



RUG
VISTA

**ABG
Consumer Seminar**

Sep 15, 2022



Michael Lindskog

CEO

SELECTED EXPERIENCE

- Head of Nordics at Zalando
- Project manager at McKinsey & Company

RUG
VISTA



McKinsey
& Company



Why invest in Rugvista Group?

One of the leading digitally native vertical rug experts in Europe

1

Large market & attractive product niche transitioning online

2

Category killer with D2C business model & deep industry capabilities

3

Clear vision and initiatives to drive long-term profitable growth

4

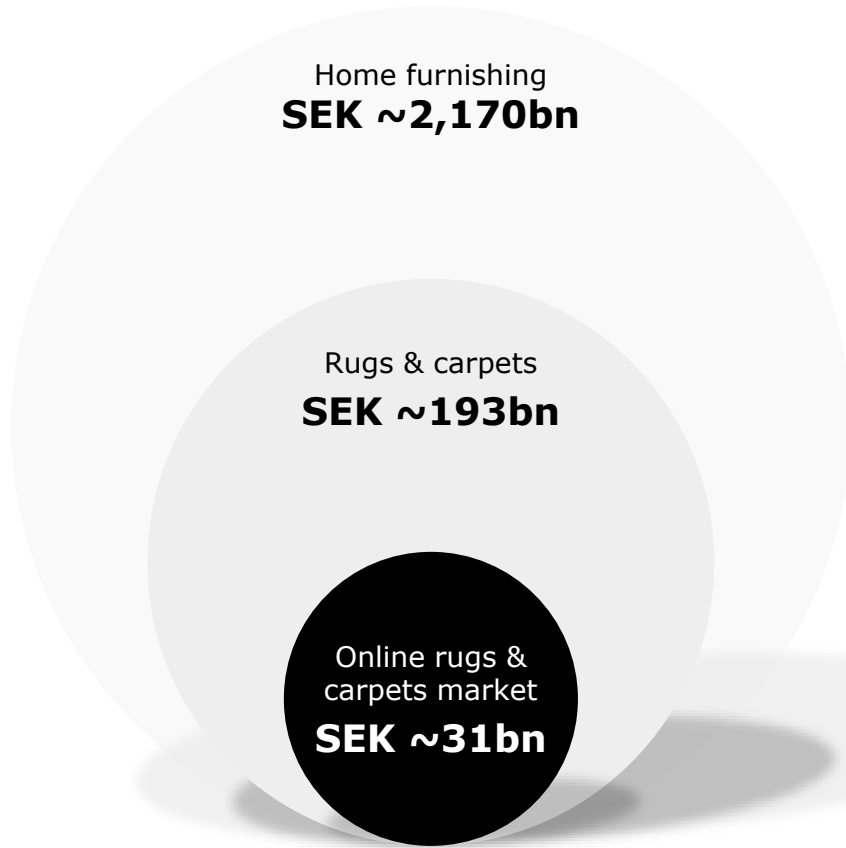
**Strong historical financial performance
with YTD challenges driven by macroeconomic conditions**

Experienced management team supported by active Board of Directors

Large market transitioning online

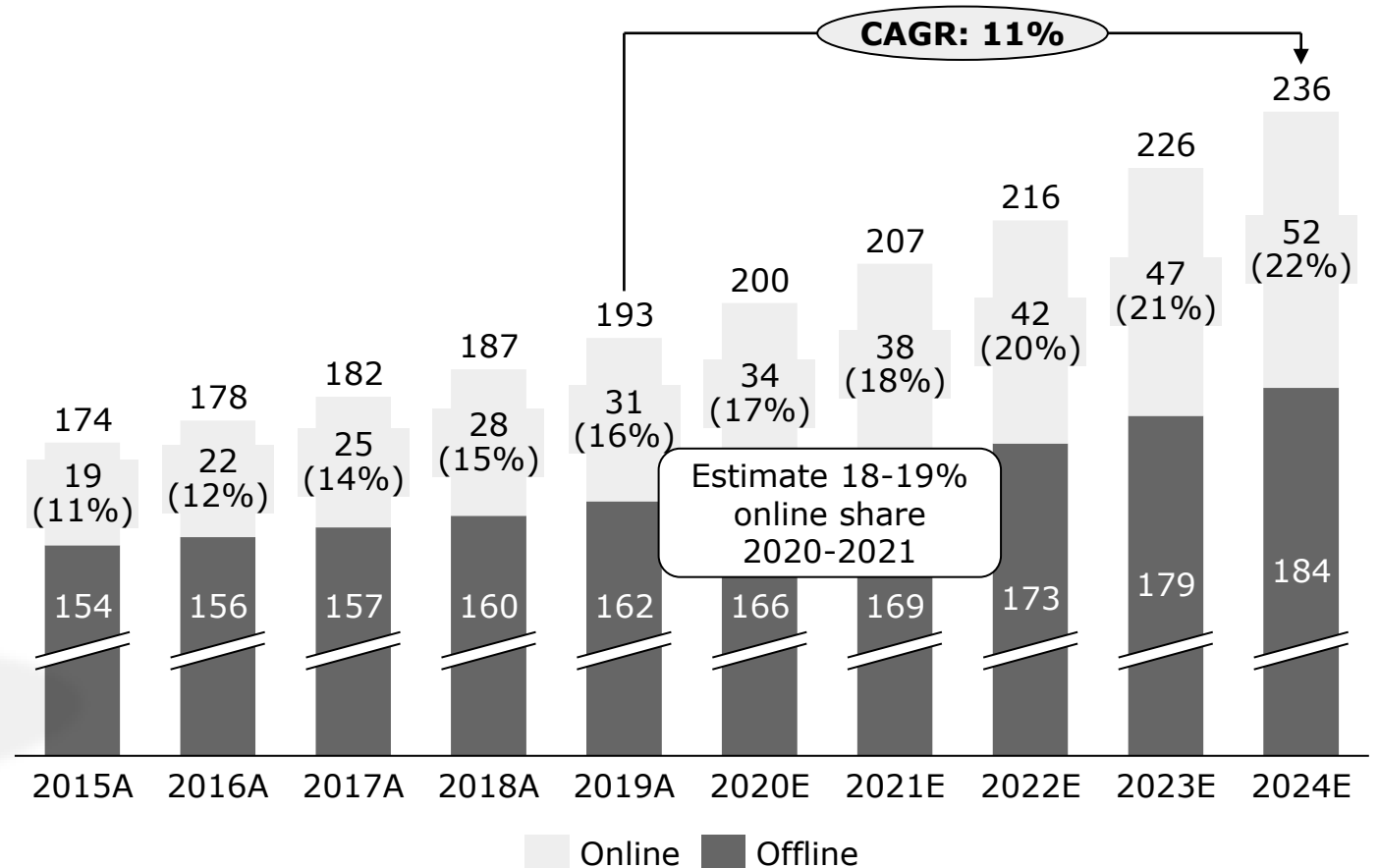
Huge vertical transitioning online...

European home furnishing 2019 market size¹



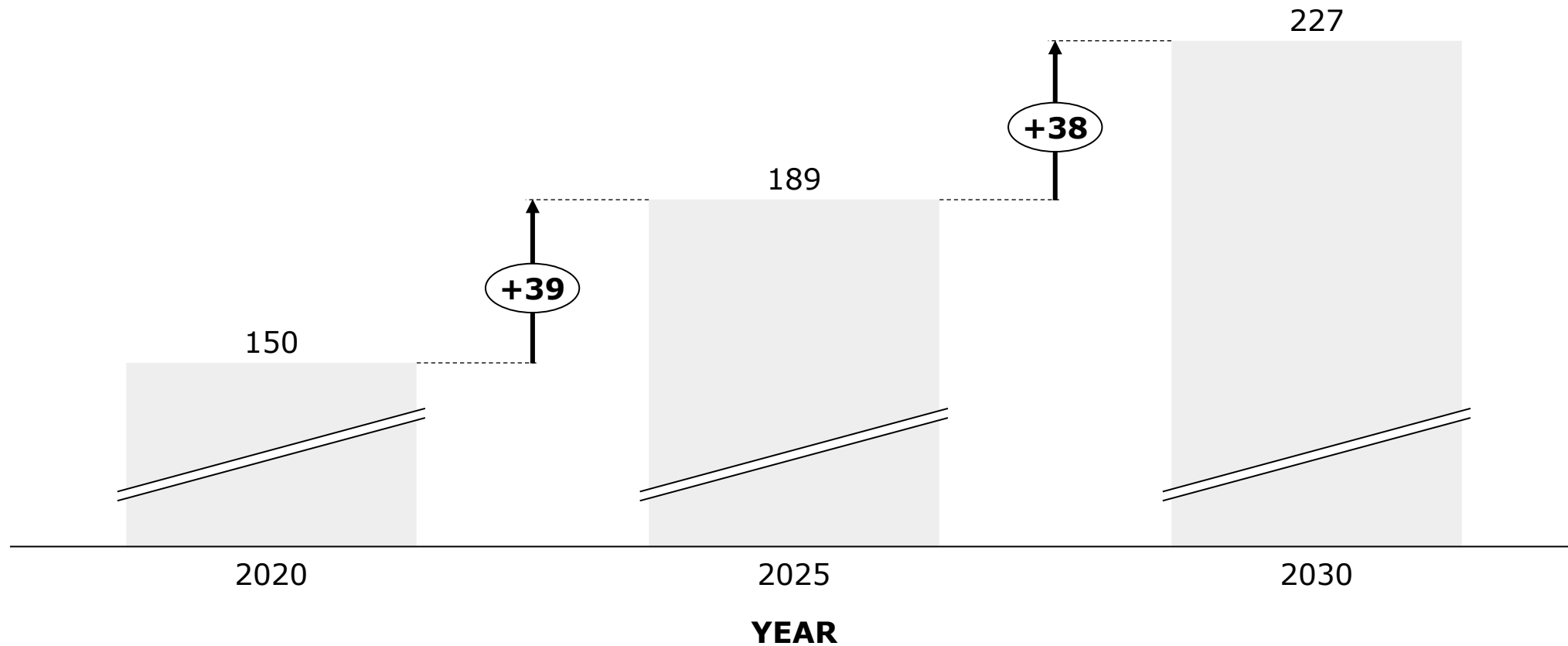
...online migration driven by mega trends & helped by Covid-19

European rug & carpet market¹, SEK billion (online share & CAGR)



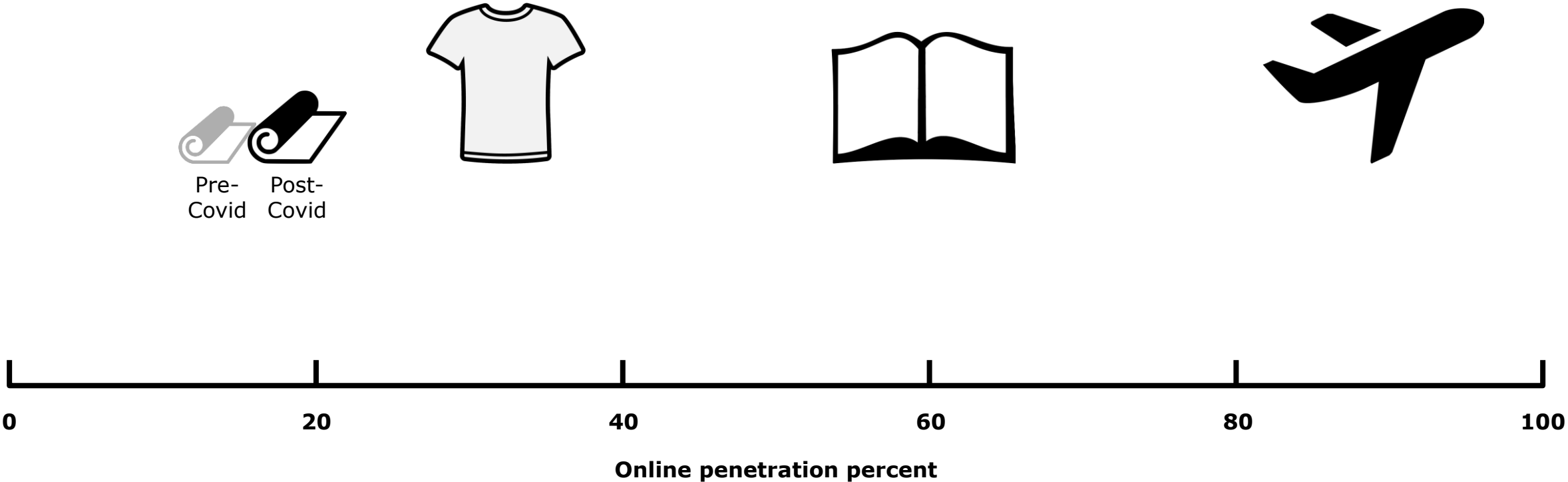
~225 million digitally native European homesteaders by 2030

European Millennials and later generations 25 years or older
Million



1

Covid-19 accelerated online migration, but vertical still trailing more mature categories



1

Certain characteristics make rug category attractive

A) Fragmented competitive landscape with many traditional resellers








Limited selection in store
Numerous, unproductive independent stores sourcing primarily from wholesalers and via tradeshow
Limited digital capabilities

B) Selected design brands with close to zero presence in the rug category



C) Niche well suited for online sales with attractive unit economics

	 RUGS	 APPAREL	 CONSUMER ELECTRONICS	 TOYS AND GAMES	 BEAUTY
HIGH AOV	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LONG PRODUCT LIFE CYCLES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
LIMITED INVENTORY RISK	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LOW RETURN RATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Optimized Direct-to-Consumer business model provides distinct advantages



- In-house product development and sourcing
- Broad and deep assortment

- In-house software development and technology infrastructure
- High focus on user experience and customer satisfaction

- Dedicated and custom fitted warehouse, order fulfillment, marketing, and customer service

Outstanding value for money for customers

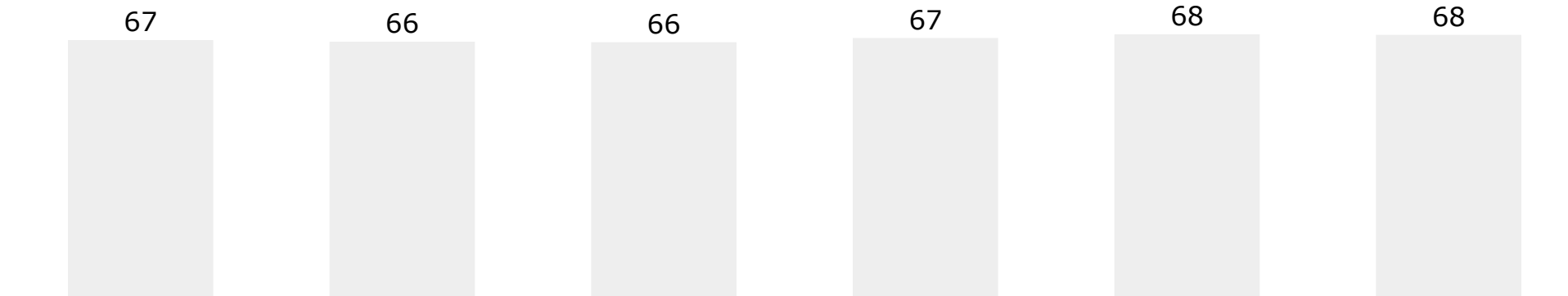
Customized E2E customer experience

High degree of margin profile control

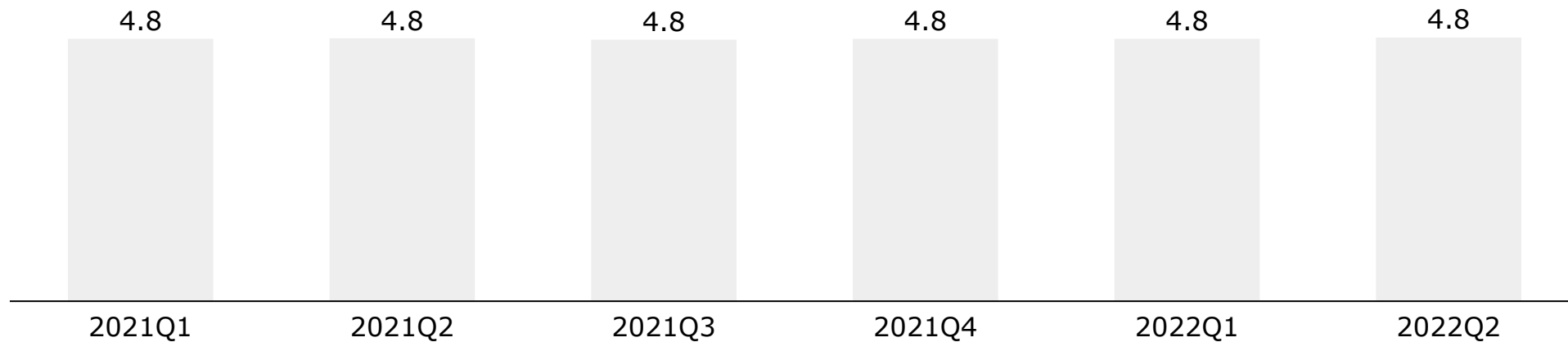
Benefits from D2C

Obsessed with delivering customer value proven by our KPIs

NPS value development; (-100 to +100)



TrustPilot value development; (0.0 to 5.0)

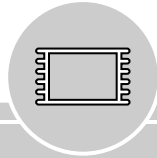


Clear strategic priorities to drive future profitable growth



Win the key European markets

- ✓ Enhance localization of shopping & delivery experience
- ✓ Build known & well-liked brand



Showcase our assortment

- ✓ Merchandise own assortment clearly
- ✓ Enhance on-page storytelling and visuals
- ✓ Add additional features to discover assortment



Be world-class in everything we do

- ✓ Optimize operational performance continuously
- ✓ Steer commercial activities more granularly



Capture selected marketplace opportunities

- ✓ Scale optimized Amazon assortment
- ✓ Secure Prime eligibility to attract high value customers

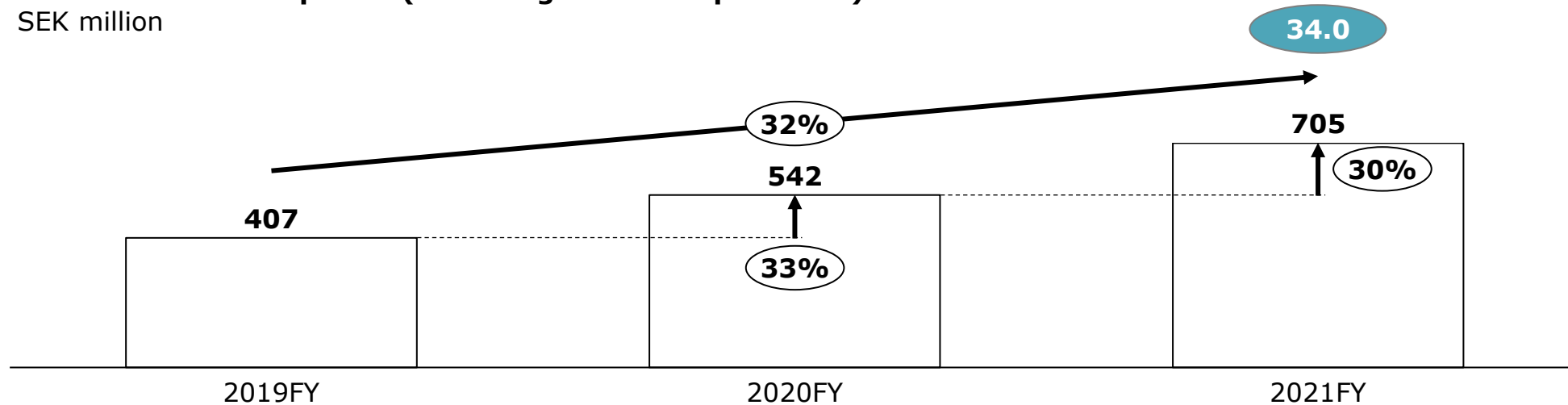
Leverage data & technology to fuel growth
Maintain high customer satisfaction levels

Growth trajectory continued during 2021; Challenging start to 2022

Net revenue development (excluding divested operations)

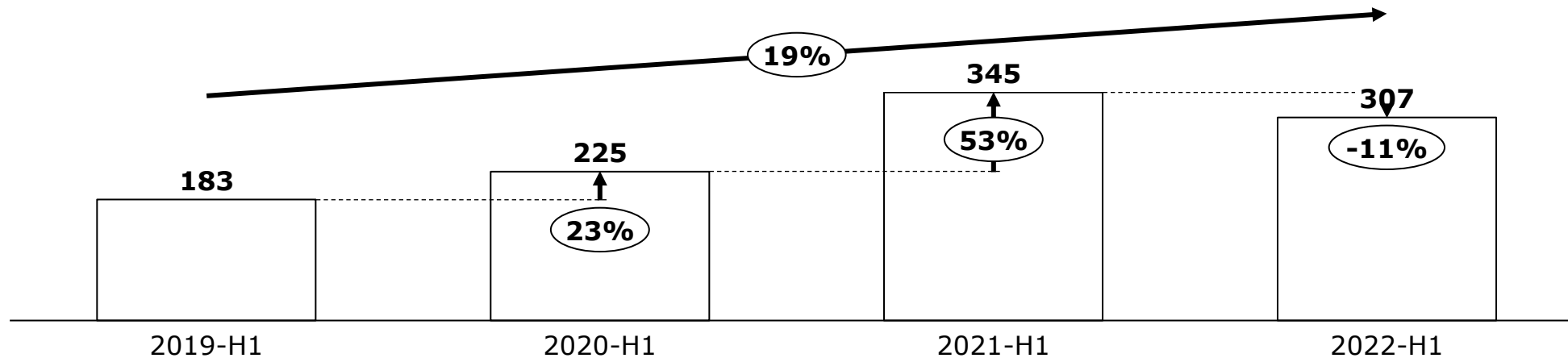
SEK million

x
Organic
growth
percent



Net revenue development (excluding divested operations)

SEK million

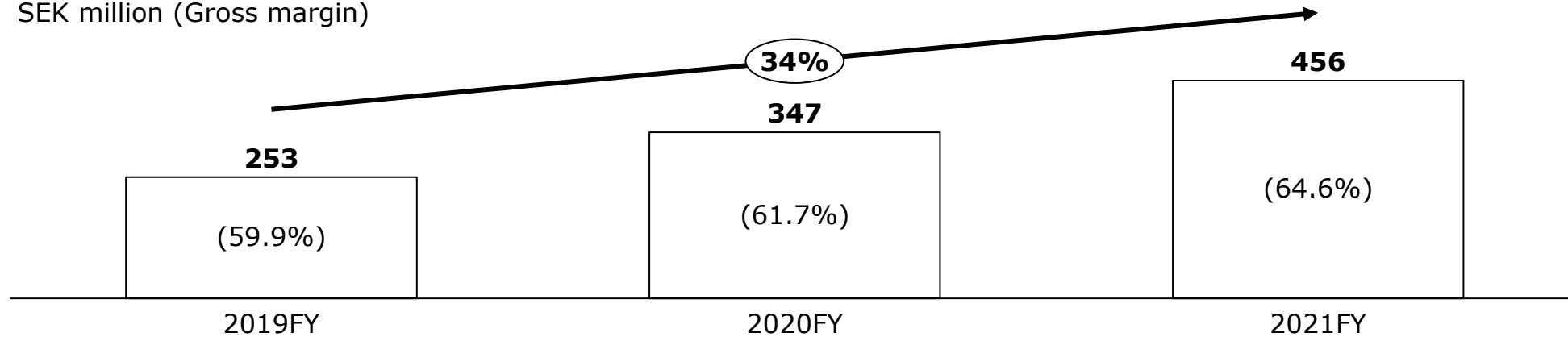


4

2021 gross margin improved by ~3pp; External factors affecting 2022H1 gross margin

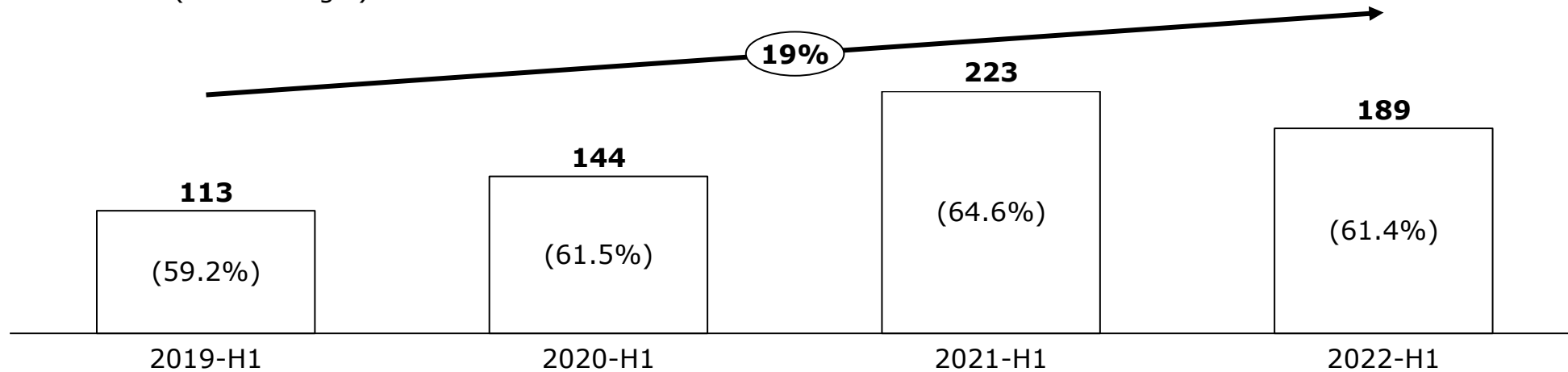
Gross profit development

SEK million (Gross margin)



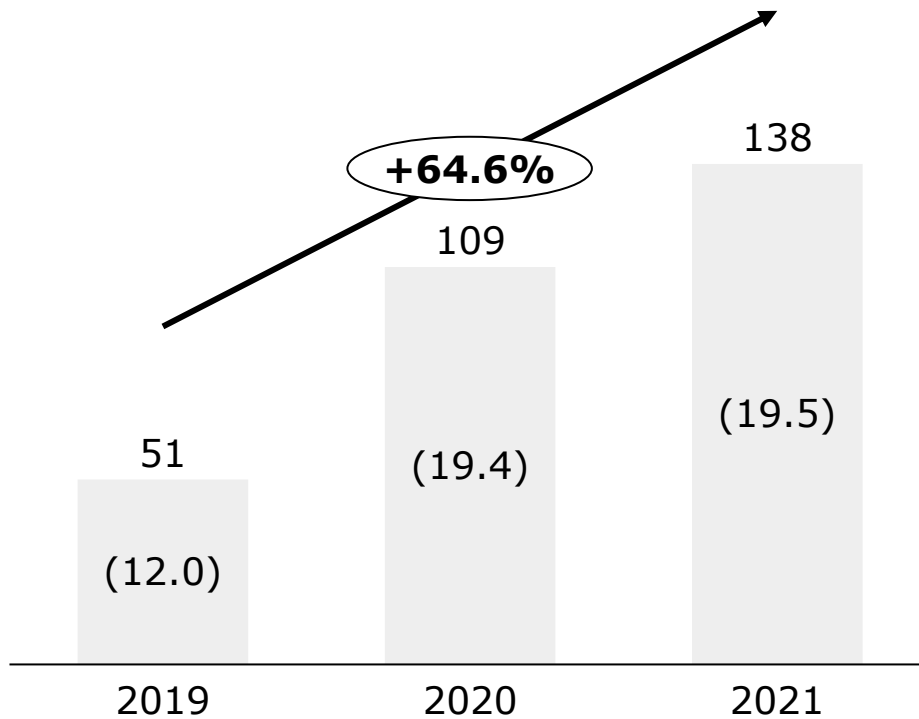
Gross profit development

SEK million (Gross margin)

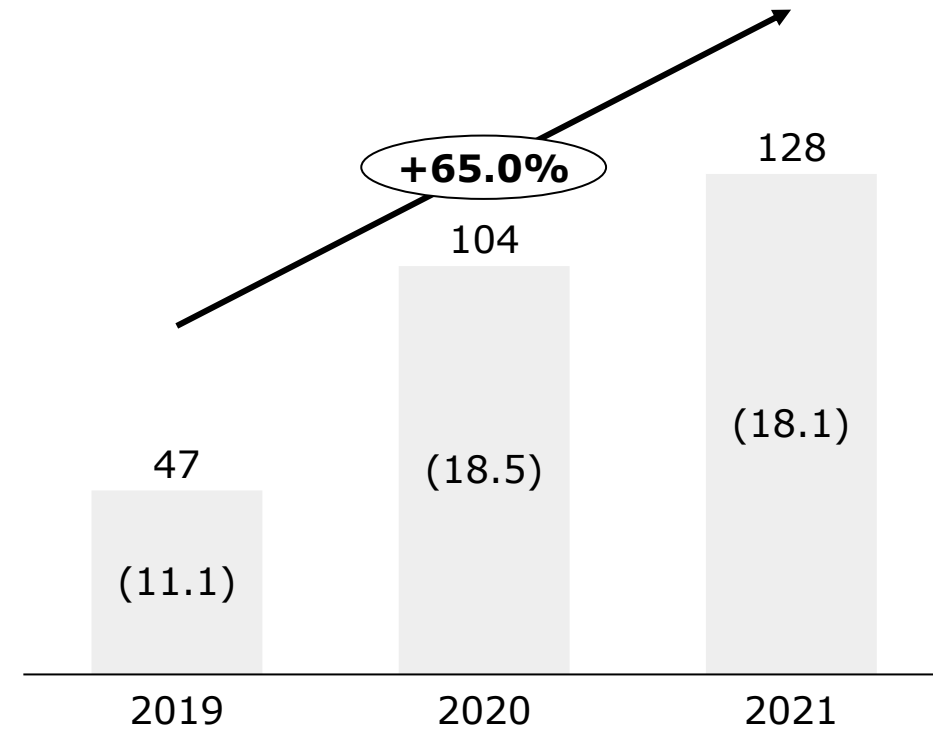


2-year EBIT margin improved by ~6pp as top-line scaled

Adjusted EBIT
MSEK (adjusted EBIT %)



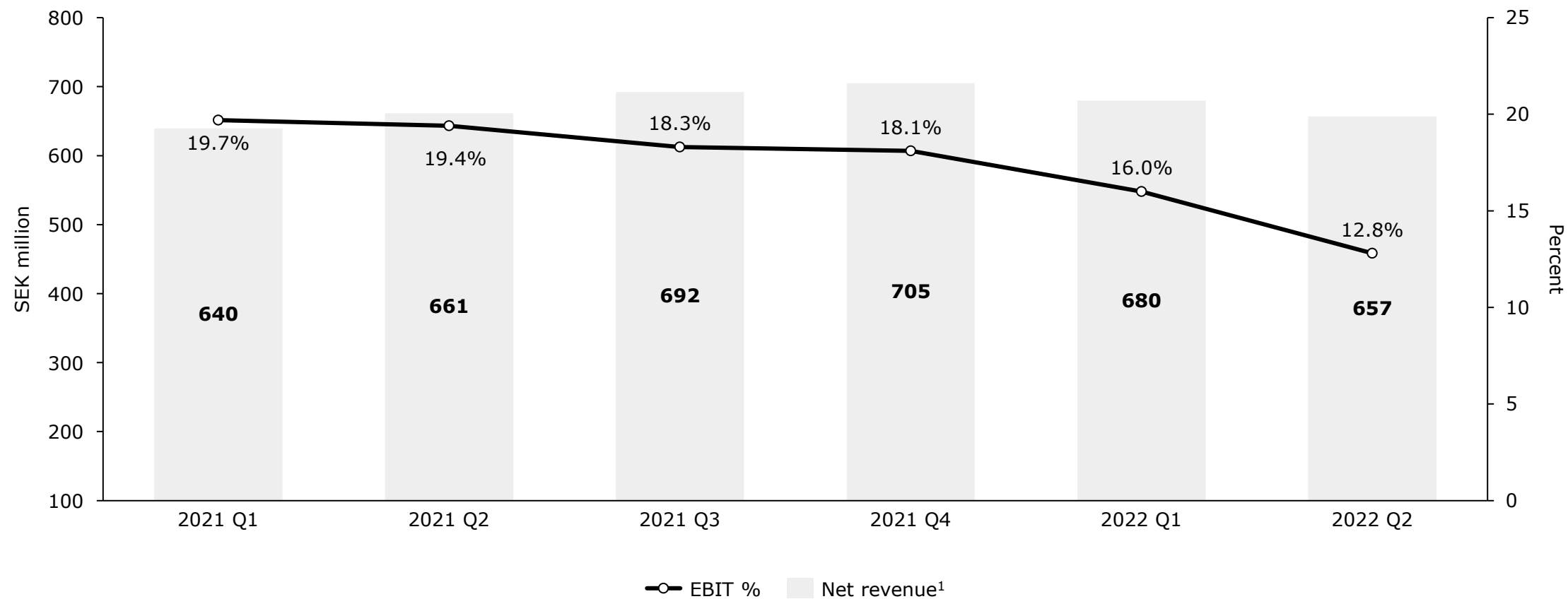
EBIT
MSEK (EBIT %)



Even after YTD challenges, double digit LTM EBIT margin

LTM net revenue¹ and EBIT margin development

SEK million; Percent



¹ Excluding divested operations

Effectively navigate current market while also focusing on strategic priorities

Challenging YTD market conditions affecting operational performance

Consumer demand negatively impacted by inflationary pressure and consumer confidence at close to all-time lows across multiple key markets.

Financial position remains strong

Net cash position of MSEK 82, no debt to financial institutions, healthy inventory position ahead of peak-season, and LTM EBIT margin still >10%

Actions taken to navigate current climate implemented

Selected price adjustments, adjusted recruiting & staffing plans, improved carrier setup, and continued focus on marketing spend all showing intended effects QTD

Confidence in agenda to improve short- & long-term profitable growth possibilities

Continue to deliver on customer promises, keep working on improving our end-to-end customer proposition, maintain cost efficiency in all internal activities, and effectively navigate current market while still focusing on strategic priorities

Mid-term to long-term financial targets

~20%
Growth

RugVista Group targets to organically grow net revenues by approximately 20 percent per year

>15%
EBIT margin

RugVista Group targets to maintain an EBIT margin of at least 15 percent

<50%
Dividend payout

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

**SEK 2.50 dividend payout
made during Q2 2022**

LEAD.CHANGE – Our 2030 sustainability strategy

Focus areas

Goals

Change levers

Approach

PLANET
 Develop a circular business model &
 Reduce our environmental impact

- By 2030:**
- 80% proportion of recycled, reused, or natural materials
 - 50% reduction in greenhouse gas emissions (base year 2019)
 - 100% of packaging made by circular or sustainable materials

PEOPLE
 Promote inclusion &
 Social responsibility


- By 2025:**
- 100% of suppliers included in social audit system
 - 60 employee Net Promoter Score

BUSINESS
 Maintain good governance &
 Fair business practices

- By 2025:**
- 100% of all tier 2 suppliers mapped

 **Our team**

Drive sustainability into everything we do

 **Our customers**


Engage and inspire customers to consume more sustainably and circular

 **Our business partners**

Support all our business partners to develop sustainable business practices

 **Our business practices**

Maintain functioning and efficient governance through our standards, policies, and Code of Conduct

 **Our communication**

Be transparent about our current progress, ambition, and challenges

Q&A

