 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, 496,981 have to date been sold to key employees in the Group.

For more information about incentive programs, see “LTIP2021/2024” below.

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

LTIP2021/2024

The Group has issued warrants as part of a long-term incentive program for key employees within the Group (“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 price of the warrants – when sold to participants – will be set by PricewaterhouseCoopers in accordance with the Black & Scholes valuation method at the time of transfer.

January – March 2022

During the period, no warrants have been sold to key employees in the Group.

Transactions with closely related parties

January - March

No material transactions with closely related parties were conducted during the first quarter.

Audit

This report has not been subject to a limited 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.

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

Net revenue of the parent company amounted to SEK 3.1 (2.4) million during the quarter. The parent company has invoiced fees for management services, in accordance with the Group's intra company

agreements, to other Group companies during the period. Costs for the period are mainly related to salaries to some members of the management team and remuneration to the Board of Directors.

The result for the quarter totaled SEK 0.1 (-9.2) million. 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.

Annual General Meeting

The Annual General Meeting will be held in Malmö, Sweden on May 20, 2022. The notice to convene the Annual General Meeting was sent to shareholders on April 11, 2022.

The Board of Directors proposes a cash dividend of SEK 2.50 (0.00) per share equivalent to SEK 52.0 (0.0) million. The record date to receive the right to dividends is May 24, 2022. Assuming the general meeting accepts the dividend proposal, the date to receive dividends is May 30, 2022.

Financial calendar

Event	Date
Annual General Meeting 2022 (Malmö, Sweden)	May 20, 2022
Interim report April – June 2022	August 18, 2022
Interim report July – September 2022	November 10, 2022
Capital Markets Day	December 8, 2022 ¹
Interim report October – December 2022	February 9, 2023

¹ New date.

In connection with the publication of the interim report for January – March 2022, Michael Lindskog (CEO) and Henrik Bo Joergensen (CFO) will hold a conference call at 9:00 a.m. CEST on May 12, 2022. The call will be held in English. To participate, please call +46 85 66 42 705 and use the PIN: 35817580# or visit <https://tv.streamfabriken.com/rugvista-group-q1-2022>.

The interim report and the presentation are available at RugVista Group's website: <https://www.rugvistagroup.com/en/investors/reports-and-presentations/>.

The conference call can also be joined through the Group's website: <https://www.rugvistagroup.com/en/investors/q122/>.

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This report contains information that RugVista Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 7:30 a.m. CEST on May 12, 2022.



Group

All reports are reported in thousands of kronor (KSEK) unless otherwise stated.

Consolidated Statement of Income

<i>SEK thousand if not stated otherwise</i>	January 2022	- March 2021	Δ
Net revenue	185,973	204,538	-9.1%
Other income	407	465	-12.4%
Total operating income	186,380	205,003	-9.1%
Goods for resale	-70,521	-72,271	
Other external expenses	-72,913	-74,869	
Personnel expenses	-16,966	-16,279	
Other operating expenses	-1,593	74	
Amortization & depreciation	-2,859	-1,981	
Operating profit (EBIT)	21,528	39,677	-45.7%
Financial expenses	-257	-226	
Profit before taxes (EBT)	21,271	39,450	-46.1%
Taxes	-4,466	-7,221	
Profit for the period	16,805	32,229	-47.9%
Attributable to:			
Parent company's shareholders	16,805	32,229	
Earnings per share	0.81	1.58	
Earnings per share, diluted	0.81	1.58	

Consolidated Statement of Comprehensive Income

<i>SEK thousand if not stated otherwise</i>	January 2022	- March 2021	Δ
Profit for the period	16,805	32,229	-47.9%
<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	16,805	32,229	-47.9%

Consolidated Statement of Financial Position

SEK thousand if not stated otherwise

ASSETS	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
NON-CURRENT ASSETS			
Goodwill	299,949	299,949	299,949
Intangible assets	1,424	-	-
Tangible assets	3,938	2,612	4,150
Right-of-use assets	31,727	27,172	27,533
Deferred tax assets	236	176	236
Total non-current assets	337,275	329,909	331,868
CURRENT ASSETS			
Inventory	148,270	88,177	146,559
Other receivables	18,861	39,670	19,920
Prepaid expenses	5,078	3,507	921
Cash and cash equivalents	195,636	165,044	218,116
Total current assets	367,846	296,398	385,516
TOTAL ASSETS	705,120	626,307	717,384
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,039	1,039	1,039
Other contributed capital	227,784	225,528	227,784
Retained earnings	268,075	168,225	168,225
Profit for the period	16,805	32,229	99,851
Total equity attributable to the parent company's shareholders	513,704	427,021	496,899
NON-CURRENT LIABILITIES			
Deferred tax liability	107	13,693	107
Leasing debt	23,316	21,590	20,070
Total non-current liabilities	23,423	35,283	20,177
CURRENT LIABILITIES			
Accounts payable	82,723	87,125	95,334
Current tax liabilities	35,710	18,044	48,126
Other current liabilities	27,038	32,220	26,290
Current leasing debt	9,594	6,691	8,419
Prepaid income and accrued expenses	12,928	19,923	22,139
Total current liabilities	167,993	164,003	200,308
TOTAL EQUITY AND LIABILITIES	705,120	626,307	717,384

Consolidated Statement of Changes in Equity

January – March 2022

SEK thousand if not stated otherwise

	Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity
Opening balance 2022-01-01	1,039	227,784	268,075	496,899
Profit for the period			16,805	16,805
Other comprehensive income			-	-
Total comprehensive profit for the period	1,039	227,784	284,881	513,704
<i>Transactions with shareholders:</i>				
Warrants, issue	-	-	-	-
Warrants, repurchase	-	-	-	-
New share issue	-	-	-	-
Closing balance 2022-03-31	1,039	227,784	284,881	513,704

January – March 2021

SEK thousand if not stated otherwise

	Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity
Opening balance 2021-01-01	1,014	244,229	168,225	413,468
Profit for the period	-	-	32,229	32,229
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	1,014	244,229	200,453	445,697
<i>Transactions with shareholders:</i>				
Warrants, issue	-	7,945	-	7,945
Warrants, repurchase	-	-38,069	-	-38,069
New share issue	25	11,423	-	11,449
Closing balance 2021-03-31	1,039	225,528	200,453	427,021

Consolidated Statement of Cash Flow

	Jan 1	-	Mar 31
	2022		2021
<u>OPERATING ACTIVITIES</u>			
<i>Operating activities before changes in working capital</i>			
EBIT	21,528		39,677
Depreciation and amortization	2,859		1,981
Interest paid	-257		-226
Income tax paid	-16,882		-5,527
Cash flow from operating activities before changes in working capital	7,248		35,904
<i>Changes in working capital</i>			
Change in inventory	-1,711		2,820
Change in operating receivables	-3,098		-12,785
Change in operating liabilities	-21,074		19,972
Cash flow from changes in working capital	-25,883		10,007
Cash flow from operating activities	-18,635		45,912
<u>INVESTING ACTIVITIES</u>			
Acquisition of intangible assets	-1,424		-
Acquisition of tangible assets	-254		-108
Sales of tangible assets	65		-
Cash flow from investing activities	-1,613		-108
<u>FINANCING ACTIVITIES</u>			
New shares issue	-		11,449
Warrants, issue	-		7,945
Warrants, repurchase	-		-38,069
Amortization of leasing debt	-2,231		-1,593
Cash flow from financing activities	-2,231		-20,268
TOTAL CASH FLOW DURING THE PERIOD	-22,479		25,536
Liquidity at the start of the period	218,116		139,508
Translation differences in liquidity	-		-
Liquidity at the end of the period	195,636		165,044

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. 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, are considered to have 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 Q1. The consumer sentiment in Sweden in for March 2022, for example, was at the lowest level it has been since the global financial crisis in 2008.

Note 3 - Reconciliation of segment information

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.

<u>January - March 2022</u>	<u>B2C</u>	<u>B2B</u>	<u>MPO</u>	<u>Segment total</u>
Net revenue	163,635	17,199	5,139	185,973
Goods for resale	-62,607	-5,987	-1,927	-70,521
Gross profit	101,028	11,212	3,212	115,452
Marketing costs	-60,270	-2,827	-1,941	-65,038
Segment earnings	40,758	8,385	1,271	50,413
<u>January - March 2021</u>	<u>B2C</u>	<u>B2B</u>	<u>MPO</u>	<u>Segment total</u>
Net revenue	182,380	16,375	5,783	204,538
Goods for resale	-64,924	-5,466	-1,881	-72,271
Gross profit	117,456	10,909	3,902	132,267
Marketing costs	-53,831	-2,033	-1,415	-57,280
Segment earnings	63,625	8,876	2,487	74,987

Note 3 - Reconciliation of segment information, continued

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.

	January	-	March
Reconciliation of income	2022		2021
Segment earnings	50,413		74,987
Other income	407		465
Other external expenses (excl. Marketing costs)	-7,875		-17,589
Personnel expenses	-16,966		-16,279
Other operating expenses	-1,593		74
Amortization & depreciation	-2,859		-1,981
Financial expenses	-257		-226
Profit before taxes (EBT)	21,271		39,450

Note 4 – Financial instruments

Financial assets valued at accrued acquisition value	Mar 31, 2022	Mar 31, 2021
<i>Financial assets in the balance sheet</i>		
Other receivables	5,288	10,042
Cash and cash equivalents	195,636	165,044
Total	200,925	175,086

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	Mar 31, 2022	Mar 31, 2021
<i>Financial liabilities in the balance sheet</i>		
Accounts payable	82,723	87,125
Other liabilities	8,606	9,570
Accrued expenses	11,168	18,298
Leasing debt	32,911	28,281
Total	135,408	143,274

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.

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

Note 6 - Parent company ownership overview

The ten largest shareholders as of March 31, 2022.

Owner	Number of shares	Share of capital	Share of votes
Futur Pension	1,921,523	9.2%	9.2%
Litorina IV L.P.	1,813,587	8.7%	8.7%
RBC	1,801,617	8.7%	8.7%
TIN Fonder	1,671,250	8.0%	8.0%
Indexon AB	1,490,204	7.2%	7.2%
MediumInvest	1,117,230	5.4%	5.4%
Movestic Livförsäkring	1,073,366	5.2%	5.2%
Nordnet Pensionförsäkring	1,062,071	5.1%	5.1%
SEB Life International	908,900	4.4%	4.4%
Enter Fonder	846,270	4.1%	4.1%
<i>Total the ten largest shareholders</i>	<i>13,706,018</i>	<i>65.9%</i>	<i>65.9%</i>
Total number of outstanding shares	20,785,140	100.0%	100.0%

Source: Euroclear extract per March 31, 2022

Parent company

All reports are reported in thousands of kronor (KSEK) unless otherwise stated.

Parent company's Statement of Income

<i>SEK thousand if not stated otherwise</i>	Jan	-	Mar	Δ
	2022		2021	
Net revenue	3,108		2,447	27.0%
Total operating income	3,108		2,447	27.0%
Other external expenses	-1,119		-9,526	
Personnel expenses	-1,934		-2,083	
Other operating expenses	-		-9	
Operating profit (EBIT)	55		-9,170	-101%
Financial expenses	-		-	
Profit before taxes (EBT)	55		-9,170	-100.6%
Taxes	-		-	
Profit for the period ¹⁾	55		-9,170	-100.6%

1) Same as comprehensive income.

Parent company's Statement of Financial Position

SEK thousand if not stated otherwise

ASSETS	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
NON-CURRENT ASSETS			
<i>Financial non-current assets</i>			
Shares in group companies	321,271	321,271	321,271
Total non-current assets	321,271	321,271	321,271
CURRENT ASSETS			
Other receivables	54,276	7,340	63,250
Prepaid expenses	359	426	98
Cash and cash equivalents	10,547	19,464	17,437
Total current assets	65,182	27,231	80,785
TOTAL ASSETS	386,453	348,501	402,056
EQUITY AND LIABILITIES	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
EQUITY			
<i>Restricted equity</i>			
Share capital	1,039	1,039	1,039
Sub-total, restricted equity	1,039	1,039	1,039
<i>Unrestricted equity</i>			
Retained earnings	367,408	305,303	305,303
Profit for the period	55	-9,170	62,105
Sub-total, unrestricted equity	367,463	296,134	367,408
Total equity	368,503	297,173	368,448
UNTAXED RESERVES			
Untaxed reserved	-	25,687	-
NON-CURRENT LIABILITIES			
Total non-current liabilities	-	-	-
CURRENT LIABILITIES			
Accounts payable	352	1,967	614
Current tax liabilities	15,176	14,840	30,364
Other current liabilities	903	811	502
Prepaid income and accrued expenses	1,519	8,024	2,128
Total current liabilities	17,950	25,641	33,608
TOTAL EQUITY AND LIABILITIES	386,453	348,501	402,056

Board of Directors and Chief Executive Officer assurance

The Board of Directors and the Chief Executive Officer (CEO) assures that the interim 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 part of the Group.

Limhamn, May 12, 2022

Erik Lindgren

Chairperson of the Board

Magnus Dimert

Board Member

Paul Steene

Board Member

Eva Boding

Board Member

Ludvig Friberger

Board Member

John Womack

Board Member

Michael Lindskog

CEO

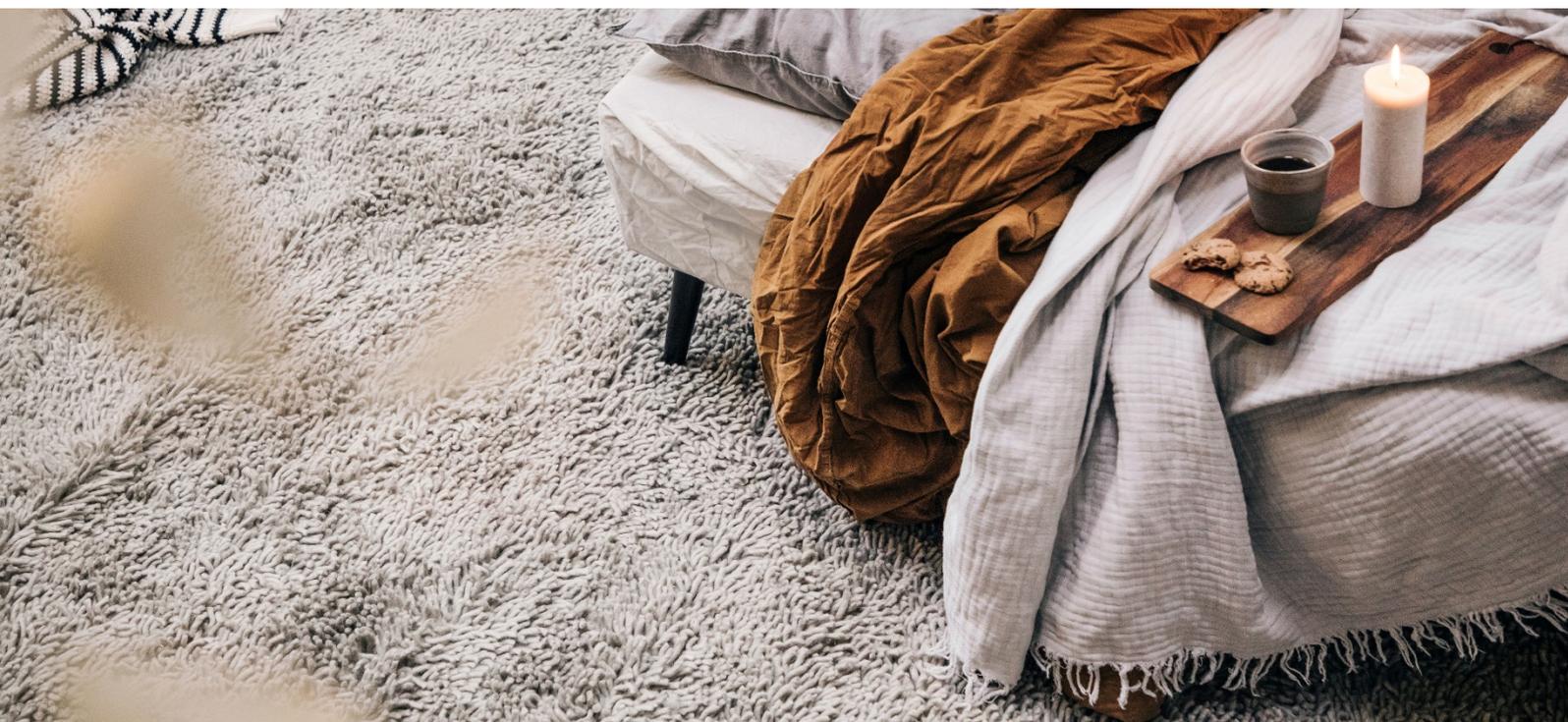
Definitions of metrics and key performance indicators

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

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

<i>SEK thousand if not stated otherwise</i>	January - March	
	2022	2021
Total operating income (A)	186,380	205,003
Goods for resale (B)	-70,521	-72,271
Gross profit (A) + (B)	115,859	132,732
Net revenue (C)	185,973	204,538
Gross margin, % ((A) + (B)) / (C)	62.3%	64.9%
Operating profit (EBIT) (A)	21,528	39,677
Items affecting comparability (B)	0	9,900
Adjusted EBIT (A) + (B)	21,528	49,577
Net revenue (C)	185,973	204,538
Adjusted EBIT margin, % ((A) + (B)) / (C)	11.6%	24.2%
Inventory (A)	148,270	88,177
Net revenue, last twelve months (LTM) (B)	686,419	655,736
Inventory as % of LTM net revenue (A) / (B)	21.6%	13.4%
Cash and cash equivalents (A)	-195,636	-165,044
Interest bearing liabilities (current and non-current) (B)	-	-
Interest bearing lease liabilities (current and non-current) (C)	32,911	28,281
Net financial indebtedness (+) / net cash (-) (A) + (B) + (C)	-162,726	-136,764
Last year's net revenue (A)	204,538	-
Net revenue (B)	185,973	-
FX impact on this year's net revenue (C)	6,588	-
Net revenue excluding FX impact (B)-(C)=(D)	179,385	-
Organic net revenue growth % (D)/(A)-1	-12.3%	-

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						
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						
Net revenue	106,686	100.0%	118,807	100.0%	110,157	100.0%	206,062	100.0%
Product expenses	-30,714	-28.8%	-31,705	-26.7%	-28,319	-25.7%	-54,669	-26.5%
Shipping and other selling expenses	-10,501	-9.8%	-12,209	-10.3%	-11,092	-10.1%	-24,338	-11.8%
Marketing costs	-31,218	-29.3%	-31,524	-26.5%	-31,068	-28.2%	-56,622	-27.5%
	Jan - Mar 2021		Apr - Jun 2021		Jul - Sep 2021		Oct - Dec 2021	
Expense item	SEK K	%¹						
Net revenue	204,538	100.0%	140,621	100.0%	141,025	100.0%	218,801	100.0%
Product expenses	-48,509	-23.7%	-32,651	-23.2%	-33,432	-23.7%	-52,939	-24.2%
Shipping and other selling expenses	-23,762	-11.6%	-18,218	-13.0%	-17,074	-12.1%	-24,243	-11.1%
Marketing costs	-57,280	-28.0%	-41,635	-29.6%	-44,731	-31.7%	-69,025	-31.5%
	Jan - Mar 2022							
Expense item	SEK K	%¹						
Net revenue	185,973	100.0%						
Product expenses	-45,993	-24.7%						
Shipping and other selling expenses	-24,529	-13.2%						
Marketing costs	-65,038	-35.0%						

Note 1: As a percent of net revenue

Numbers in the table above exclude divested operations.

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.



RUG

V I S T A

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