



# Q1 2021 Earnings Call

May 12, 2021, 09:00 CEST

# Q1 2021 combined strong financials with continued progress toward our vision of becoming the center of gravity

## Strong growth

**Accelerating growth across all segments and DACH serving as engine, but comparables tougher rest-of-year.**

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## Exceptional margin

**Category mix effects, operational efficiency improvements in key cost items, combined with scale economics resulted in all-time high margins.**

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## Challenging stock levels

**Building stock levels not achieved due to strong demand & ongoing supply chain challenges in India especially. Covid-19 and global container crunch root causes.**

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## Satisfied customers despite challenges

**Outstanding customer satisfaction ratings maintained despite rapid scaling and operational challenges early in the quarter.**

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## Continued progress on strategic initiatives

**DACH-region B2C growth engine and Amazon business delivering triple digit growth.**

# Business Updates



# Introduction to what we are aiming to achieve

## *Vision*

**To become the center of gravity for the European rug industry**

## *Strategic initiatives*

**Penetrate core markets further,**

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

**Showcase our assortment,**

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

**Complete journey from “Good-to-Great”,**

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

**Capture selected marketplace opportunities,**

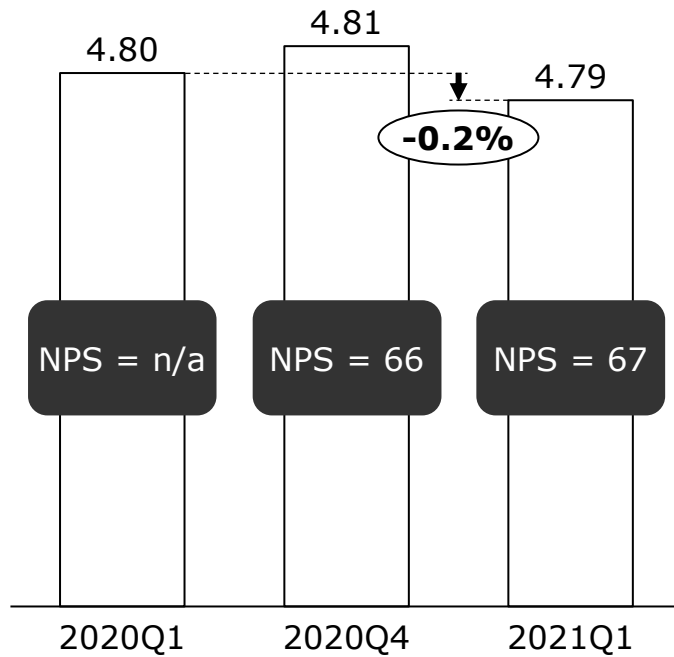
e.g., scale Amazon business through assortment optimization and leveraging available tools.

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

# Continued strong progress on center of gravity vision KPIs

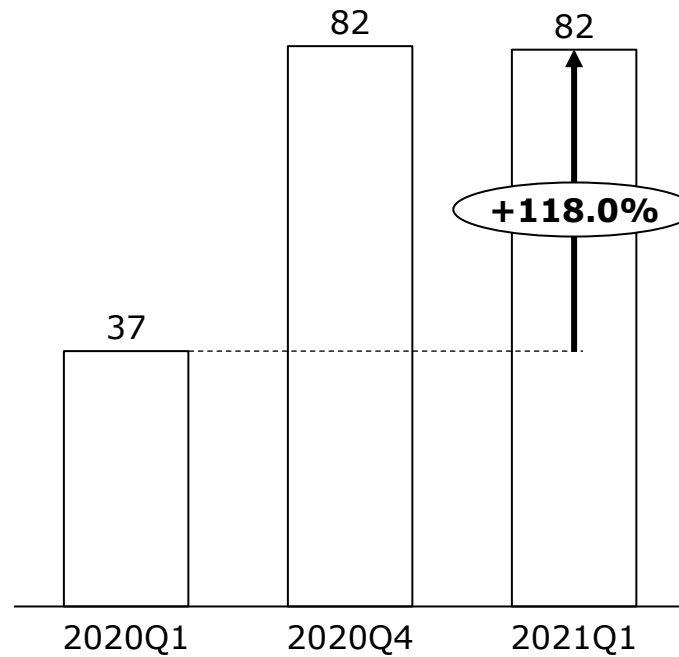
Maintain outstanding customer satisfaction levels

Average TrustPilot rating



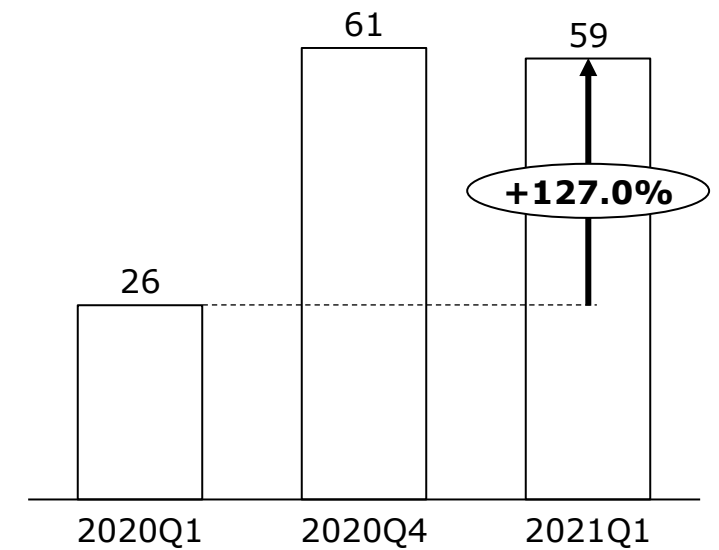
Increase market penetration

# of orders (thousand)



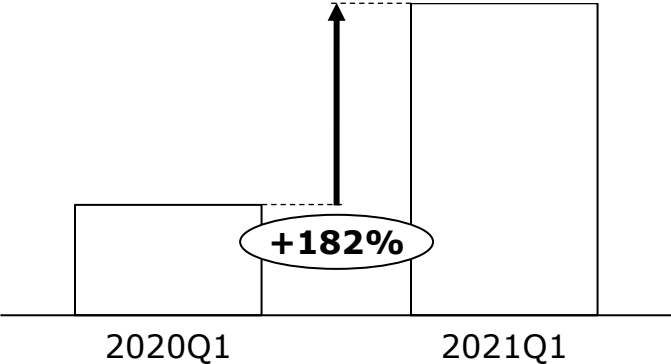
Attract more new customers

# of new customers (thousand)

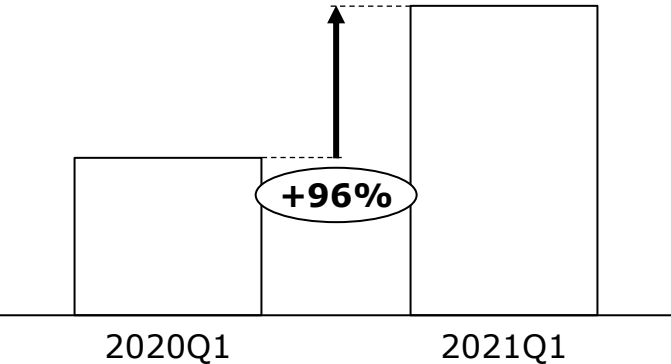


# Robust growth in customer acquisition across all regions

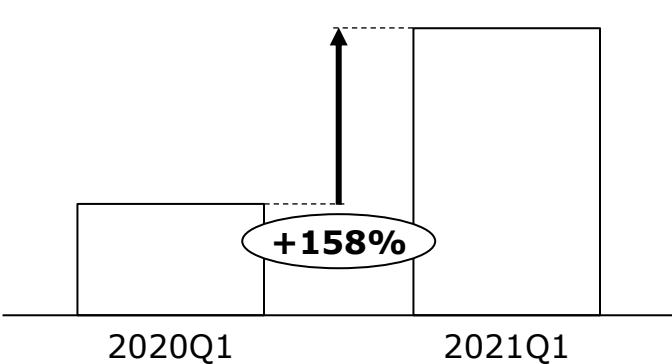
**DACH**



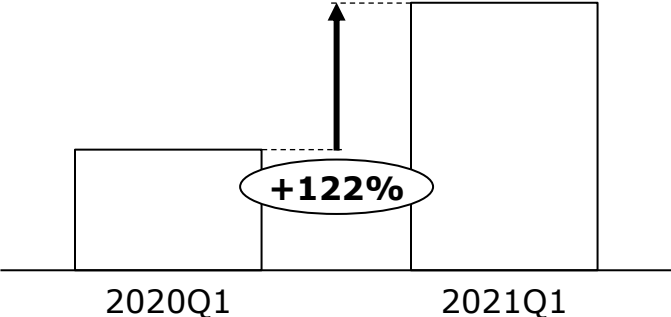
**Nordics**



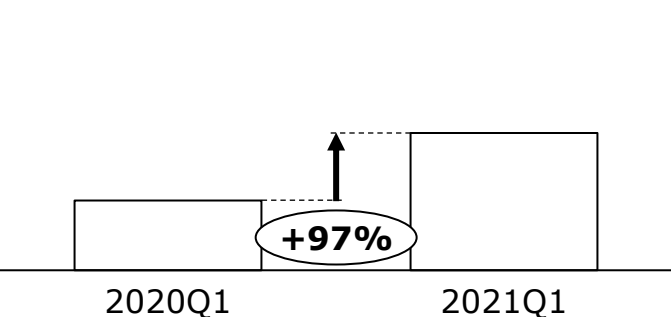
**Southern Europe**



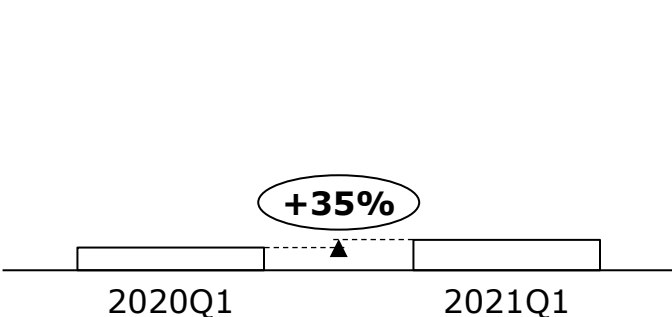
**Western Europe**



**Eastern Europe**



**Rest of World**

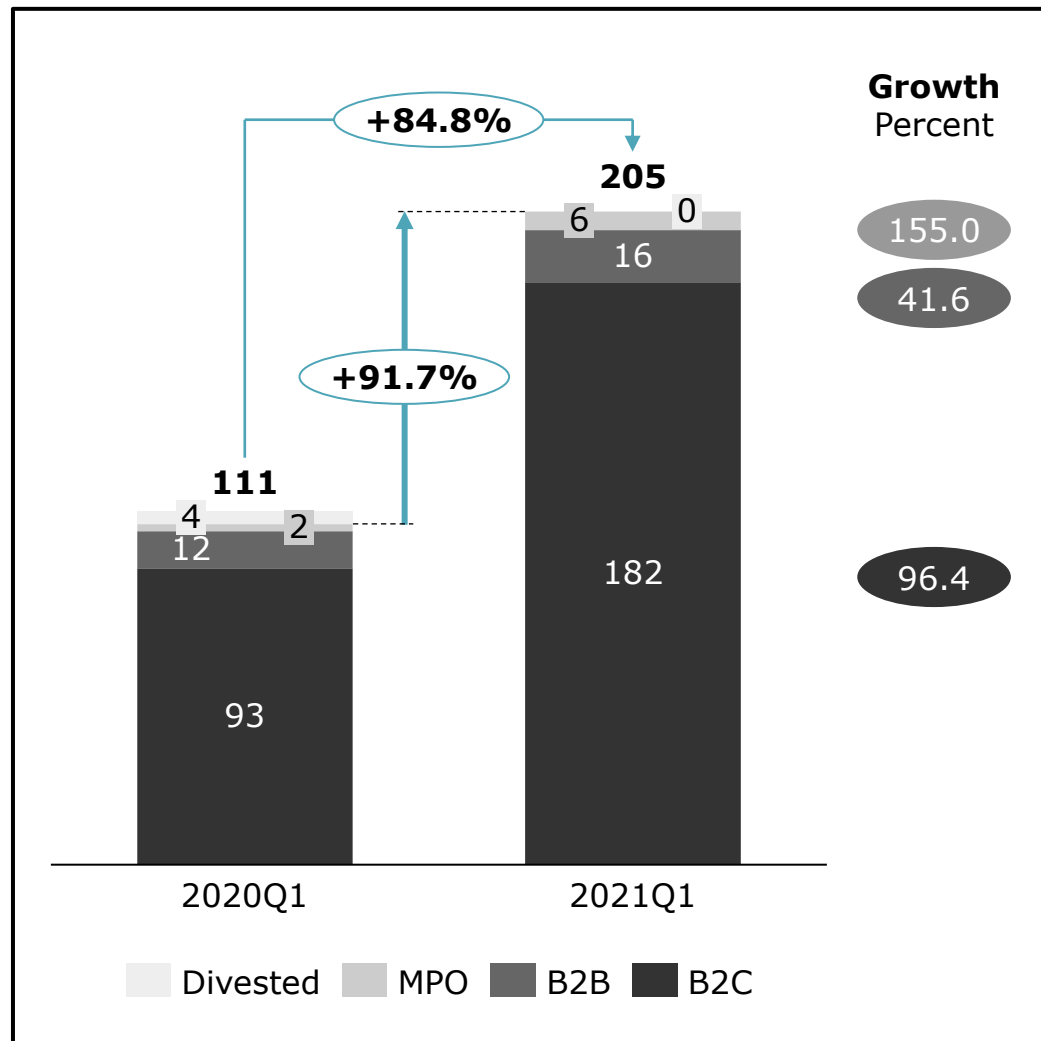


# Financial Updates

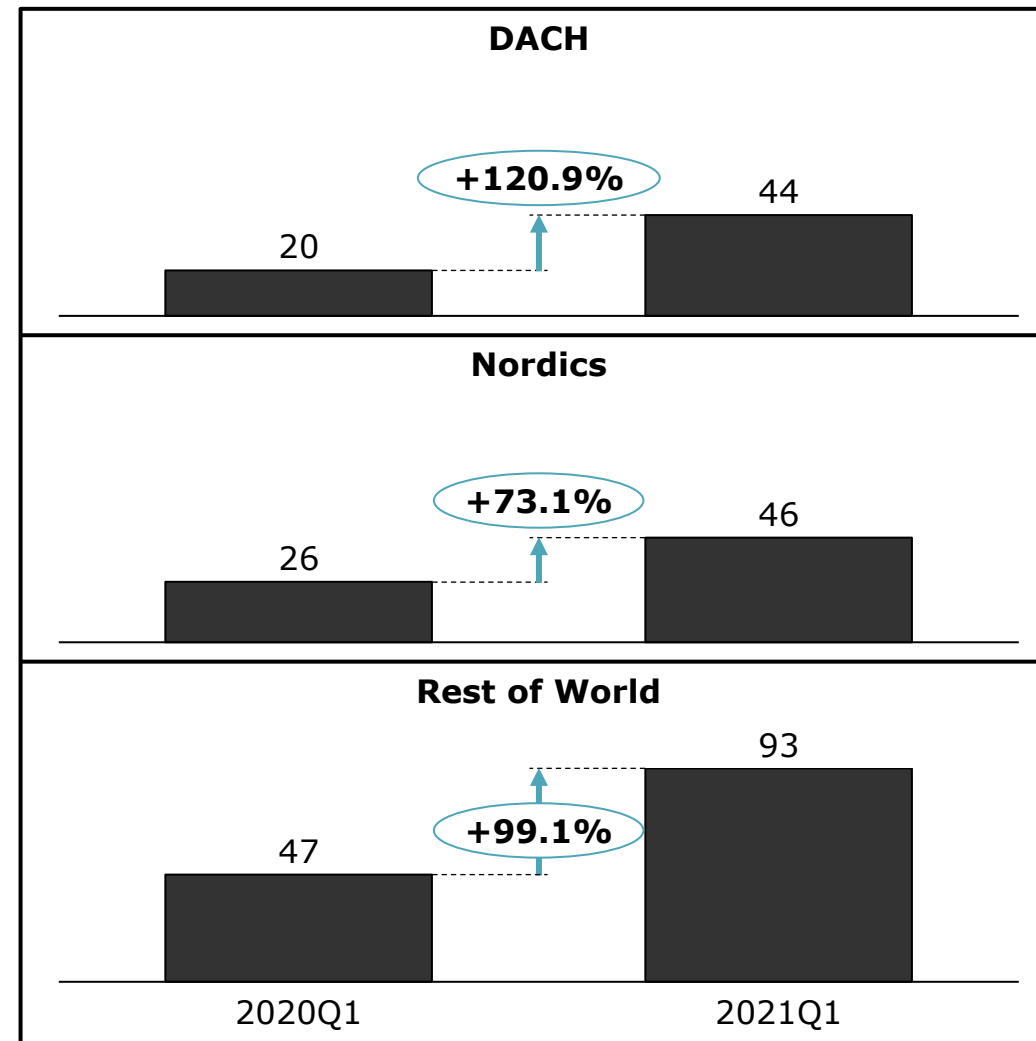


# Strong Q1 net revenue growth across all segments and regions

**Net revenue – Group**  
SEK million



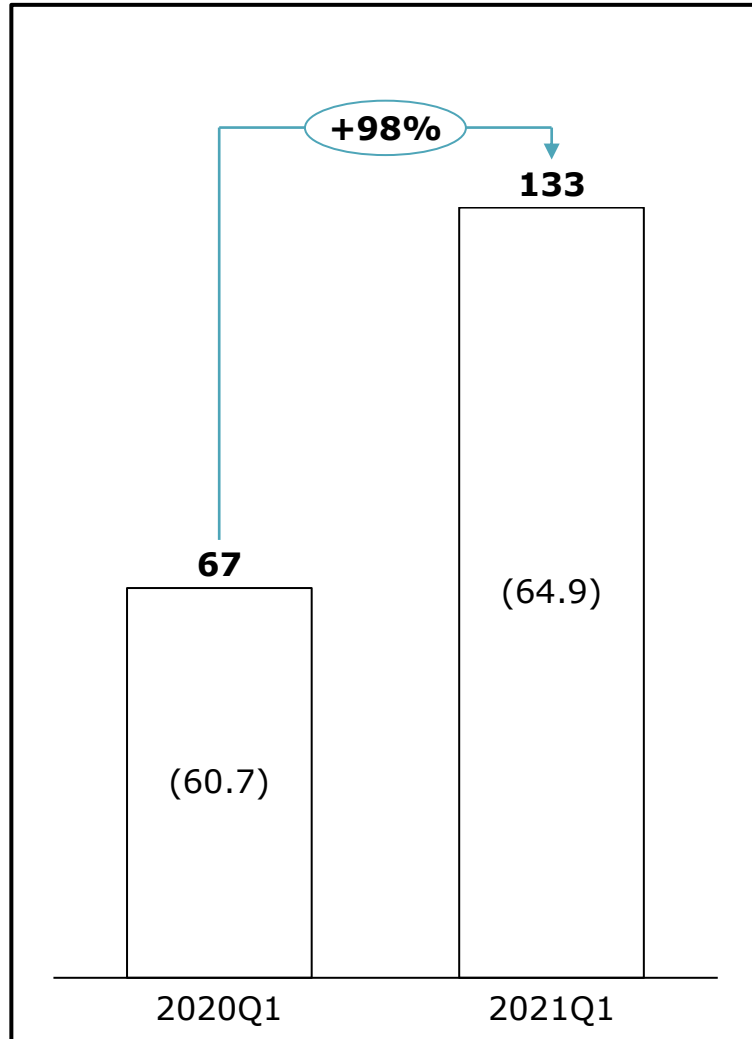
**Net revenue – B2C by Region**  
SEK million



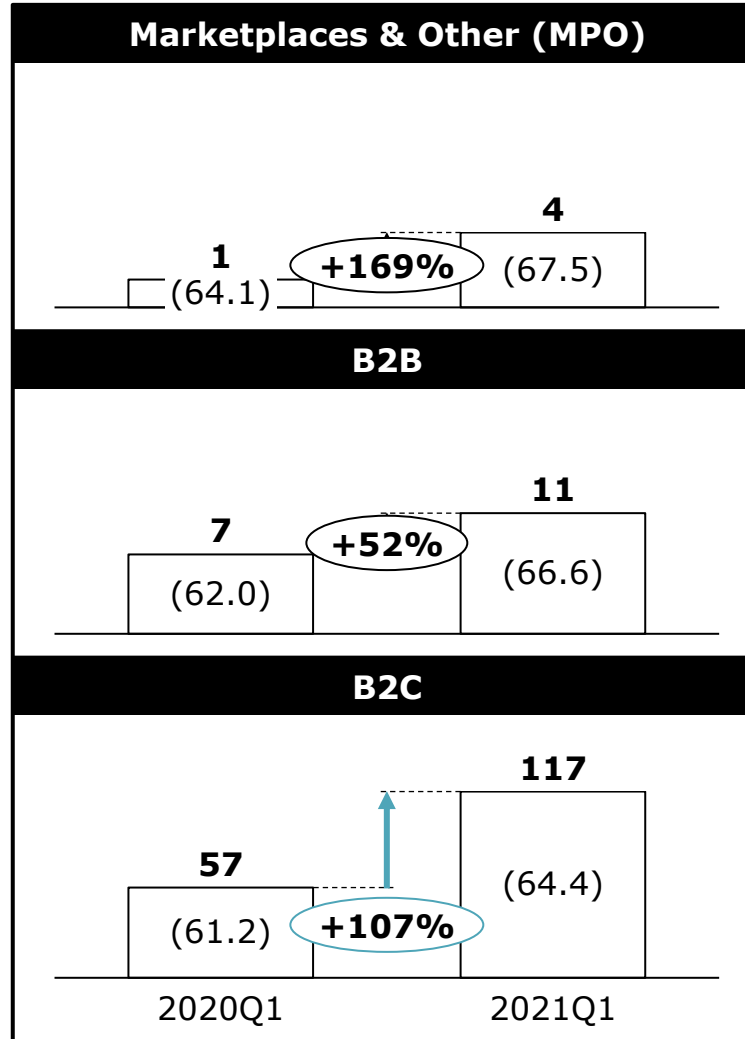


# Exceptional development of Gross margins and Adjusted EBIT

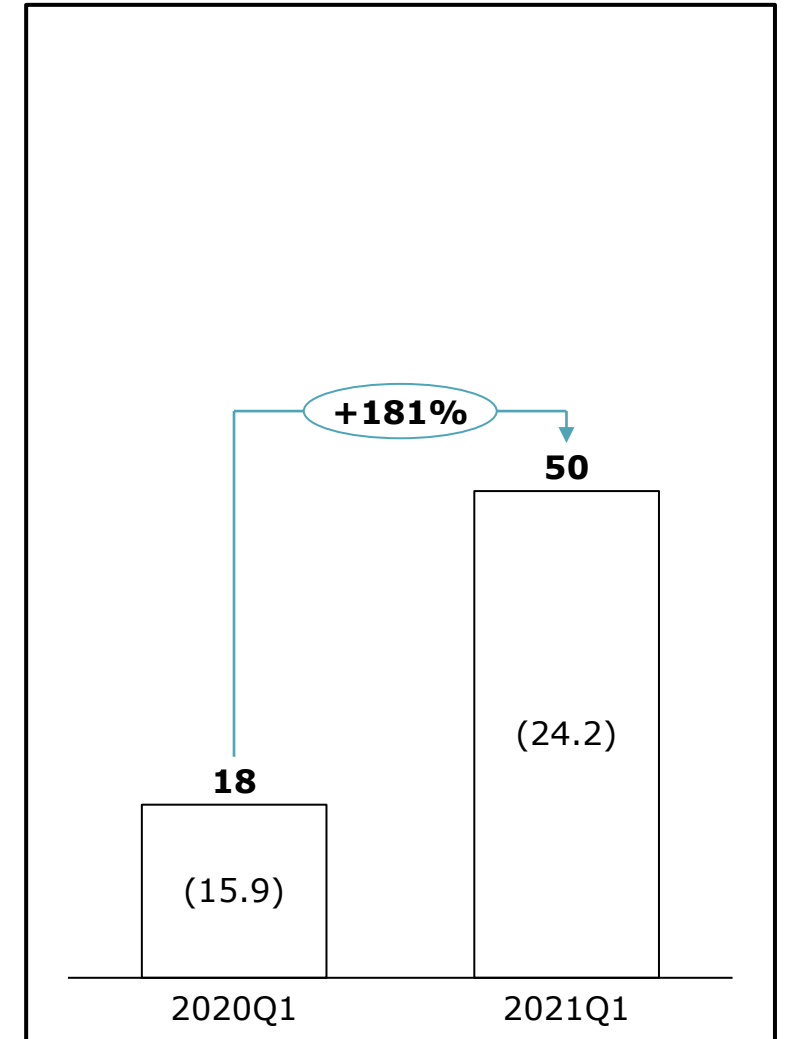
**Gross profit & Gross margin – Group**  
SEK million (% of net revenue)



**Gross Profit & Gross margin - Segments**  
SEK million (% of net revenue)



**Adj<sup>1</sup> EBIT & Adj<sup>1</sup> EBIT margin – Group**  
SEK million (% of net revenue)



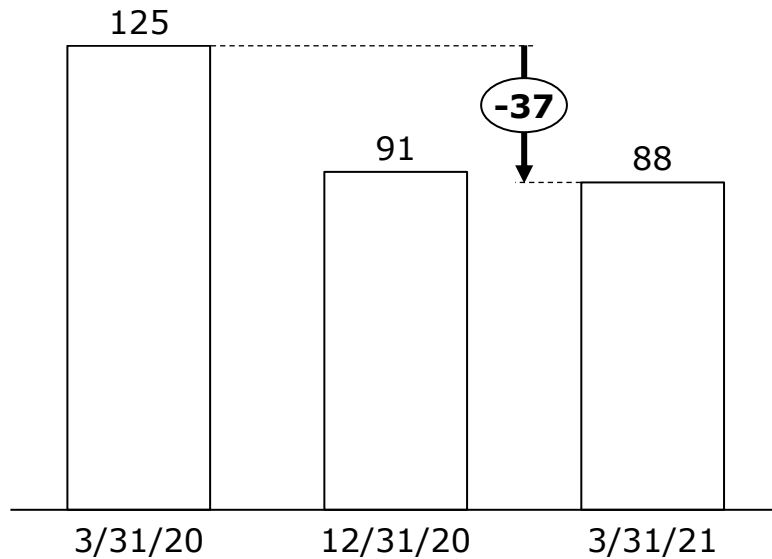
<sup>1</sup> Adj = Adjusted

# Category mix effects, improved operational efficiencies, and scale effects driving significantly improved margin profile

Cost ratios & margins Percent of net revenue	Q1			
	2020	2021	Δ	
<b>Goods for resale</b>	-39.7%	-35.3%	4.4%pts	Category mix effects & reduced discount rates
<b>Other external expenses</b>	-35.1%	-36.6%	-1.5%pts	Increase driven by non-recurring items, i.e., IPO costs
<b>Personnel expenses</b>	-9.8%	-8.0%	1.8%pts	Decrease driven by scale effects
<b>Other operating expenses</b>	-1.8%	0.0%	-1.8%pts	Marginal impact from FX rate fluctuations compared to last period
<b>Depreciation &amp; Amortization</b>	-1.8%	-1.0%	0.8%pts	Decrease driven by scale effects
<b>EBIT</b>	<b>15.9%</b>	<b>19.4%</b>	<b>3.5%pts</b>	
<b>Adjusted EBIT</b>	<b>15.9%</b>	<b>24.2%</b>	<b>8.3%pts</b>	Excludes SEK 10 million in IPO related costs

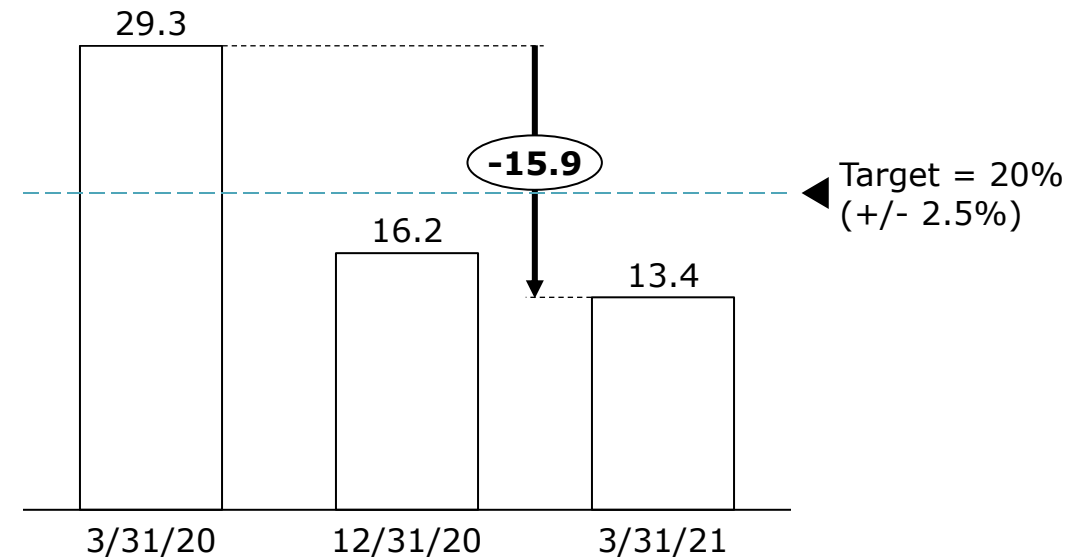
# Supply chain challenges and strong demand resulting in continued below target inventory level

**Inventory value**  
SEK million



**SEK 37 million decrease in stock value vs Q1 2020**

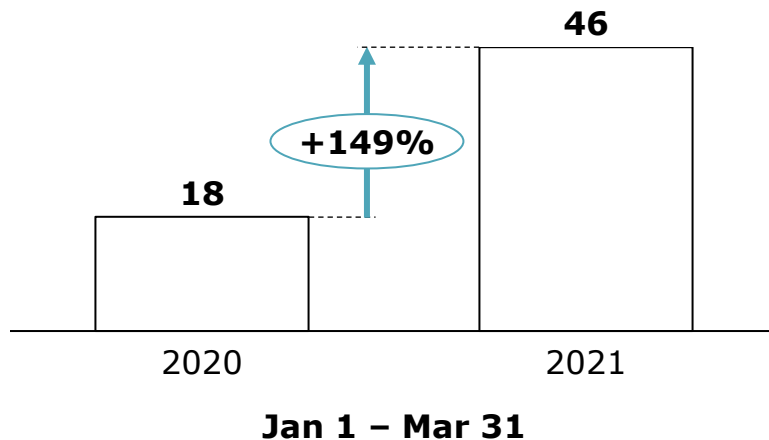
**Inventory as share of LTM<sup>1</sup> net revenue**  
Percent



**Below optimal inventory levels end of Q1**

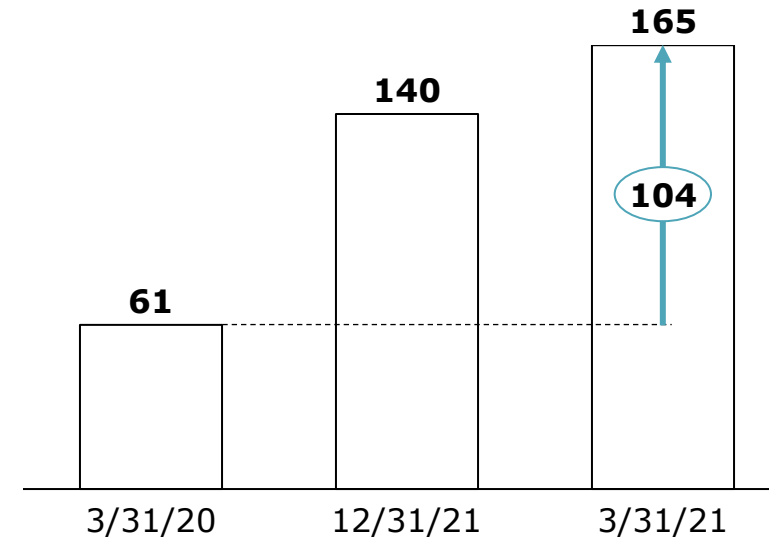
# Continued robust cash generation driven by strong operational performance

**Cash flow from operating activities**  
SEK million



**1.5x increase in cash flow from operating activities driven by improved operational performance combined with efficient working capital use**

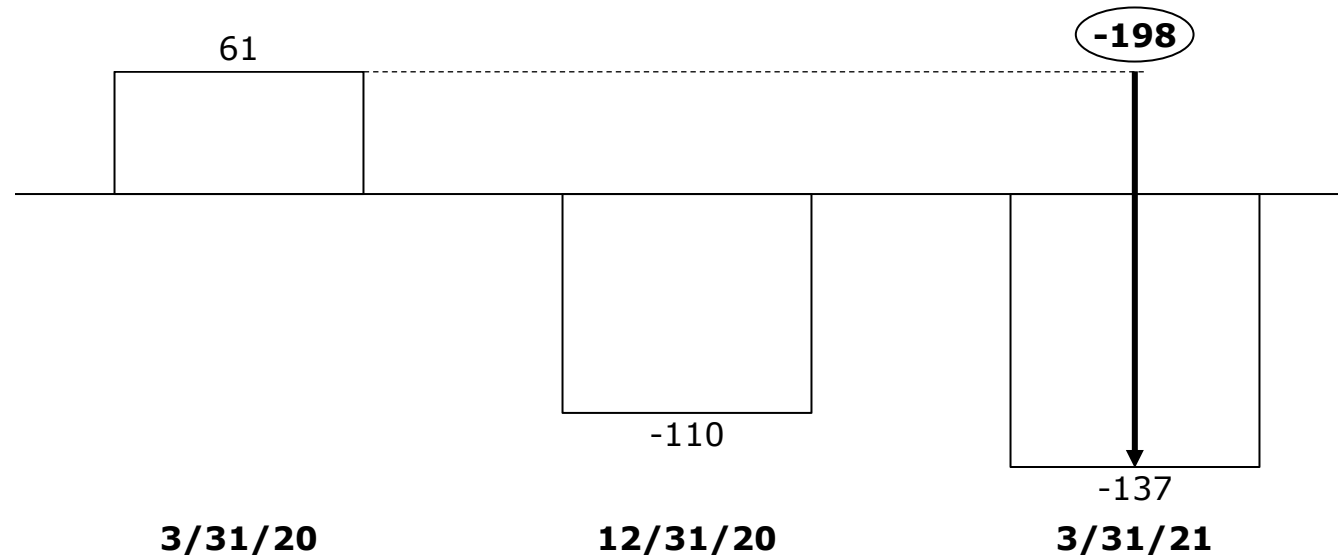
**Cash & cash equivalents balance**  
SEK million



**SEK >100 million increase in cash-on-hand compared to last year despite amortizing outstanding loan of SEK 88 million end of 2020**

# Negative net financial indebtedness highlighting Group's healthy balance sheet

**Net financial indebtedness**  
SEK million



**Reduction in net indebtedness driven by strong operational performance**

## **Mid-term to long-term financial targets**

**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.**

## Strong Q1 financial performance

- Growth trajectory accelerated during Q1, albeit vs weak comparable.
  - Significantly improved margin profile driven by category mix effects, efficiency gains, and scale economics.
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## Stock levels below target

- Strong demand and supply chain challenges due to Covid-19 pandemic resulting in below target inventory levels.
  - Covid-19 situation in India especially challenging
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## Cautiously optimistic outlook

- Rest-of-year comparables tougher with strong Q4 2020 performance partly influenced by Covid-19 restrictions.
- Initial Q2 numbers promising with a growth rate well in-line with long-term target.
- Accelerated offline-to-online migration expected to be beneficial even when the Covid-19 pandemic is over.



# Q&A





## Financial calendar

Event	Date
○ Interim report April – June 2021	August 26, 2021
○ Interim report July – September 2021	November 11, 2021
○ Interim report October – December 2021	February 17, 2022

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# About RugVista Group (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.

RugVista 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:** *Be the center of gravity for the European rug industry.*
- **Sustainability:** *Lead the rug industry towards a sustainable future.*
- **People:** *Attract, motivate, and retain extraordinary people.*

## Strengths and competitive advantages

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

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

## Financial targets

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

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