

**RUGVISTA**

Earnings Call

**January – September 2023**

Rugvista Group AB (publ)

# Back to organic growth with maintained good profitability

## Organic growth in challenging market

- Net revenue was SEK 159.6 million (+24.7% vs last year). Organic net revenue growth was +14.1% vs last year.
  - Macro economic climate remains challenging across most European markets.
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## Healthy margin maintained

- EBIT was SEK 18.6 (16.6) million representing a +12.3% increase compared to last year.
  - EBIT margin was 11.7% (13.0%) representing a decrease of -1.3 percentage points vs last year.
  - Lower gross margin and growth investment driving EBIT margin decrease.
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## Strong financial position maintained

- Net cash of SEK 112 million and SEK 136 million in cash on hand.
  - Inventory as percent of LTM decreased to 23.9% and no debt to financial institutions.
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## Positive impact from strategic initiatives

- New e-commerce platform development progressing and now live in 20 markets.
- Strategic KPIs developing well with order count and new customer count growth of 43% and 53% respectively.
- Customer satisfaction levels remain high with an NPS-value of 68.

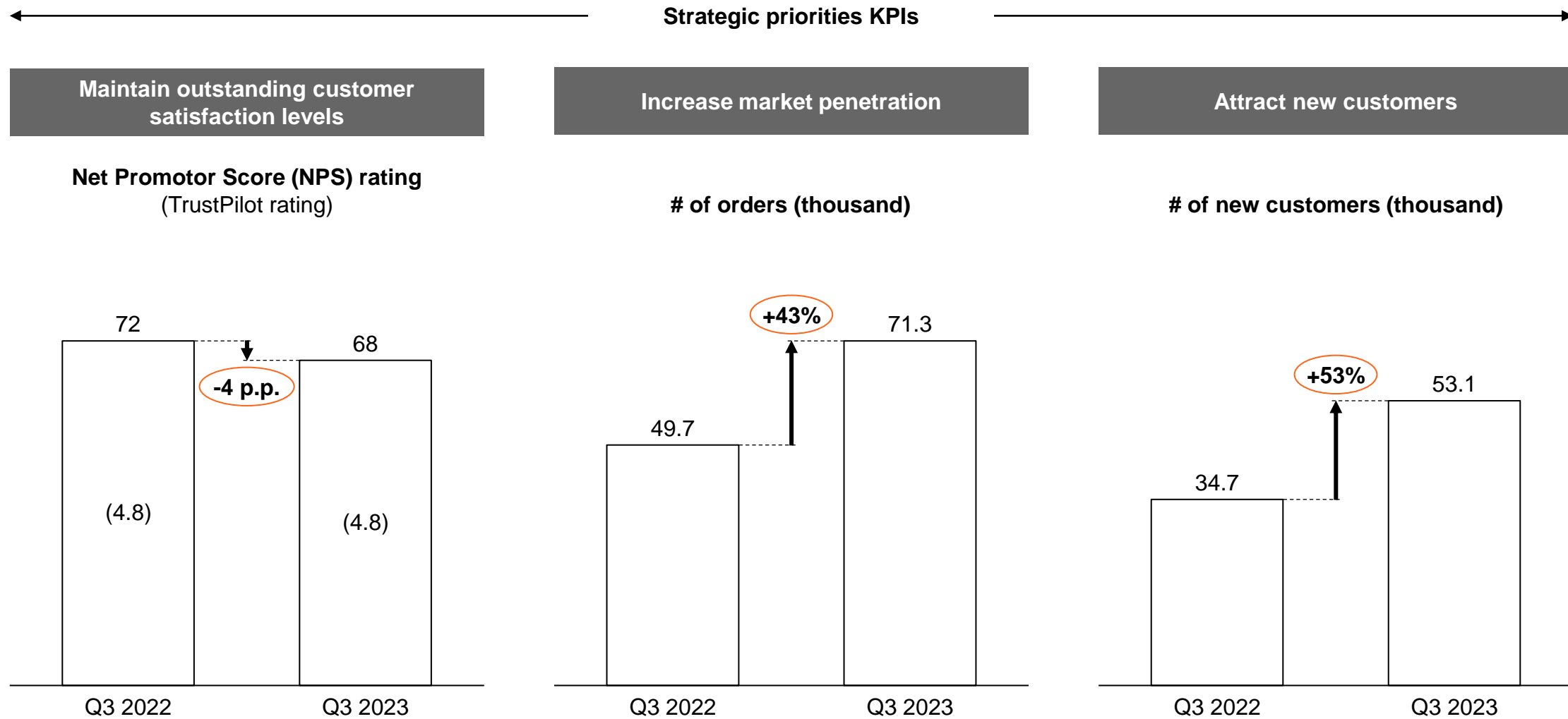


# Business Update

**RUGVISTA**

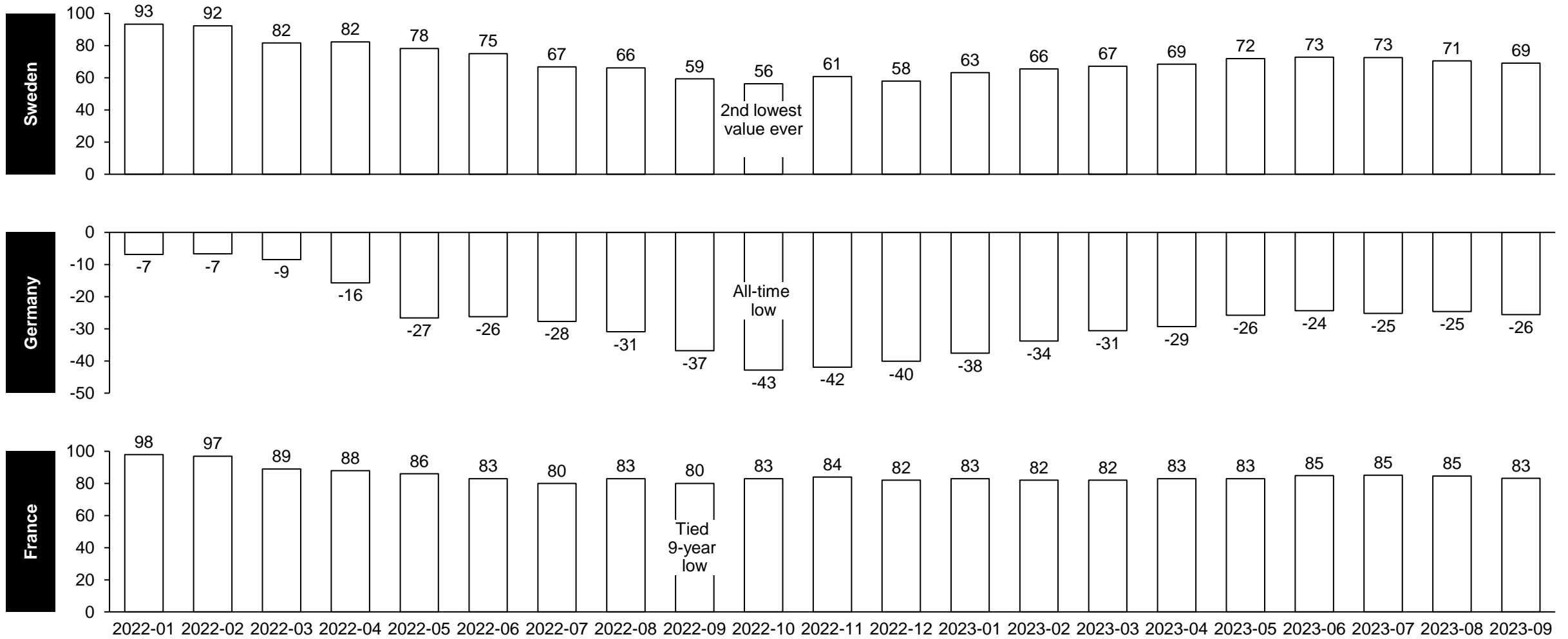


# Significant YoY improvement in order count and customers acquired



# Consumer confidence stable at a historically low level

Consumer confidence index across selected key markets



# New e-com platform now available in 20+ markets

## Rugvista domains on new platform<sup>1</sup>



### Early insights:

- Web-shop KPIs continue to be promising despite feature-set still being very immature, e.g., internal search
- Content production starting to ramp up and organic search visibility starting to improve across multiple markets

### Next steps:

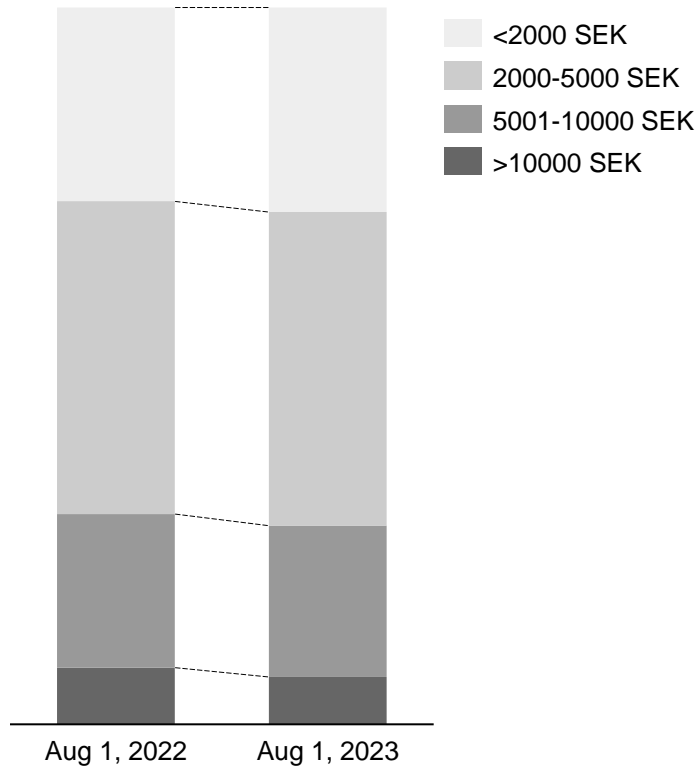
- Finalize checkout development and rollout into additional markets
- Initiate development of “MyPages 2.0” feature

# Average order value decrease driven by customers' focus on price

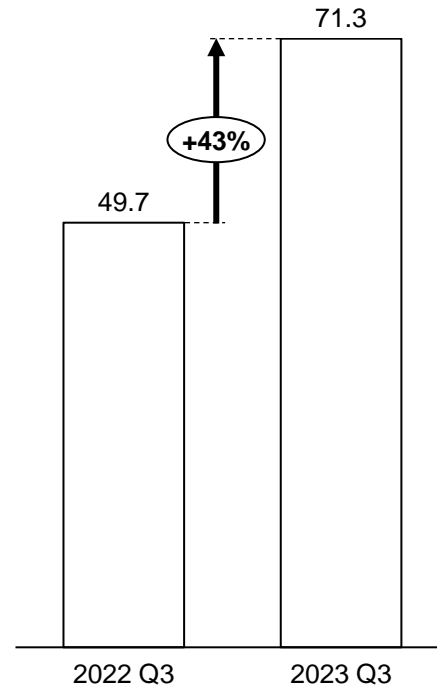
Marginal year-over-year difference in price attractiveness of our assortment offering...

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

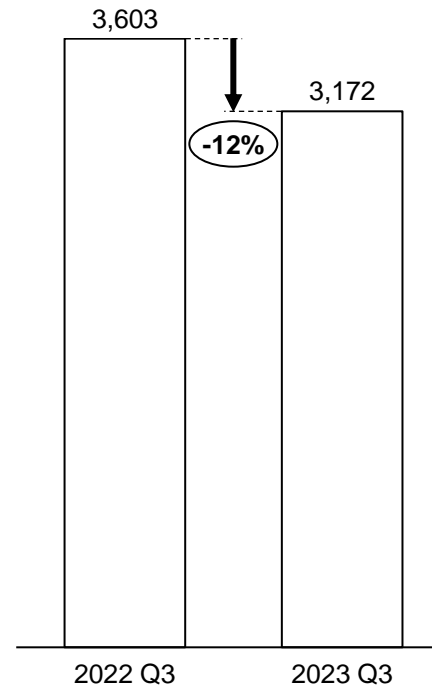
Articles by price range<sup>1</sup>  
Share of design articles



Number of Orders  
Thousand



AoV<sup>2</sup> development  
SEK



Multiple factors indicating a stronger than normal price focus this year, e.g., sales discount rate development, category mix changes, price point down-trading within categories, etc



# Financial Update

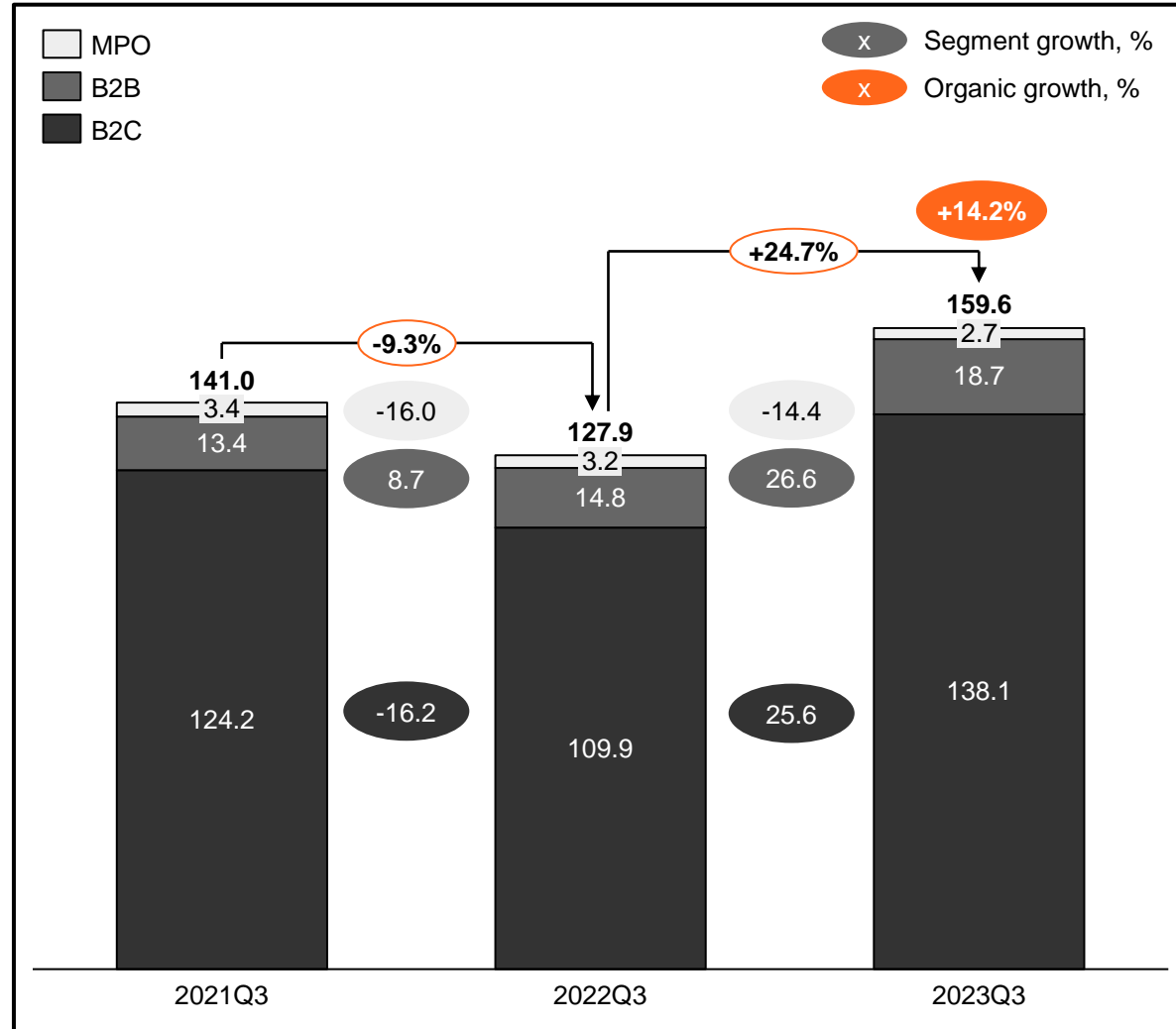
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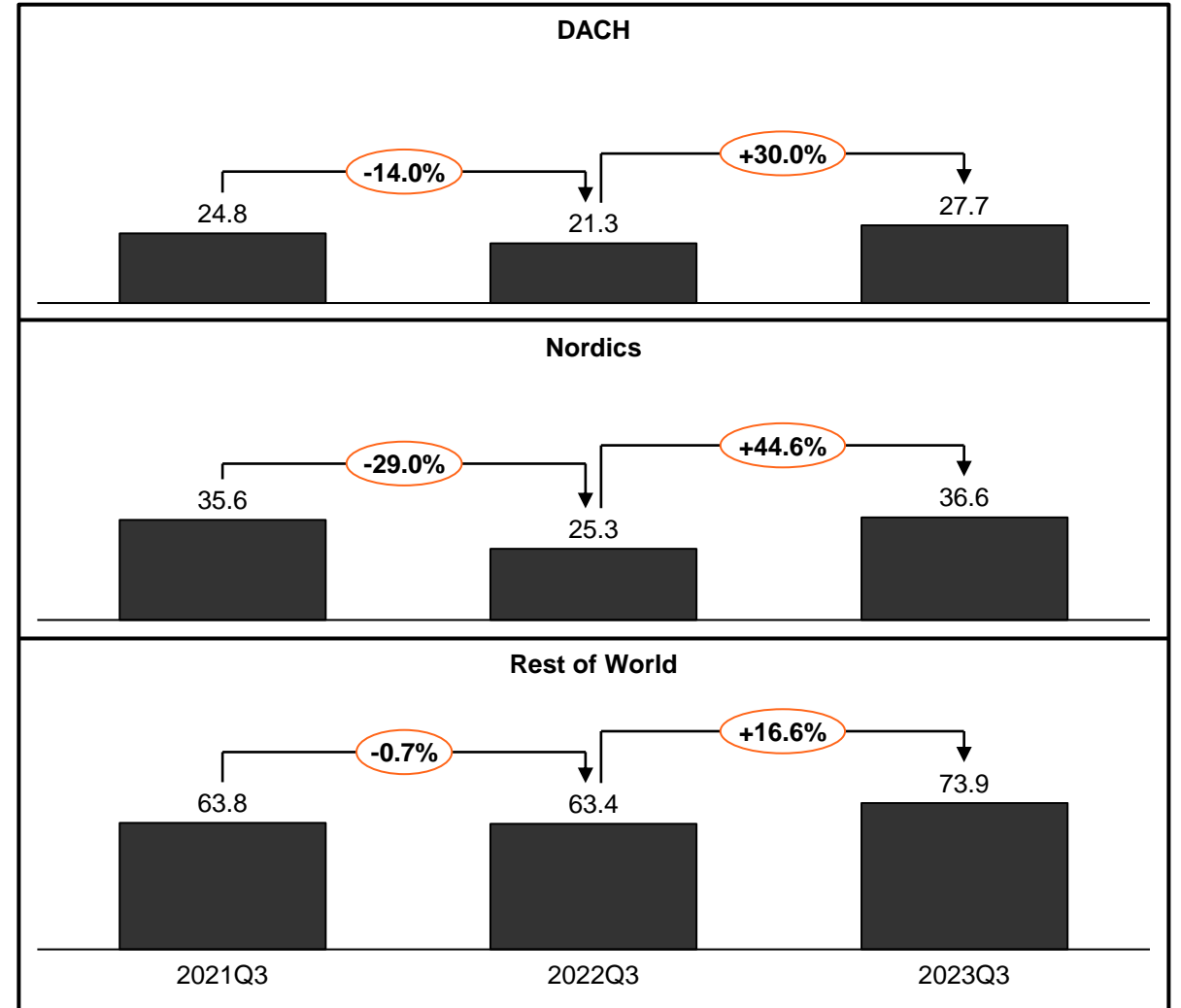


# Return to organic growth

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

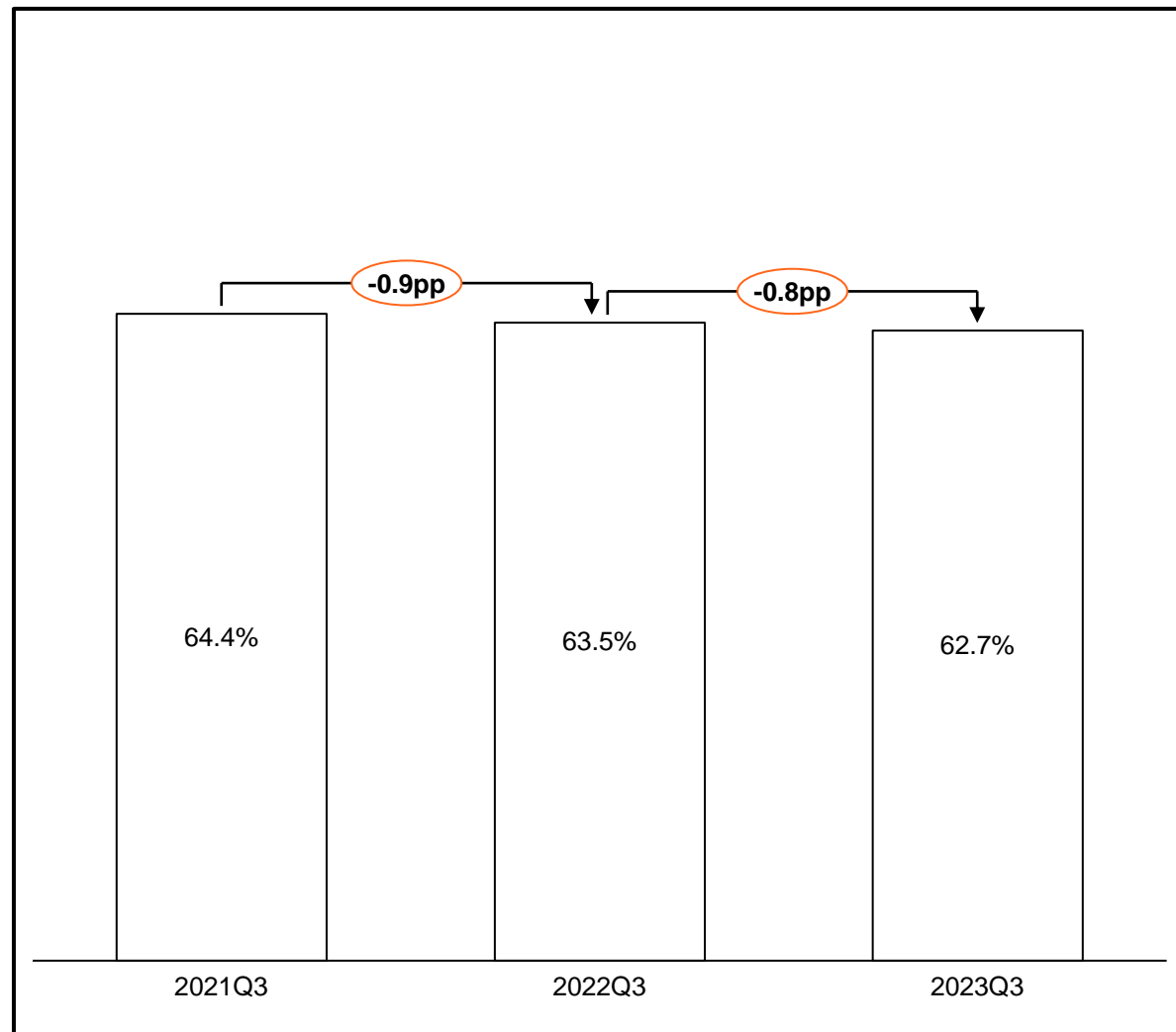


Net revenue B2C by region – Quarter  
SEK million

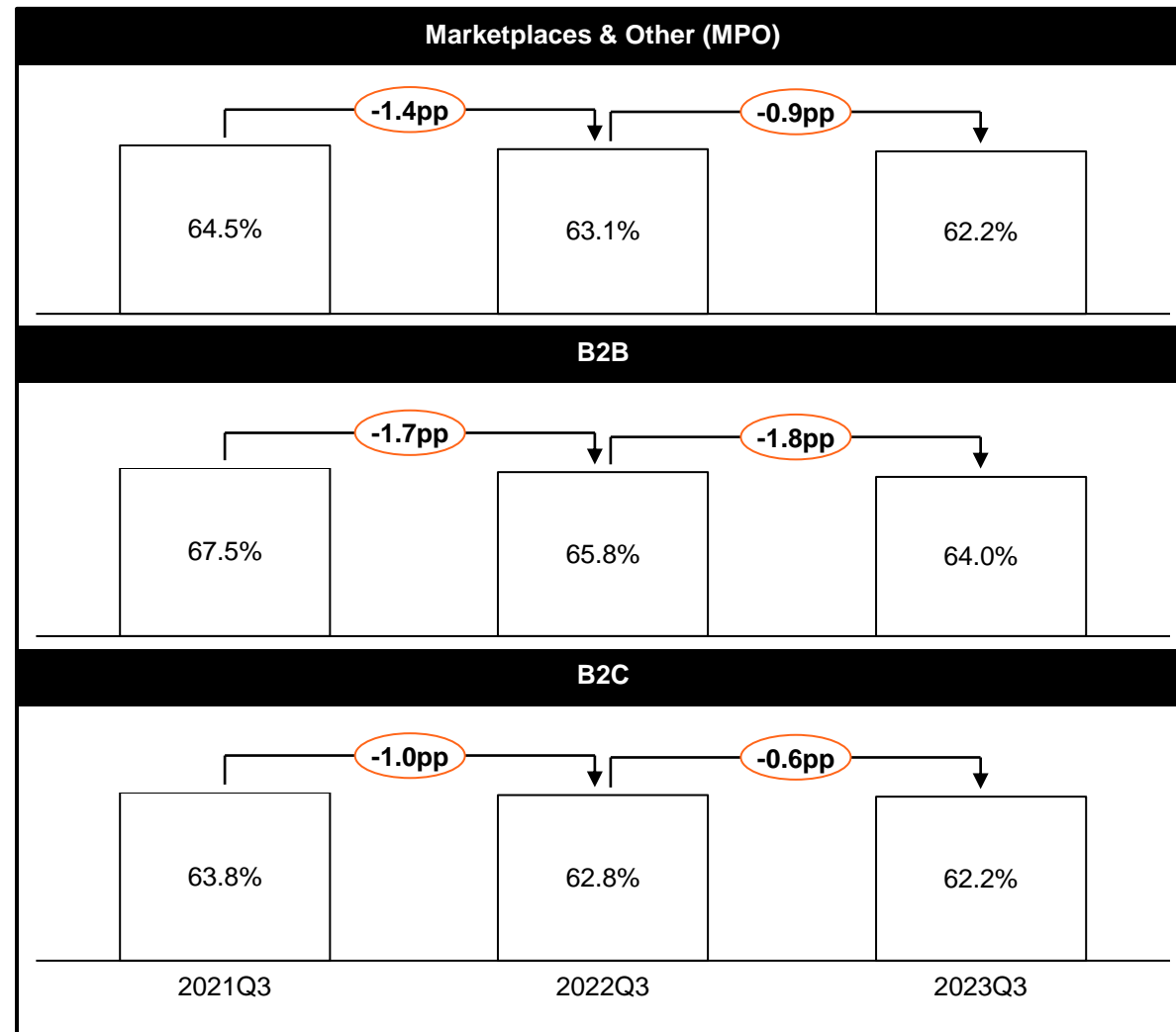


# Decreased gross margin due to increased product cost

Gross margin – Group  
% of net revenue



Gross Margin – Segments  
% of net revenue



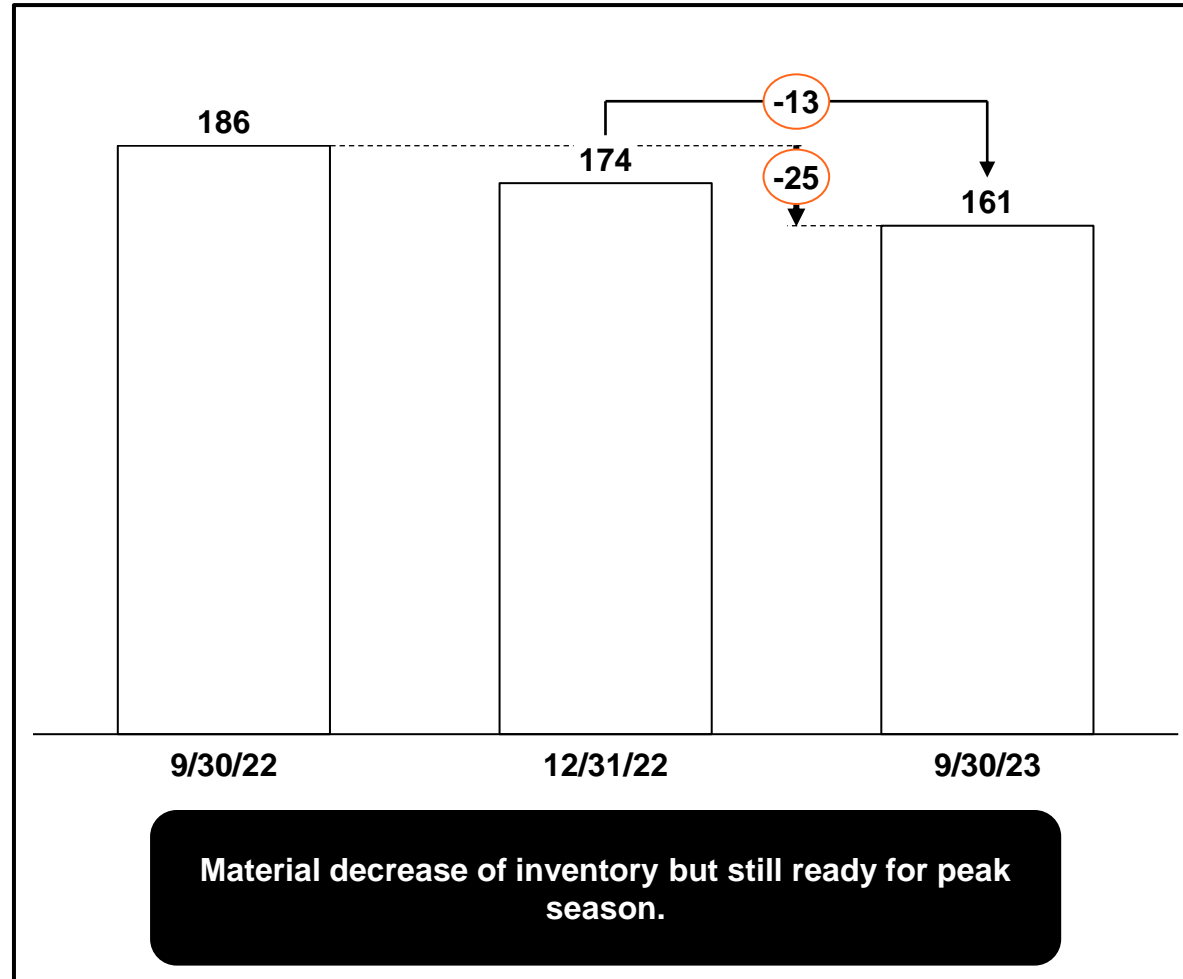
# Increased EBIT but lower EBIT margin

Cost ratios & EBIT-margin Percent of net revenue	YTD				Q3				
	2021	2022	2023	Δ '23 vs '22	2021	2022	2023	Δ '23 vs '22	
<b>Goods for resale</b>	-35.7%	-38.3%	-37.3%	+1.0pp	-35.8%	-36.9%	-37.6%	-0.7pp	Higher price focus by customers.
<b>Other external expenses</b>	-35.7%	-38.1%	-37.2%	+0.9pp	-36.5%	-34.3%	-37.9%	-3.6pp	Marketing spend up 3.3pp.
<b>Personnel expenses</b>	-9.2%	-12.0%	-11.1%	+0.9pp	-9.3%	-11.9%	-10.1%	+1.8pp	Economies of scale with sales growth.
<b>Other operating expenses</b>	-0.3%	-1.2%	-0.7%	+0.5pp	-0.9%	-2.3%	-1.2%	+1.1pp	
<b>Depreciation &amp; Amortization</b>	-1.3%	-1.9%	-1.9%	0.0pp	-1.5%	-2.1%	-1.9%	+0.2pp	
<b>EBIT</b>	<b>18.0%</b>	<b>8.9%</b>	<b>11.9%</b>	<b>+3.0pp</b>	<b>16.2%</b>	<b>13.0%</b>	<b>11.7%</b>	<b>-1.3pp</b>	

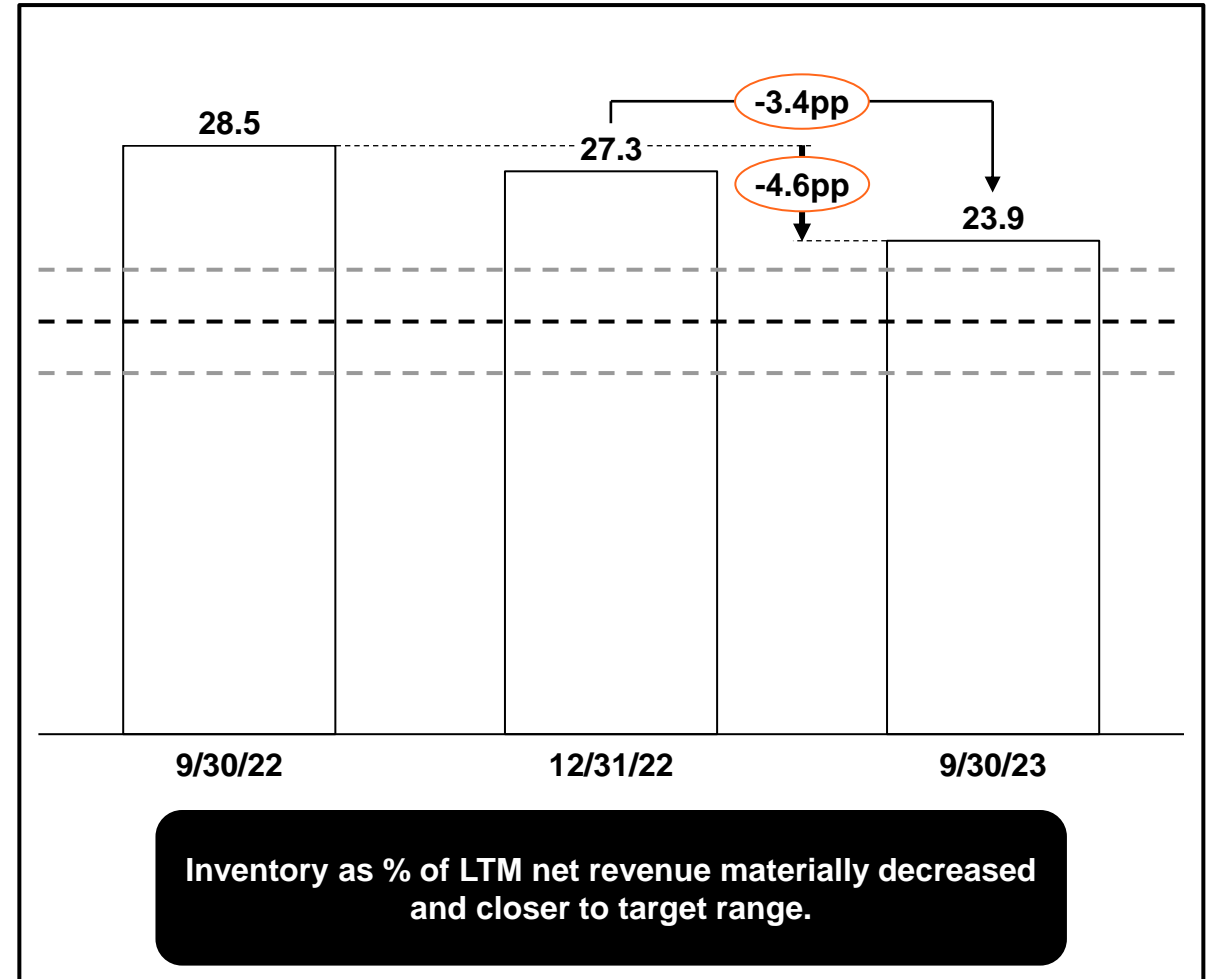


# Inventory decreasing and approaching target range

Inventory value  
SEK million



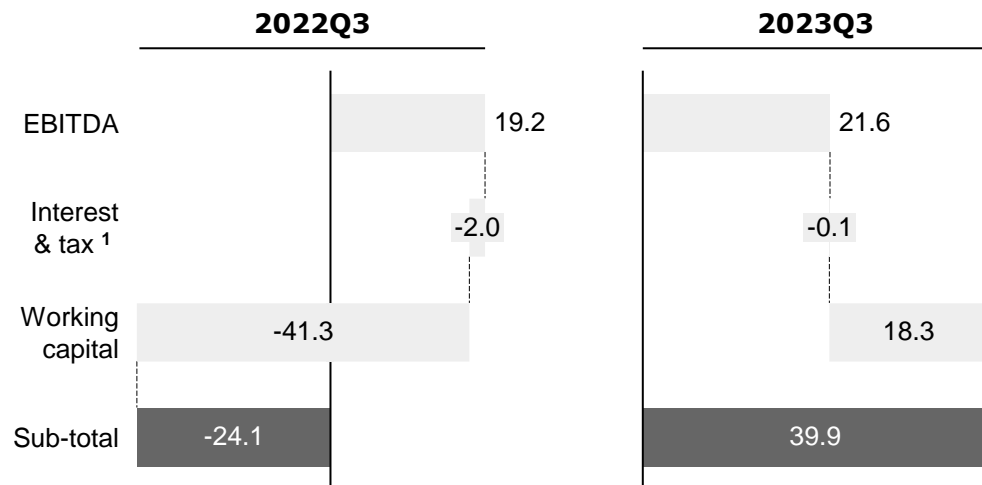
Inventory as share of LTM<sup>1</sup> net revenue  
Percent



# Strong cash flow development

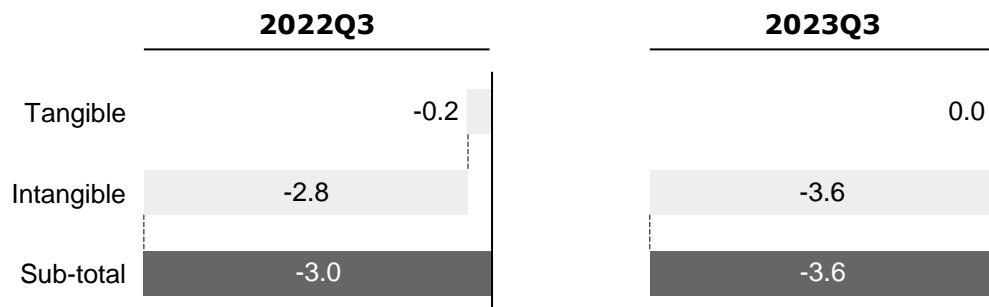
## Cash flow from operating activities

SEK million



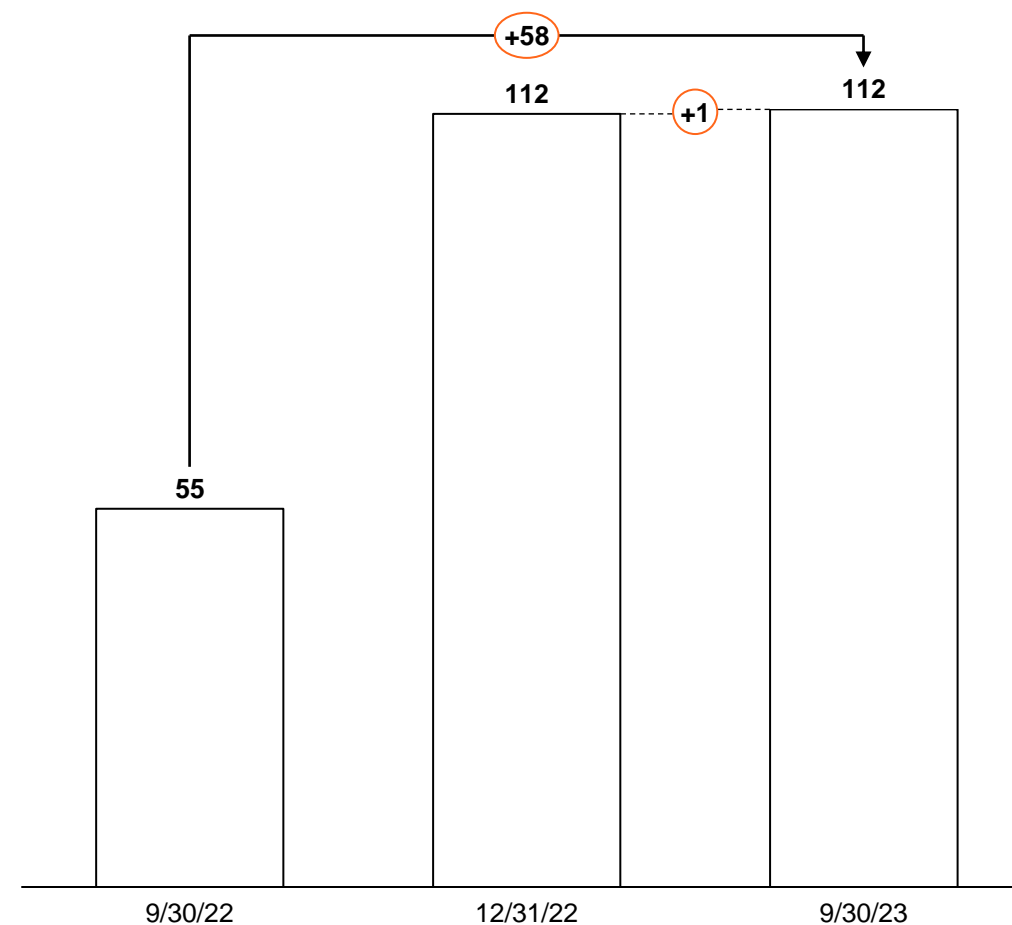
## Cash flow from investing activities

SEK million



## Net cash position

SEK million



# Ready to successfully navigate 2023 peak season

## Organic profitable growth achieved

- Net revenue increased by 24.7% to SEK 159.6 million (+24.7% organic growth) despite challenging market conditions.
  - Gross margin decreased to 62.7% (63.5%) driven by lower product margin as customer's focusing on price at a higher degree than normal.
  - EBIT margin decreased to 11.7% (13.0%) and EBIT increased by 12.7% to SEK 18.6 (16.6) million.
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## Continued strong financial position

- SEK 112 million net cash position, SEK 136 million cash-on-hand, and no debt to financial institutions.
  - SEK 161 million in inventory (23.9% of LTM net revenue) ahead of peak-season.
- 

## Looking forward to effectively navigating rest of year

- Rest of year market outlook remains uncertain and Q4 '22 comparables more challenging.
- Focus now on successfully executing commercial plan for 2023 peak-season.
- Continue investment and focus on e-commerce platform development, e.g., new checkout and MyAccount functionality.



A person is performing a handstand in a modern art installation. The person is wearing a light purple t-shirt, light yellow pants, and white sneakers. They are balancing on one hand on a large, colorful rug with abstract patterns in shades of yellow, orange, and pink. The background features several tall, rectangular pillars in orange and red, and large, curved, textured sculptures in purple and orange. The floor is a dark grey concrete.

# Q&A



# Additional information

**RUGVISTA**



## Financial calendar

Activity	Date	Conference call
Year-end report 2023	February 8, 2024	09:00-10:00 CET
Annual report 2023	April 18, 2024	
Interim report January – March 2024	May 8, 2024	09:00-10:00 CEST
AGM 2024	May 23, 2024	
Interim report January – June 2024	August 15, 2024	09:00-10:00 CEST
Interim report January - September 2024	November 7, 2024	09:00-10:00 CET
Year-end report 2024	February 8, 2025	09:00-10:00 CET

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## Headquarters and visitor address

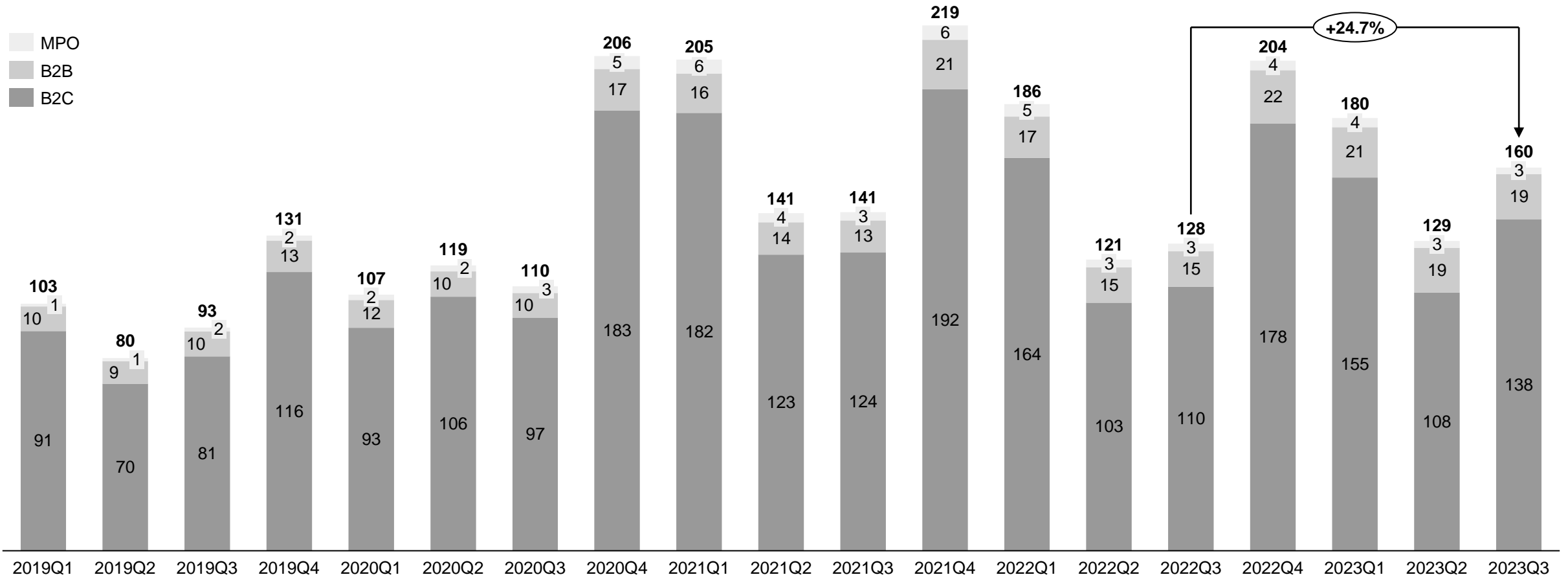
### Rugvista Group AB (publ)

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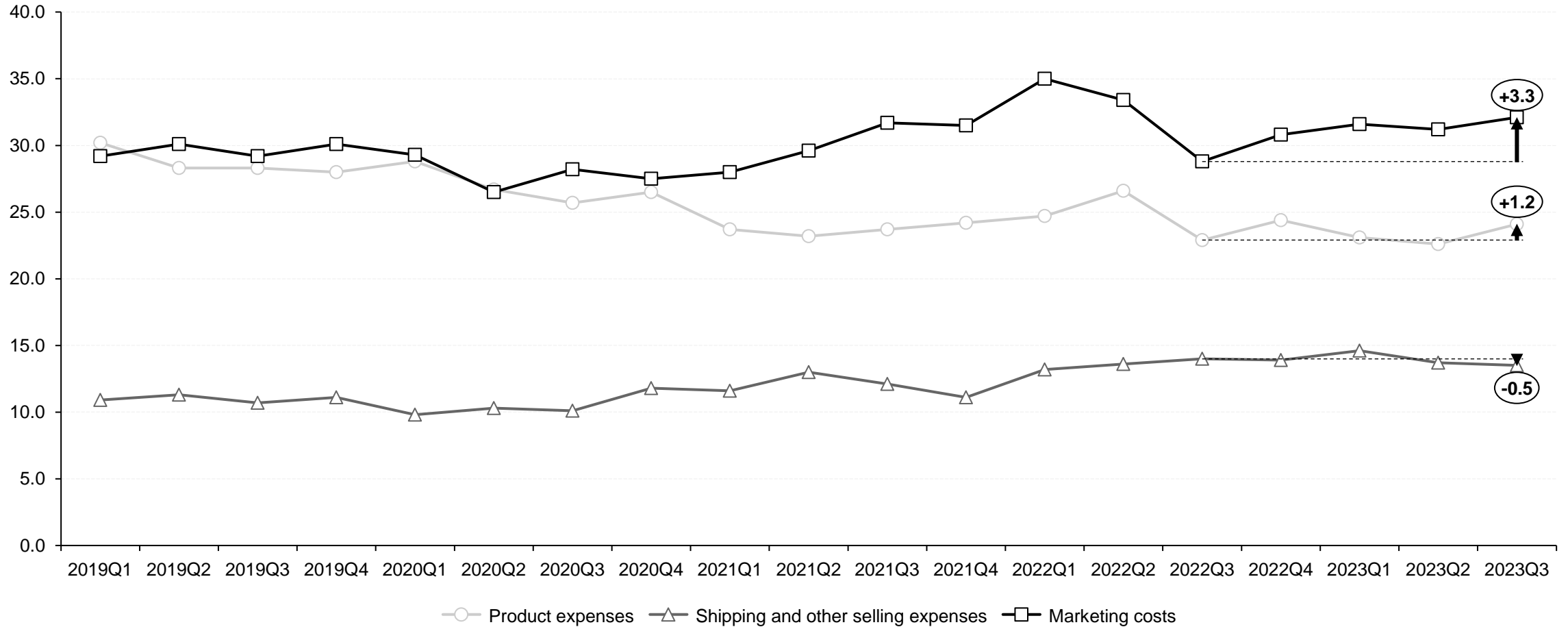
# Historical quarterly information – net revenue

Quarterly net revenue by segment  
SEK million



# Historical quarterly information – selected cost items

Quarterly development for selected cost items  
Percent of net revenue



# Introduction to what we are aiming to achieve

## *Strategic initiatives*

### **Win the key European markets**

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

### **Showcase our assortment**

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

### **Be world-class in everything we do**

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

### **Capture selected marketplace opportunities**

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

## *Vision*

**To become the *Center of Gravity* for the European rug industry**

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



# About Rugvista Group AB (publ)

## Introduction

Rugvista Group is one of the leading European direct-to-consumer online platforms within carpet and rug sales through its online stores, available in 20 different languages, using the Rugvista and Carpetvista brands.

The company was founded in 2005 and offers a broad and relevant range of quality design and traditional carpets and rugs. Rugvista Group offers its EU based customers free deliveries and returns free of charge.

The Group's operations are divided into three segments: B2C, B2B, and Marketplaces & Other (MPO). The B2C segment represents the consumer market and is the Company's core segment.

## Purpose and vision

Rugvista Group's purpose is ***to help people to a home they love.***

Rugvista Group has defined three visions, each of which has a clear ambition.

- *Business*  
**To be the center of gravity for the European rug industry.**
- *Sustainability*  
**To lead the rug industry towards a socially and environmentally sustainable future.**
- *People*  
**To attract, motivate, and retain extraordinary people.**

## Strengths and competitive advantages

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

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

## 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**

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