

**RUGVISTA**

Earnings Call

**January – June 2024**

Rugvista Group AB (publ)

# Continued order growth in a challenging market environment

## Strategic initiatives delivering in a challenging market

- Consumer sentiment stable or improving across key markets during Q2, but still at historically low levels and consumer purchasing power remains weak.
- Double-digit growth in both number of orders and new customers proving that our customer offering is attractive even in a challenging market.
- Outdoor rugs season executed well and delivering >50% increase in revenues vs last year.

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## Net revenue development impacted by lower average order value

- Net revenue was SEK 128.4 (129.1) million (-0.5% vs last year). Organic net revenue growth was -1.0%.
- Average order value was SEK 3,044 (3,568) (-15% vs last year) driving decline in net revenue.
- Lower average order value primarily due to price sensitive consumers.

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## Variable profitability improved, but EBIT margin affected by one-off costs

- Gross margin was 63.0% (63.6%) but improved vs Q1 by 1.4 percentage points.
- Marketing cost as share of net revenue was 29.8% (31.2%) with improved efficiency driven by higher share of organic traffic.
- EBIT was SEK 2.4 (11.8) million representing an EBIT margin of 1.8% (9.1%).
- About half of EBIT margin decline driven by one-off costs related to reorganizations and “other operational expenses” line-item which is driven by currency effects.
- Second quarter seasonally smallest and higher costs have large impact on EBIT margin.

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## Stable development on strategic KPIs

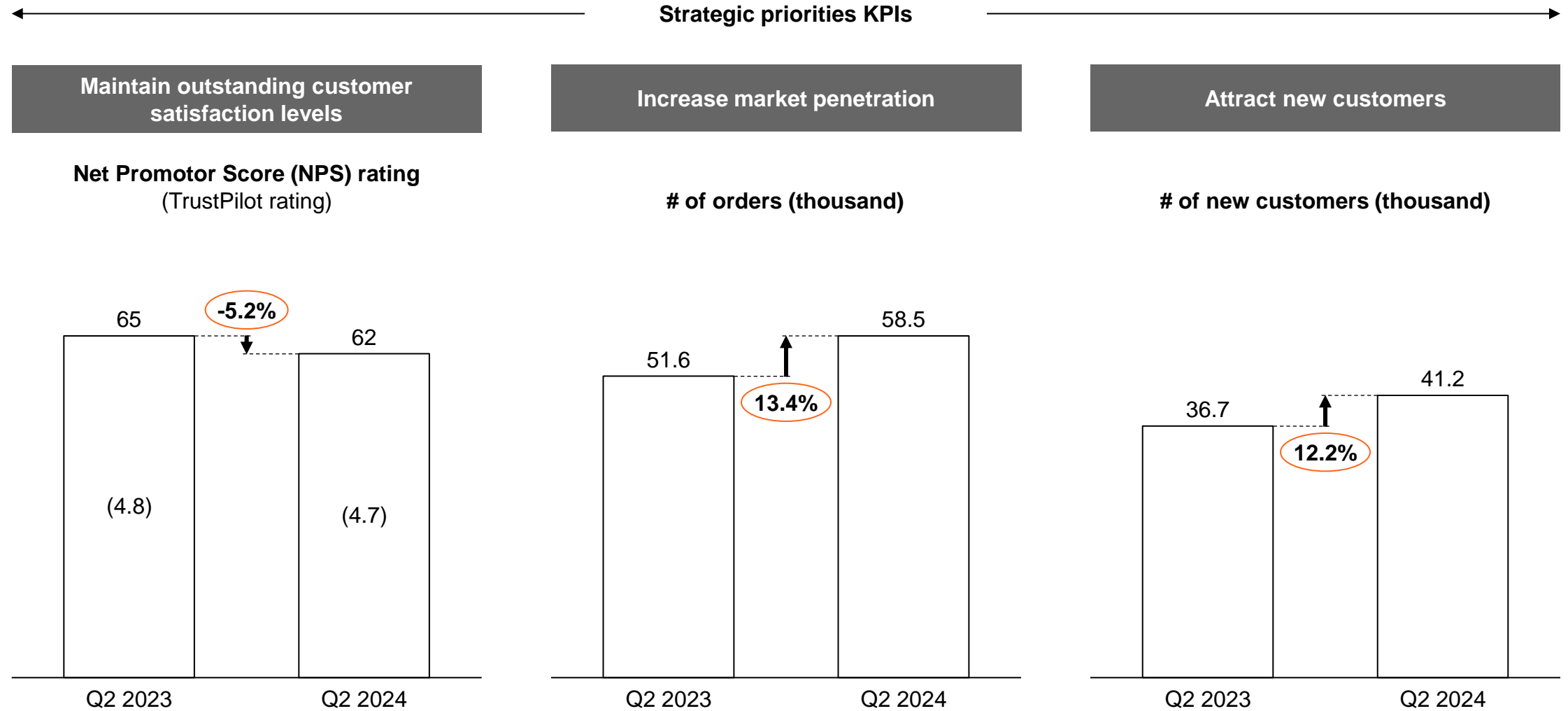
- High customer satisfaction levels maintained although slight decrease in customer satisfaction ratings.
- Order count increased 13% vs last year.
- New customer count increased 12% vs last year.

# Business Update

**RUGVISTA**

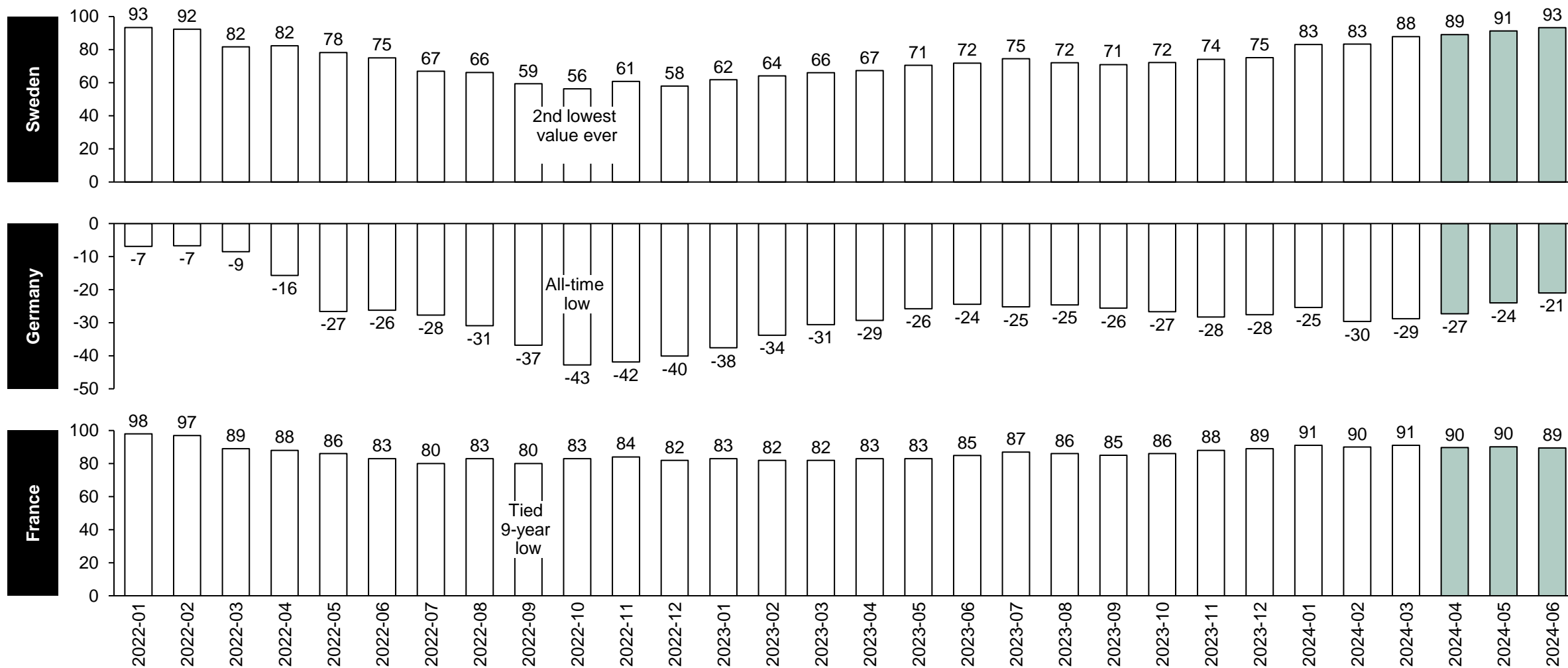


# Continued stable development on strategic KPIs



# Overall improvement in consumer confidence but still at low levels

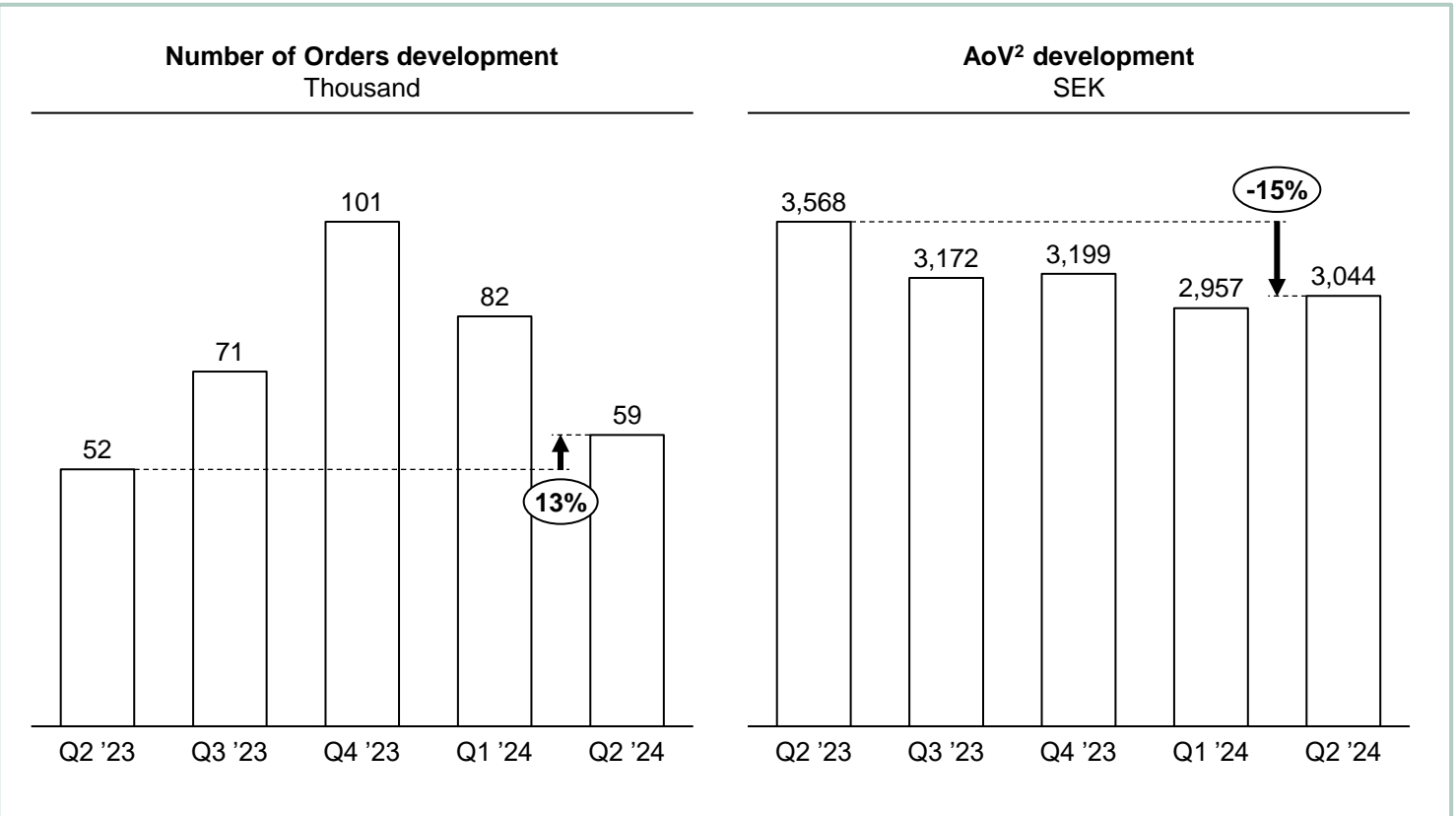
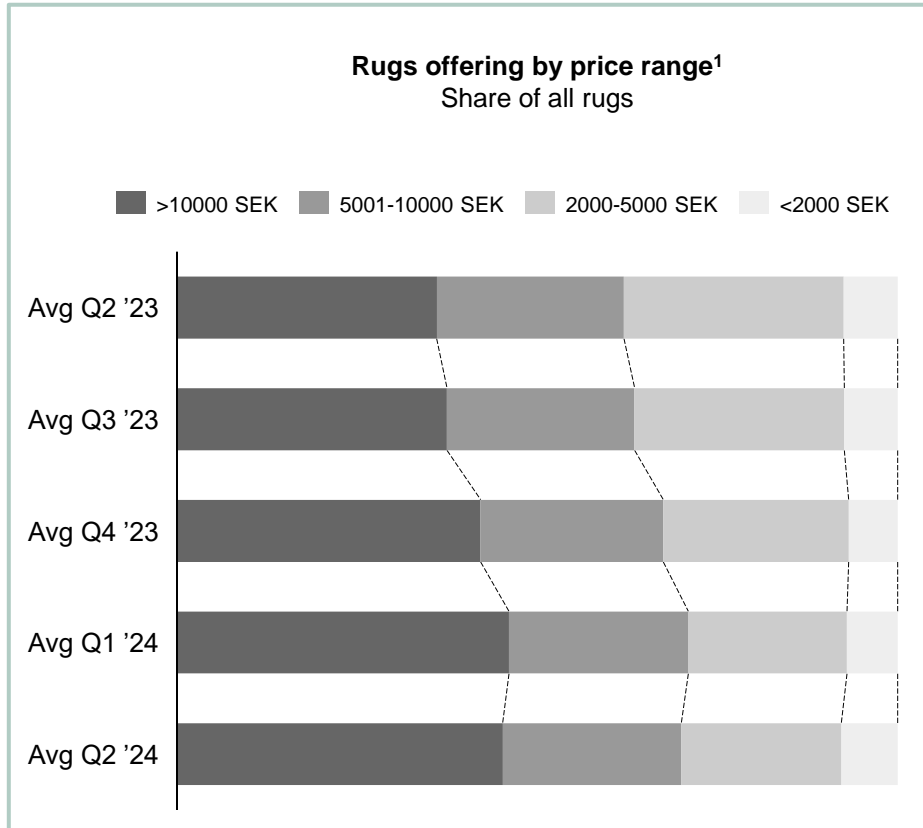
Consumer confidence index across selected key markets



# AoV decline driven by price sensitive consumer behavior

<2000 SEK rug assortment offering has remained as a stable share of total rugs during the past year...

...and we attract more consumers with our ongoing assortment enhancement efforts, but strong price focus driving down average order value.

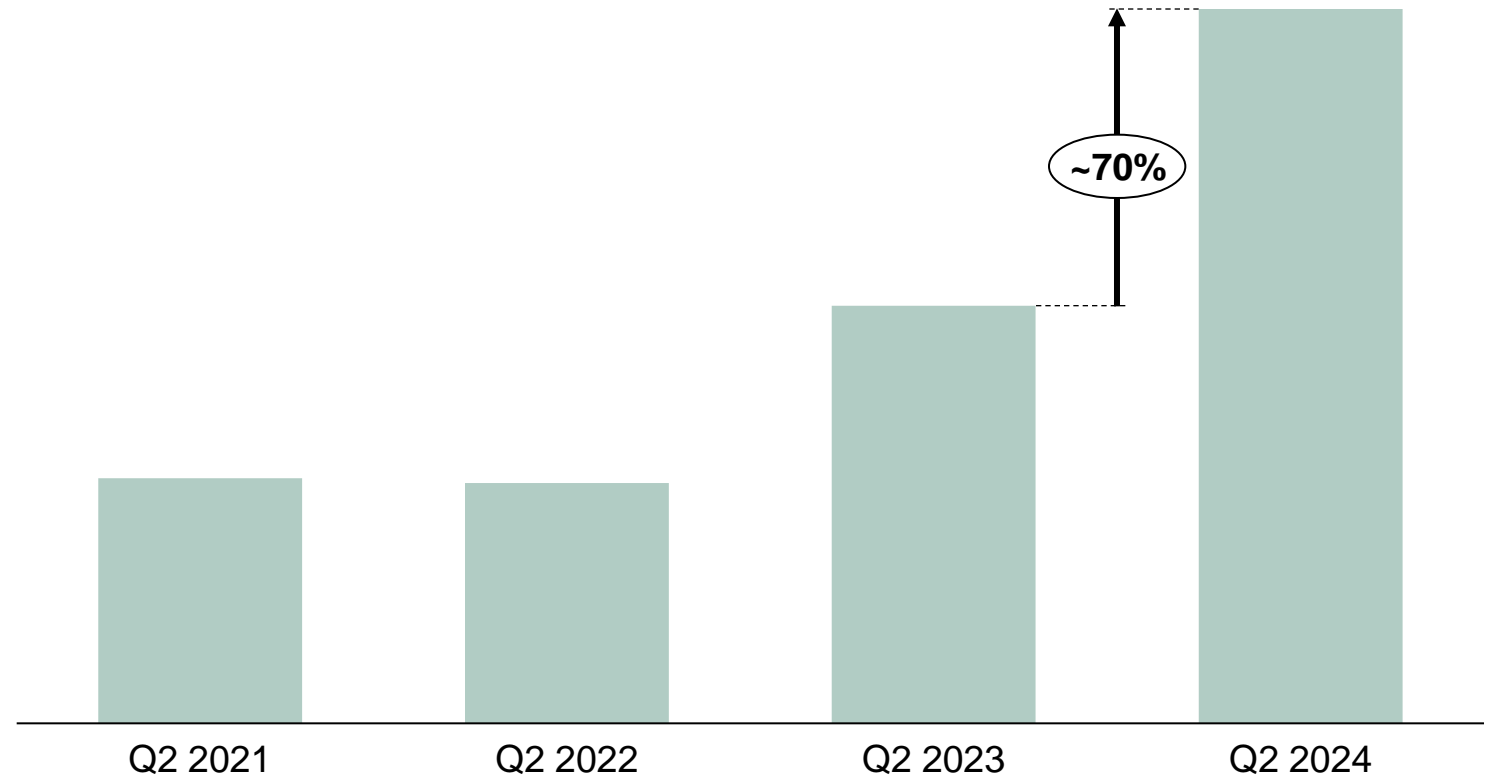


Multiple factors indicating consumer's price sensitivity, e.g., sales discount rate development, category mix changes, price point down-trading within sub-categories

# Investment into outdoor assortment continues to be successful



Outdoor rugs sales<sup>1</sup> development



# Financial Update

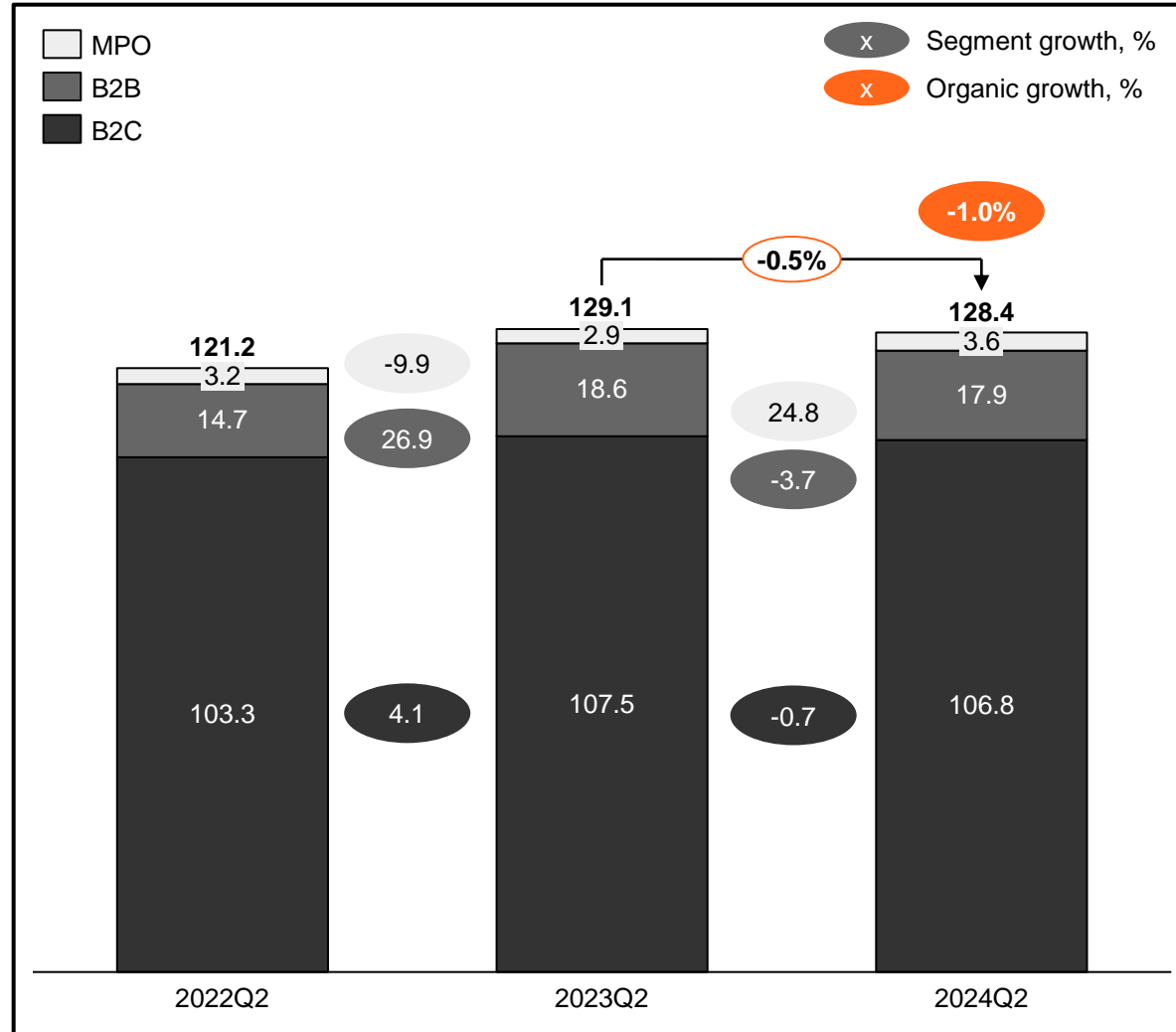


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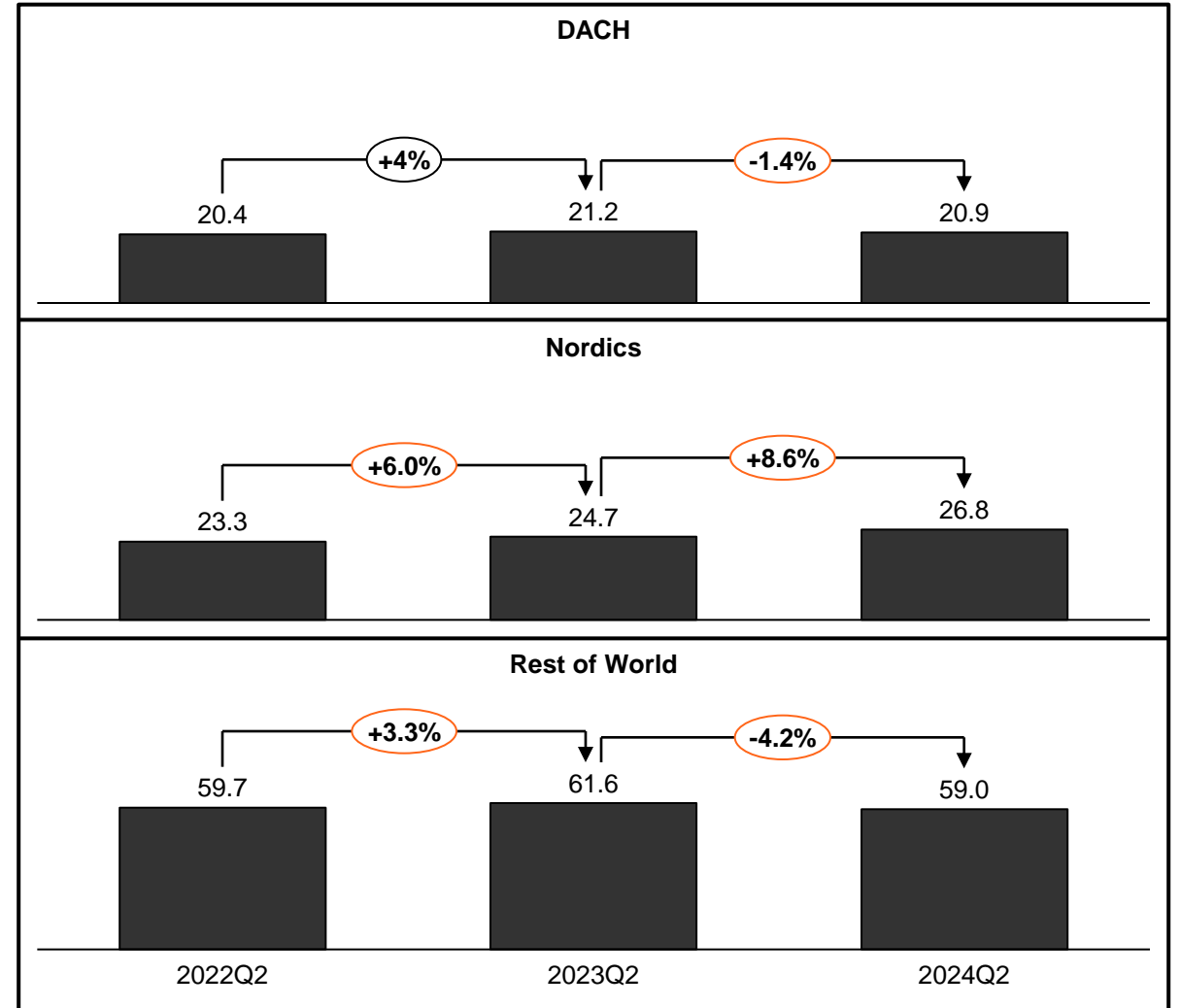


# Good order growth in a weak market

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

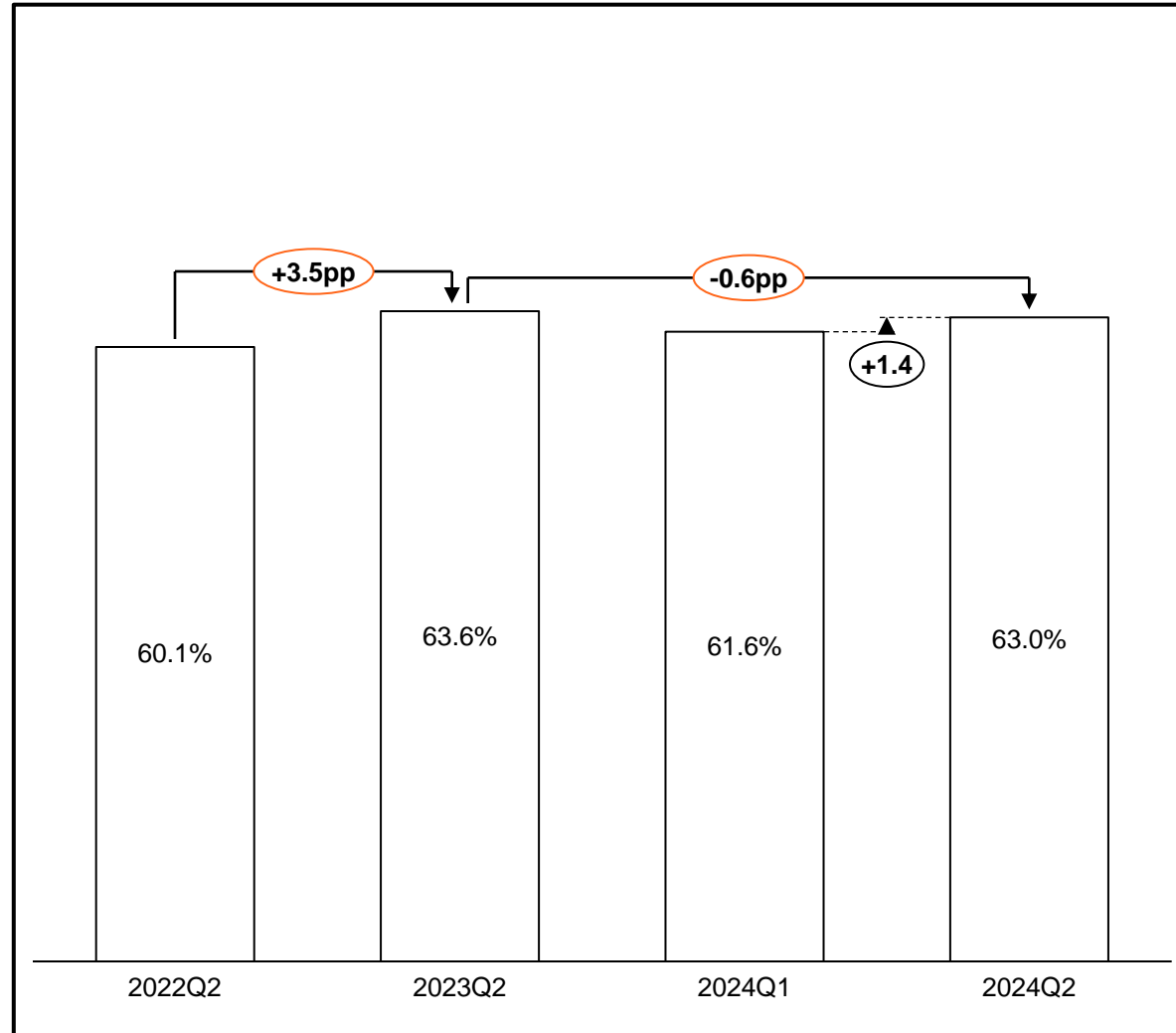


Net revenue B2C by region – Quarter  
SEK million

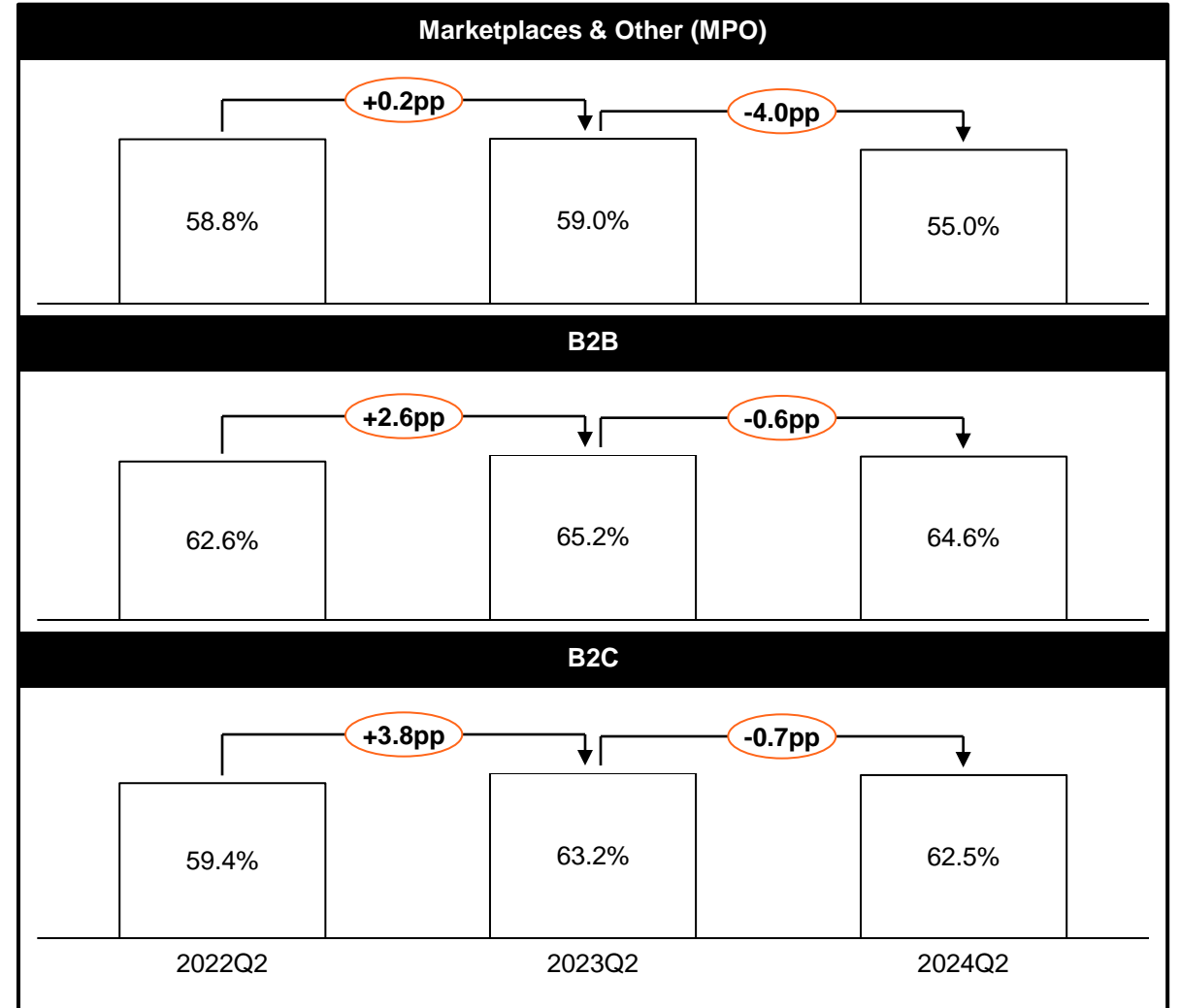


# Drop in gross margin vs last year but improved vs Quarter 1

Gross margin – Group  
% of net revenue



Gross Margin – Segments  
% of net revenue

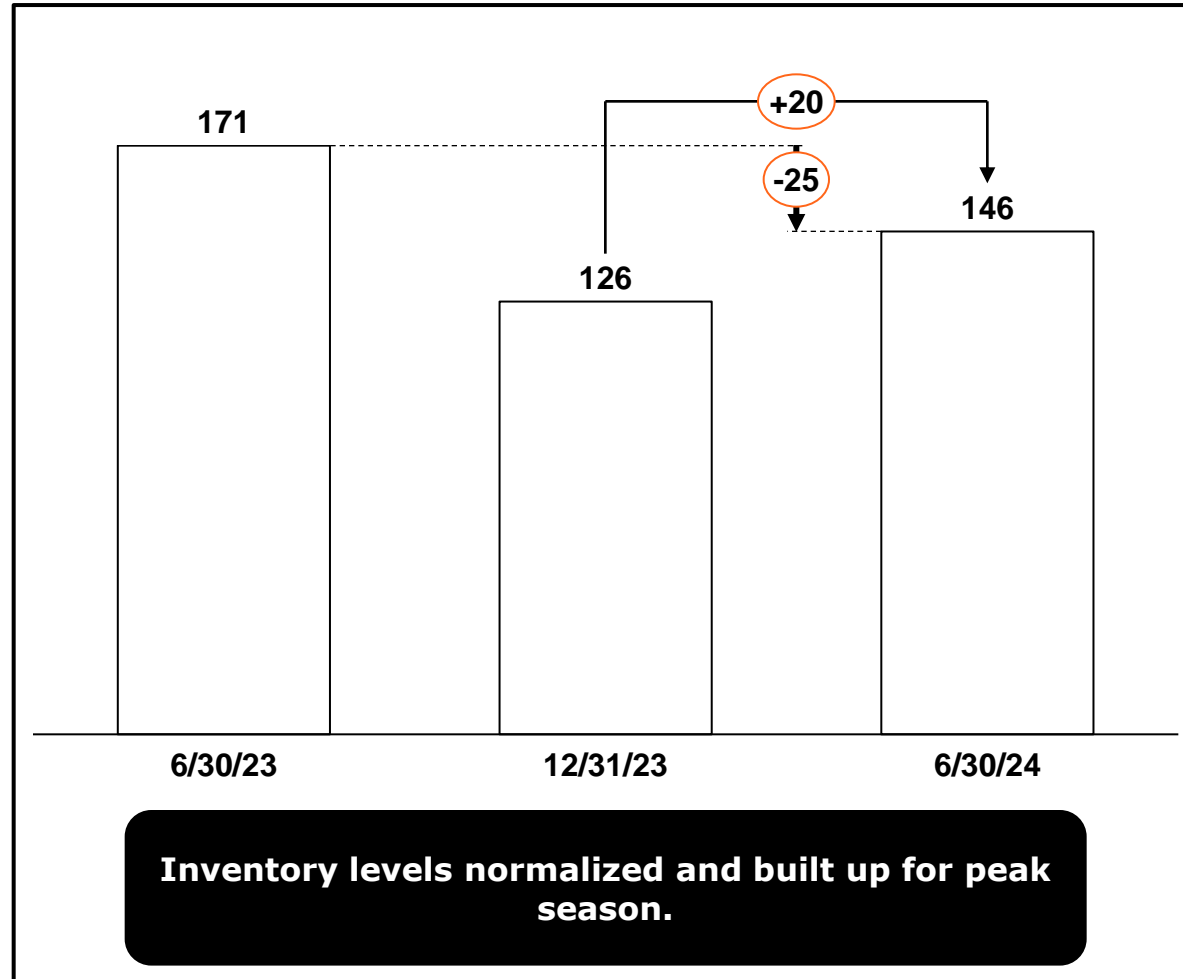


# Higher costs impacts seasonally smallest quarter

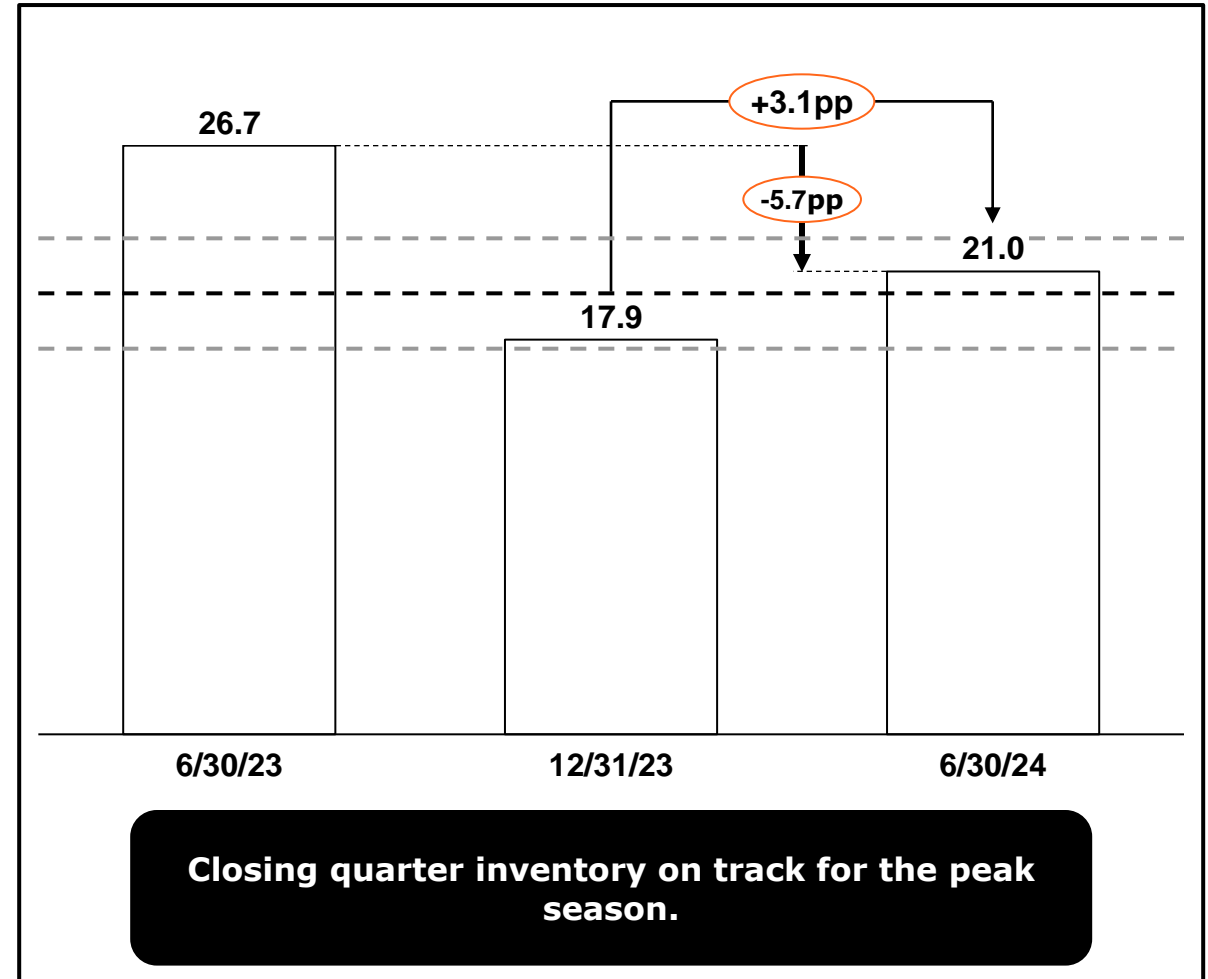
Cost ratios & EBIT-margin <sup>1)</sup> Percent of net revenue	YTD				Q2				
	2022	2023	2024	Δ '24 vs '23	2022	2023	2024	Δ '24 vs '23	
<b>Goods for resale</b>	-38.8%	-37.2%	-38.1%	-0.9pp	-40.3%	-36.6%	-37.4%	-0.8pp	Higher discounts.
<b>Other external expenses</b>	-39.6%	-36.9%	-37.0%	-0.1pp	-40.2%	-38.4%	-37.6%	+0.8pp	Higher marketing efficiency and organic traffic share.
<b>Personnel expenses</b>	-12.0%	-11.6%	-14.9%	-3.3pp	-16.5%	-14.0%	-19.6%	-5.6pp	One off reorganization costs. Higher FTE, salary increases and in-sourcing of personnel.
<b>Other operating expenses</b>	-0.8%	-0.4%	-0.4%	+0.0pp	-0.7%	0.3%	-0.9%	-1.1pp	
<b>Depreciation &amp; Amortization</b>	-1.8%	-1.9%	-2.5%	-0.5pp	-2.3%	-2.3%	-3.1%	-0.7pp	Rent increase and amortization of web-shop.
<b>EBIT-margin</b>	<b>7.2%</b>	<b>12.1%</b>	<b>7.3%</b>	<b>-4.8pp</b>	<b>0.4%</b>	<b>9.1%</b>	<b>1.8%</b>	<b>-7.3pp</b>	

# Inventory buildup and within target range

Inventory value  
SEK million

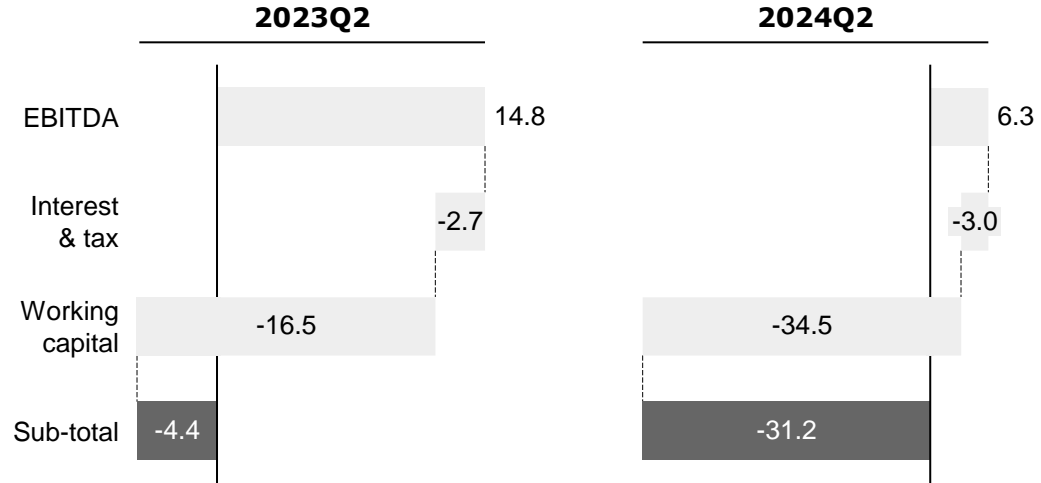


Inventory as share of LTM<sup>1</sup> net revenue  
Percent

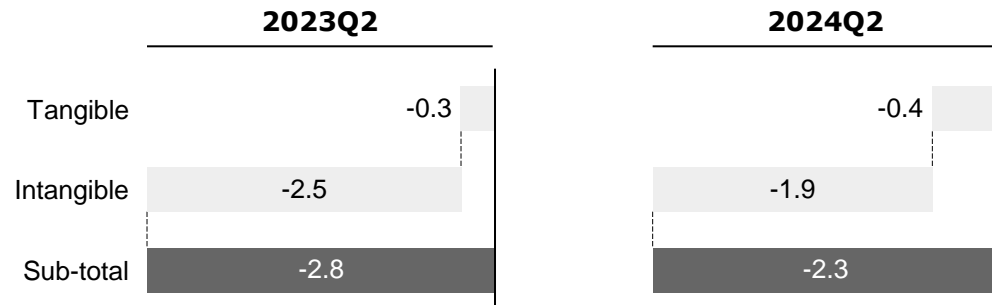


# Improved net cash position

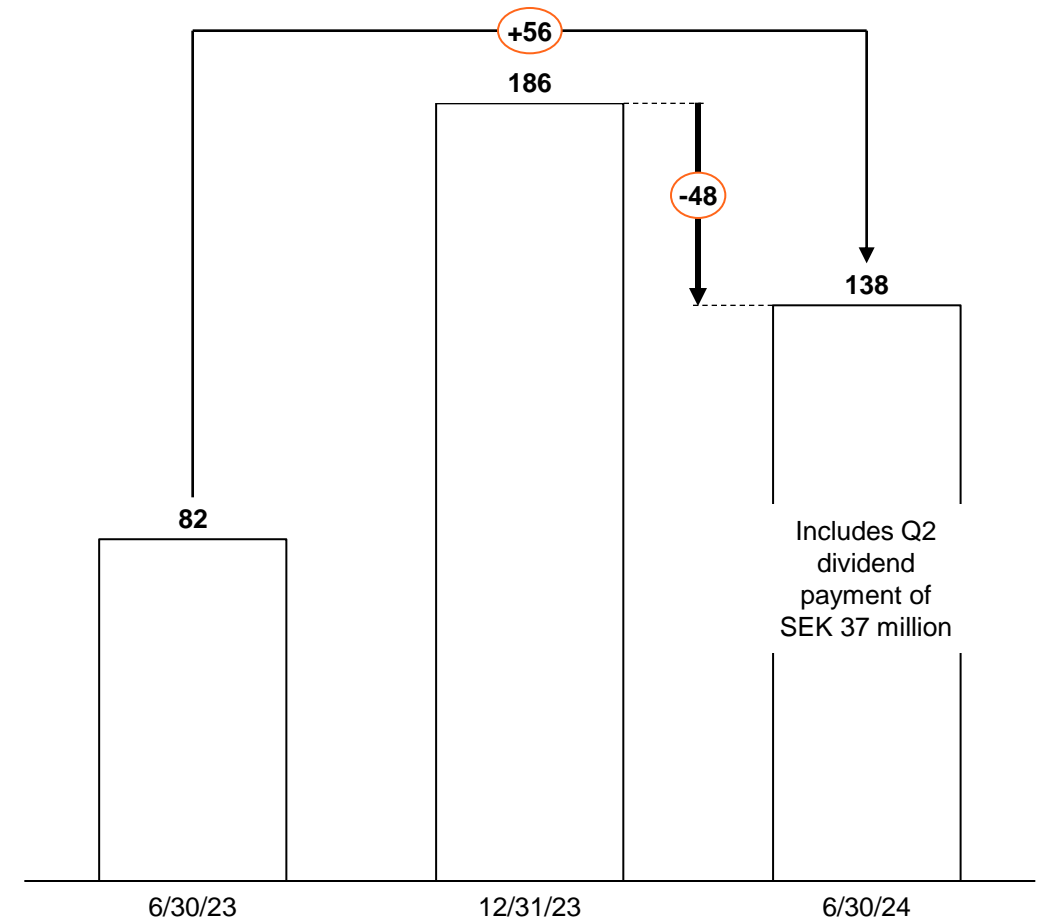
## Cash flow from operating activities SEK million



## Cash flow from investing activities SEK million



## Net cash position SEK million



# Focus on navigating the market and realizing strategic initiatives

## Continued progress on strategic initiatives

- High customer satisfaction levels maintained and double-digit growth in both number of orders and new customers proving that our customer offering is attractive even in a challenging market.
- Additional e-commerce platform features developed with purpose to further enhance customer experience and ability to drive more organic traffic.

## One-off costs impacting profitability but financial position strong

- Net revenue was SEK 128.4 representing -0.5% decline vs last year. Organic net revenue growth was -1.0%. Price conscious customer behavior negatively impacting growth.
- Variable profitability<sup>1</sup> improving vs last year and vs last quarter driven by positive effect from ongoing optimization efforts
- EBIT was SEK 2.4 million representing an EBIT margin of 1.8% with YoY decline driven by one-off costs related to reorganizations and other operational expenses line-item. Second quarter seasonally smallest and higher costs have large impact on profitability.
- SEK 1.80 per share (SEK 37.4 million) in dividend paid out during the quarter and financial position remains strong with SEK 155 million in liquid assets as well as no debt to financial institutions.

## Uncertain outlook, but continued focus on near and long-term

- Rest-of-year outlook remains uncertain and development in the large central and southern European markets difficult to predict.
- Continued focus on navigating market conditions, developing our customer offering and organization, as well as preparing for the peak-season.
- Ready to capture demand once purchasing power within the European households improves.

# Q&A



# Additional information

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## Financial calendar

Activity	Date	Conference call
Interim report January – September 2024	November 7, 2024	09:00-10:00 CET
Year-end report 2024	February 6, 2025	09:00-10:00 CET

## Contact information

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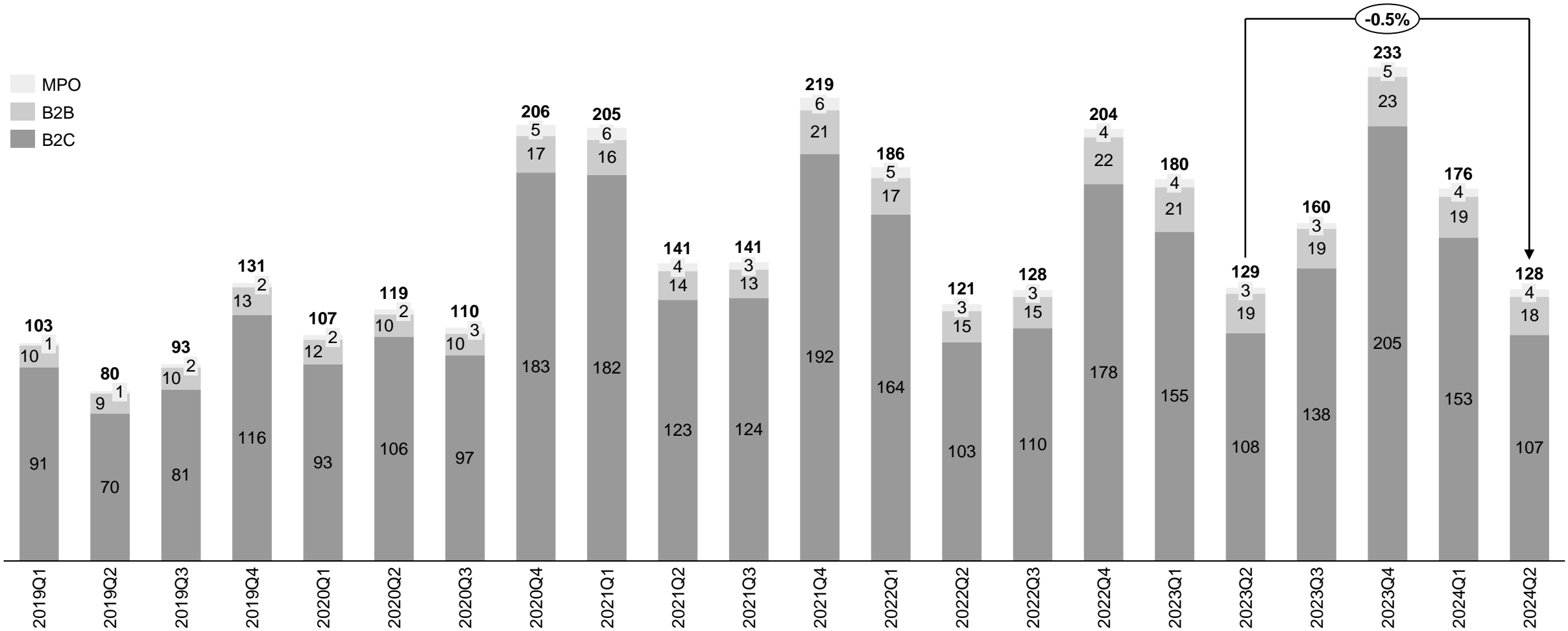
## Headquarters and visitor address

### Rugvista Group AB (publ)

Ringugnsgatan 11  
SE-216 16 Limhamn  
Sweden

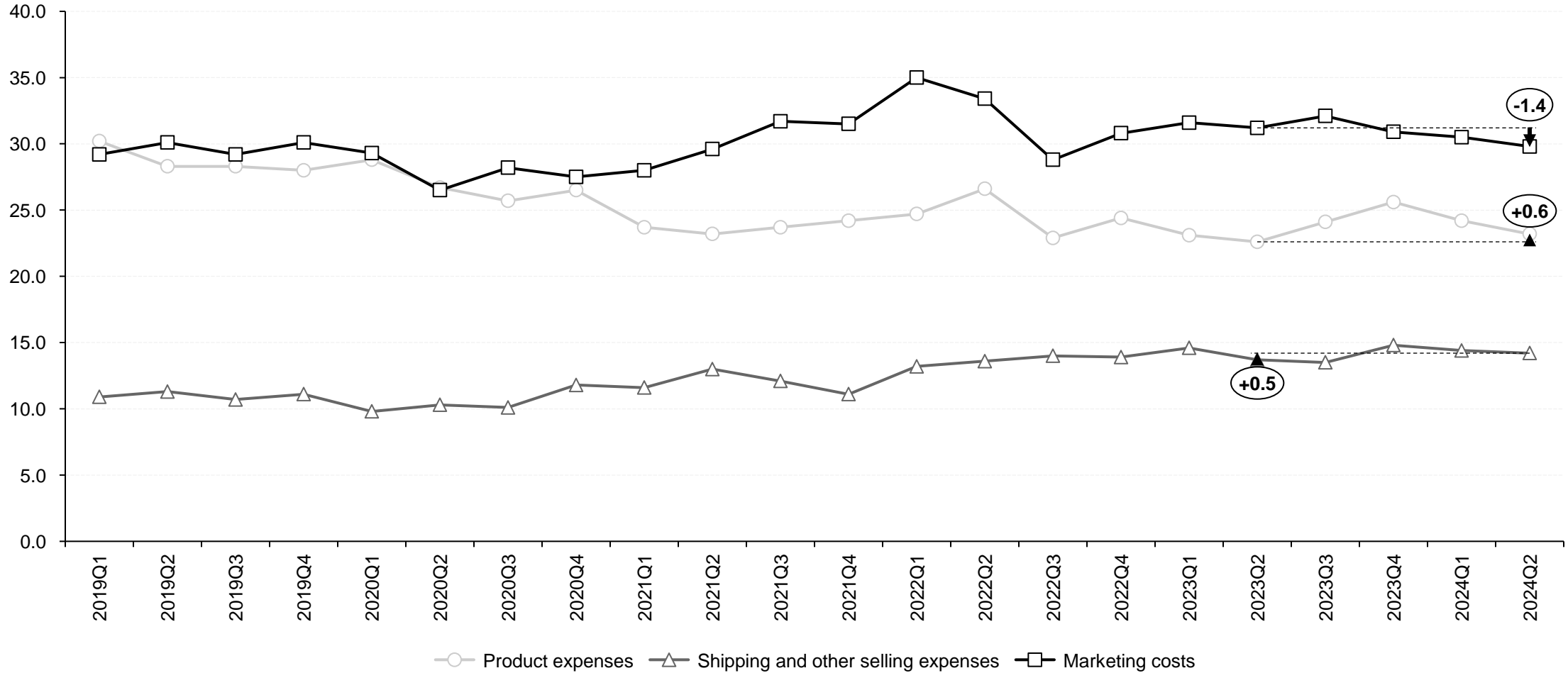
# Historical quarterly information – net revenue

Quarterly net revenue by segment  
SEK million



# Historical quarterly information – selected cost items

Quarterly development for selected (variable) 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

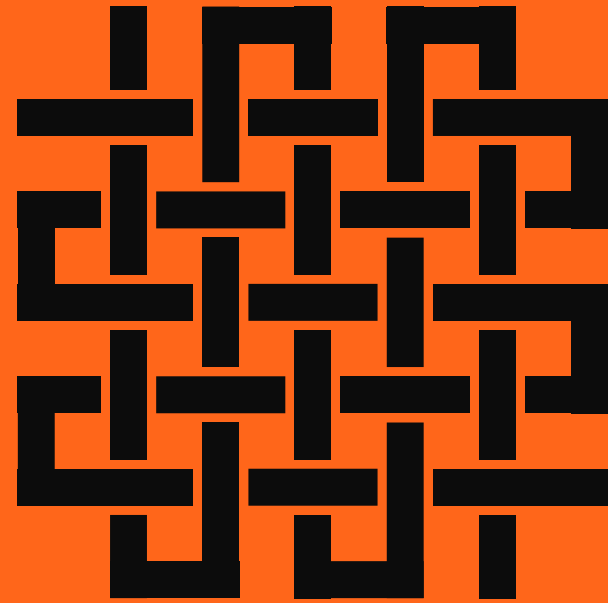
Rugvista Group considers itself having several strengths and competitive advantages which contributes to the Group's ability to realize strategic objectives and reaching financial targets.

- 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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