

RUGVISTA

Interim Report

January – March 2023

RugVista Group AB (publ)

Good profitability and progress on strategic initiatives

First quarter

- The net revenue was MSEK 180.3 (186.0), corresponding to a decrease of -3.1% (-9.1%).
- The organic net revenue growth was -8.1% (-12.3%).
- The gross margin increased slightly to 62.6% (62.3%).
- The EBIT improved to MSEK 25.7 (21.5) and the EBIT-margin also improved to 14.2% (11.6%).
- The profit for the period increased to MSEK 20.3 (16.8).
- The inventory value as a percentage of LTM net revenue amounted to 26.0% (21.6%).
- The net cash at the end of the period was MSEK 116.1 (162.7).
- The earnings per share before and after dilution amounted to SEK 0.98 (0.81) ¹⁾
- The average NPS (Net Promotor Score) value was 68 (68) during the quarter, and the average Trustpilot value remained high at 4.8 (4.8).

Group key performance indicators²

<i>SEK thousand if not stated otherwise</i>	January - March	
	2023	2022
Operating income	180,610	186,380
Net revenue	180,262	185,973
Net revenue growth, %	-3.1%	-9.1%
Organic net revenue growth, %	-8.1%	-12.3%
Gross profit	112,764	115,859
Gross margin, %	62.6%	62.3%
EBIT	25,666	21,528
EBIT margin, %	14.2%	11.6%
Profit for the period	20,309	16,805
Profit margin, %	11.3%	9.0%
Adjusted EBIT	25,666	21,528
Adjusted EBIT margin, %	14.2%	11.6%
Inventory as % of LTM net revenue	26.0%	21.6%
Net financial indebtedness	-116,071	-162,726
Earnings per share, SEK	0.98	0.81
Earnings per share, diluted, SEK	0.98	0.81
Number of shares outstanding	20,785,140	20,785,140
Number of diluted shares outstanding	20,785,140	20,785,140
Number of website visits, million	8.9	10.6
Number of orders, thousand	71.7	75.5
Number of new customers, thousand	52.1	53.9
Average order value, SEK	3,602	3,528
Average NPS value	68	68
Average Trustpilot value	4.8	4.8



“I am excited that we continue to deliver good profitability despite a challenging market. Thanks to our focus on cost efficiency, we reached an EBIT margin of 14%.”

Michael Lindskog, CEO

Good profitability and progress on strategic initiatives

Dear shareholders,

I am excited that we continue to deliver good profitability despite a challenging market. Thanks to our focus on cost efficiency, we reached an EBIT margin of 14%. We have also focused on realizing our strategic initiatives where the goal is to improve our customer offering and shopping experience. During the quarter, we launched an expanded assortment of outdoor rugs, we introduced bathmats which is a new product type for us, and we also reached several important milestones in the development of our new e-commerce platform.

Net revenue for the quarter was SEK 180.3 million corresponding to a decrease of -3.1% (-9.1%) and was affected by the households' lower purchasing power as well as the SEK's depreciation against the euro in particular. The organic net turnover growth was -8.1%.

The gross margin was 62.6% (62.3%) which is an increase compared to the previous year driven by improved product margin but partially offset by higher delivery costs.

The advertising intensity in most of our largest markets was somewhat lower during the quarter compared to last year. This in combination with our focus on efficiency resulted in marketing costs as a share of net revenue decreased by -3.4 percentage points compared to the same period last year.

EBIT for the quarter was SEK 25.7 million and the EBIT margin was 14.2% (11.6%). The EBIT margin increased by 2.6 percentage points compared to the same period the previous year and is at a healthy level considering the market conditions and the lower net revenue.

Our average NPS value for the quarter was 68 (68) and is proof that we are succeeding in our ambition to consistently focus on the customer. The customer experience is our top priority and we are proud that our customers continue to be incredibly satisfied after a purchase from us.

With a net cash position of SEK 116 million our financial position is strong and the Board of Directors proposes a dividend of SEK 1.50 per share or a total of SEK 31.2 million. Our financial strength in combination with a well stocked inventory position gives us as an organization stability and security in today's challenging market situation.

For us, the quarter was also marked by the earthquakes in Turkey and the humanitarian tragedy that followed. To help the affected, our employees and we as a company donated a total of SEK 250 thousand. Despite the first earthquake's epicenter being near our Turkish suppliers, their production facilities were relatively unaffected and we have had only minor disruptions in our deliveries.

At the same time as we are navigating the macro environment, we are focusing on realizing our strategic priorities. During the quarter, we further enhanced our assortment by almost doubling our selection of outdoor rugs which is an important part of the customer offering during the summer season. We also introduced our first in-house designed bathroom rugs. Bathroom rugs is a category we have not offered previously but one we see great potential in. The progress in the development of our new e-commerce platform has resulted in improvements in the buying experience and at the end of April we activated all marketing channels for our web-shop in Austria. We plan to gradually introduce our new web-shop in additional markets.

The outlook for the rest of 2023 is uncertain, but with an adapted fixed cost base, a high focus on cost efficiency, and our strong financial position, we are enthusiastic and well-prepared for the remainder of the year. We also look forward to continuing to improve our customer offering and shopping experience as we launch the new web-shop in additional markets.

With best wishes,



CEO Rugvista Group

First quarter

Net revenue

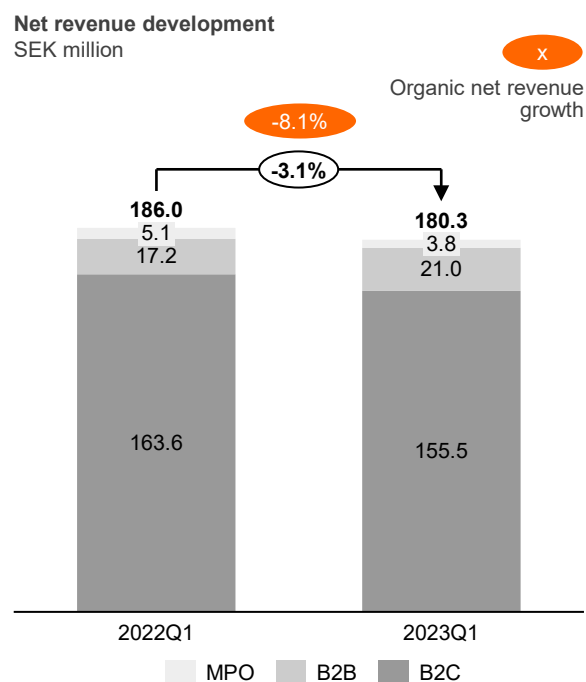
The Group's net revenue for the quarter was SEK 180.3 (186.0) million, which corresponds to a decrease of -3.1% (-9.1%). The negative macroeconomic climate, with reduced purchasing power due to increasing inflation, geopolitical uncertainty, and lower consumer confidence, continued to negatively impact consumer demand across most of Europe during the quarter. The organic net revenue growth was -8.1% (-12.3%) and was mainly affected by the appreciation of the EUR compared to the SEK.

The net revenue within the Private Individuals (B2C) segment, the Group's largest, amounted to SEK 155.5 (163.6) million, which corresponds to a decrease of -5.0% (-10.3%). The decrease in net revenue within the segment was mainly driven by lower sales in the DACH and Nordic regions with growth rates of -11.0% (-15.1%) and -7.7% (-22.6%), respectively. RoW decreased by -1.5% (-2.0%).

The net revenue within the segment Business Customers (B2B) was SEK 21.0 (17.2) million, which corresponds to an increase of 21.8% (5.0%). The demand within the B2B segment continues to increase, although from a low level compared to the B2C segment. The customer group of interior designers and small business customers are driving the demand.

The net revenue within the segment

Marketplaces & Other (MPO) was SEK 3.8 (5.1) million, which corresponds to a decrease of -25.3% (-11.1%). The ongoing restructuring of the sales strategy on Amazon negatively affected the growth compared to our own web shops.



Profits and margins

The gross margin increased slightly to 62.6% (62.3%). Compared to the previous year, the gross margin was positively affected by the price adjustment in the third quarter of the previous year as well as the SEK depreciation which directly affects the net revenue but has a delayed impact on product costs. Slightly higher discounts to customers and higher shipping costs negatively affected the margin.

Other external costs as a percentage of net revenue were 35.9% (39.2%). The improvement is driven by continued focus on marketing efficiency, especially within the B2C segment, as well as other minor cost-saving initiatives.

Personnel costs as a percentage of net revenue amounted to 9.9% (9.1%) and were higher partly due to a negative scale effect from the decrease in net revenue and wage increases compared to the previous year.

Other operating expenses were MSEK -1.6 (-1.6). This item consists of the impact of exchange rate changes on transactions and the revaluation of balance sheet items in foreign currency at the quarter-end exchange rate.

Depreciation and impairment amounted to MSEK -3.0 (-2.9) and mainly consisted of depreciation on right-of-use assets.

Operating profit (EBIT) increased to MSEK 25.7 (21.5), and the operating margin also increased to 14.2% (11.6%). The increase in operating margin was driven by a focus on profitability with significantly lower marketing costs compared to the previous year.

Net financial items amounted to MSEK -0.1 (-0.3).

Taxes for the period were MSEK -5.3 (-4.5).

The period's profit amounted to MSEK 20.3 (16.8), and the period's margin amounted to 11.3% (9.0%).

First quarter

Cash flow

The cash flow from operating activities during the quarter was MSEK 6.7 (-18.6). During the quarter, final tax for 2021 was settled, which together with ongoing payments of tax for the current year amounted to MSEK -34.5.

The cash flow from investing activities amounted to MSEK -2.2 (-1.6) during the quarter and is mainly related to the development of our software platform and the capitalization of costs related to it.

The cash flow from financing activities amounted to MSEK -2.7 (-2.2) during the quarter. The amounts mainly concern the lease agreements the group has for premises in Limhamn and Malmö.

Other KPIs

The NPS value was 68 (68) and Trustpilot value was 4.8 (4.8). The maintained high levels are evidence that our ongoing focus on delivering a world-class customer experience has been successful. We track the weekly development of our service key metrics and place great value on delivering above our customers' expectations.

The number of website visits was 8.9 million (10.6), corresponding to a decrease of -16.0% (-18.1%). The decrease is attributable to the macroeconomic climate with reduced demand in the B2C segment and our focus on marketing efficiency.

The number of orders was 71.7 thousand (75.5), corresponding to a decrease of -5.0% (-7.4%).

The number of new customers acquired was 52.1 thousand (53.9), corresponding to a decrease of -3.4% (-9.3%).

The average order value was SEK 3,602 (3,528), corresponding to an increase of 2.1% (0.0%) driven by price adjustments and positive currency effects.





B2C

First quarter

<i>SEK thousand if not stated otherwise</i>	January - March		
	2023	2022	Δ
Net revenue	155,470	163,635	-5.0%
<i>Net revenue, DACH</i>	33,175	37,273	-11.0%
<i>Net revenue, Nordics</i>	32,559	35,265	-7.7%
<i>Net revenue, Rest of World</i>	89,737	91,097	-1.5%
Gross profit	96,961	101,028	-4.0%
Gross margin, %	62.4%	61.7%	0.6pp
Marketing cost as a share of net revenue, %	33.9%	36.8%	-2.9pp
Segment earnings	44,239	40,758	8.5%
Segment margin, %	28.5%	24.9%	3.5pp

The net revenue for the Private Individuals segment during the quarter was MSEK 155.5 (163.6), which corresponds to a decrease of -5.0% (-10.3%). The decreased net revenue within the segment was mainly driven by lower sales in the DACH and Nordic regions with a growth rate of -11.0% (-15.1%) and -7.7% (-22.6%), respectively. RoW, which largely consists of other European markets, decreased by -1.5% (-2.0%). The growth for the Nordic and DACH regions was negatively affected by the focus on profitability as the marketing intensity was high.

The gross profit amounted to MSEK 97.0 (101.0), which corresponds to a decrease of -4.0% (-14.0%), and the gross margin amounted to 62.4% (61.7%). The increase in gross margin was mainly driven by the price adjustment in the third quarter of the previous year but was also negatively affected by increased customer delivery costs.

Marketing costs as a percentage of net revenue amounted to 33.9% (36.8%), and the decrease is a result of the focus on marketing efficiency.

The segment result amounted to MSEK 44.2 (40.8), which corresponds to an increase of 8.5% (-35.9%), and the segment margin amounted to 28.5% (24.9%), where the increase is mainly attributable to improved marketing efficiency.



B2B

First quarter

<i>SEK thousand if not stated otherwise</i>	January-March		
	2023	2022	Δ
Net revenue	20,953	17,199	21.8%
Gross profit	13,194	11,212	17.7%
Gross margin, %	63.0%	65.2%	-2.2pp
Marketing cost as a share of net revenue, %	14.9%	16.4%	-1.6pp
Segment earnings	10,074	8,385	20.1%
Segment margin, %	48.1%	48.8%	-0.7pp

The net revenue for the Business Customers segment during the quarter was MSEK 21.0 (17.2), which corresponds to an increase of 21.8% (5.0%). The demand within the B2B segment continues to increase, albeit from a low level compared to the B2C segment. The customer groups of interior designers and smaller business customers are driving the demand.

The gross profit amounted to MSEK 13.2 (11.2), which corresponds to an increase of 17.7% (2.8%), and the gross margin was 63.0% (65.2%). The decrease in gross margin was driven by higher costs for customer deliveries.

The marketing costs as a percentage of net revenue amounted to 14.9% (16.4%), where the decrease in marketing costs was driven by the same factors as in the B2C segment.

The segment result amounted to MSEK 10.1 (8.4), which corresponds to an increase of 20.1% (-5.5%), and the segment margin was 48.1% (48.8%), where the increase was driven by the lower marketing costs.



MPO

First quarter

<i>SEK thousand if not stated otherwise</i>	January - March		
	2023	2022	Δ
Net revenue	3,839	5,139	-25.3%
Gross profit	2,262	3,212	-29.6%
Gross margin, %	58.9%	62.5%	-3.6pp
Marketing cost as a share of net revenue, %	30.4%	37.8%	-7.3pp
Segment earnings	1,093	1,271	-14.0%
Segment margin, %	28.5%	24.7%	3.7pp

The net revenue in the Marketplaces & Other (MPO) segment amounted to MSEK 3.8 (5.1), which corresponds to a decrease of -25.3% (-11.1%). The ongoing restructuring of the sales strategy on Amazon, combined with a focus on profitability, had a greater negative impact on Amazon compared to our own web shops.

The gross profit amounted to MSEK 2.3 (3.2), which corresponds to a decrease of -29.6% (-17.7%), and the gross margin was 58.9% (62.5%). Higher customer delivery costs negatively affected the gross margin, where the geographic sales mix partially drove the development.

Marketing expenses as a percentage of net revenue amounted to 30.4% (37.8%), where the decrease was driven by a focus on marketing efficiency.

The segment result amounted to MSEK 1.1 (1.3), which corresponds to a decrease of -14.0% (-48.9%). The segment margin was 28.5% (24.7%), where the increase was driven by a lower share of marketing expenses.





Other information

Material events during the quarter

The nomination committee for RugVista Group AB (publ) proposes six regular board members without substitutes for decision at the annual general meeting. Martin Benckert, CEO of the company's largest shareholder madHat AB, is proposed as the chairman of the board. Ebba Ljungerud and Patrik Berntsson are proposed as new additional members. Erik Lindgren, Eva Boding, and Paul Steene have declined re-election. The other board members are proposed for re-election.

Material events after the quarter

Abdullatef Almalouhi was appointed Director of Performance Marketing, with effect from April 3. Abdullatef has extensive experience from senior positions in performance marketing, most recently as Head of Digital Marketing at Pets Deli.

Co-workers

The number of full-time employees during the period January-March was 89.1 (93.0), and the proportion of women was 44.1% (42.9%).

Russia's invasion of Ukraine

Through its business operations, the Group has no direct exposure to Russia, Ukraine or Belarus. However, in the current situation, it is difficult to assess the indirect impact of the war on GDP growth, inflation, global supply chains, consumers' faith in the future, and demand for the Group's products.

Seasonality

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

The share

RugVista Group AB (publ) stock is listed on Nasdaq First North Premier Growth under the ticker code RUG and ISIN code SE0015659834.

The market value at the end of the first quarter of 2023 (March 31) was SEK 930 million, with a closing price of SEK 44.75 per share.

At the end of the reporting period, the number of issued shares was 20,785,140, all common shares.

During 2021, the group issued 860,000 warrants. Of these, 435,981 have been sold to, and are outstanding, among key personnel within the group.

During the second quarter of 2022, the company issued 300,000 warrants, of which 40,000 were sold to leading executives within the company.

For more detailed information on incentive programs, see "LTIP2021" and "LTIP2022" below and the company's website www.rugvistagroup.com.

See Note 5 for an overview of the top ten shareholders.

LTIP 2021

The group has issued warrants as part of an incentive program ("LTIP 2021/2024"). Each warrant entitles, after adjustment due to dividends, to subscribe for 1.04 shares in the company during the exercise period at SEK 156.50. The original subscription price corresponded to 130 percent of the introduction price of the share. The warrants can be exercised during the period of April 15 to June 15, 2024.

The Annual General Meeting on May 20, 2022, was the last day for transfer of warrants in LTIP 2021. Of the total of 860,000 warrants issued, 423,019 remained unsold, which were thereby forfeited.

Other information

LTIP 2022

The company has issued warrants as part of an incentive program ("LTIP 2022/2025"). Each warrant entitles the holder to subscribe for one (1) share in the company during the exercise period at SEK 89.61, which corresponds to 130 percent of the average share price during the valuation period. The warrants can be exercised during the period June 1 - September 1, 2025.

January - March 2023

No warrants under the LTIP 2022 program have been sold during the period.

Transactions with closely related parties

January – March 2023

During the first quarter there were no transactions with closely related parties.

Audit

This interim report has not been subject to 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) was formed and registered in Sweden.

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

The parent company's net revenue amounted to SEK 4.0 million (3.1) during the quarter. The parent company's revenue consists of invoiced fees for management services to subsidiaries, in accordance with an internal agreement within the group. The parent company's expenses mainly consist of salaries to parts of the management, remuneration to the board, and expenses related to the company's listing on Nasdaq. The result for the quarter amounted to SEK 0.0 million (0.1).

The parent company has an intercompany receivable with the subsidiary which, together with shares in the subsidiary Rugvista AB, constitutes the majority of the company's assets.

Other information

Financial calendar

Activity	Date	Conference call
AGM 2023	25 May 2023	
Capital Markets Day	25 May 2023	
Interim report January-June 2023	17 August 2023	09:00-10:00 CEST
Interim report January-September 2023	9 November 2023	09:00-10:00 CET
Year-end report 2023	8 February 2024	09:00-10:00 CET

In connection with the publication of the interim report for January-March, Michael Lindskog (CEO) and Joakim Tuvner (CFO) will hold a conference call on May 11, 2023 at 09:00 CEST. The presentation will be held in English. To participate in the conference call, please register via the link below.

<https://conference.financialhearings.com/teleconference/?id=200751>

After registration, you will receive a phone number and a conference ID to log in to the conference. Through the conference call, there is an opportunity to ask questions.

If you wish to participate via the webcast, please click on the link below. There is an opportunity to ask written questions. <https://ir.financialhearings.com/rugvista-group-q1-2023>

The interim report and the presentation are available on RugVista Group's website:

<https://www.Rugvistagroup.com/en/investors/reports-and-presentations/>

It is also possible to participate in the telephone conference through the Group's website.

<https://www.rugvistagroup.com/en/report/Q1-2023/>

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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 person set out above, at 7:30 a.m. CEST on May 11th, 2023.



Group

Consolidated Statement of Income

<i>SEK thousand if not stated otherwise</i>	January - March		
	2023	2022	Δ
Net revenue	180,262	185,973	-6.7%
Other income	348	407	6.6%
Total operating income	180,610	186,380	-6.7%
Goods for resale	-67,846	-70,521	
Other external expenses	-64,687	-72,913	
Personnel expenses	-17,805	-16,966	
Other operating expenses	-1,603	-1,593	
Amortization & depreciation	-3,003	-2,859	
Operating profit (EBIT)	25,666	21,528	19.2%
Financial expenses	-85	-257	
Profit before taxes (EBT)	25,581	21,271	20.3%
Taxes	-5,272	-4,466	
Profit for the period	20,309	16,805	20.9%
Attributable to:			
Parent company's shareholders	20,309	16,805	
Earnings per share	0.98	0.81	
Earnings per share, diluted	0.98	0.81	

Group

Consolidated Statement of Comprehensive Income

<i>SEK thousand if not stated otherwise</i>	January - March		
	2023	2022	Δ
Profit for the period	20,309	16,805	20.9%
<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	20,309	16,805	20.9%

Group

Consolidated Statement of Financial position

<u>ASSETS</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>EQUITY AND LIABILITIES</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
<u>NON-CURRENT ASSETS</u>			<u>EQUITY</u>		
Goodwill	299,949	299,949	Share capital	1,039	1,039
Intangible assets	10,960	1,424	Other contributed capital	227,627	227,784
Tangible assets	3,459	3,938	Retained earnings	274,985	268,075
Right-of-use assets	24,211	31,727	Profit for the period	20,309	16,805
Deferred tax assets	311	236	Total equity attributable to the parent company's shareholders	523,960	513,704
Total non-current assets	338,890	337,275			
<u>CURRENT ASSETS</u>			<u>NON-CURRENT LIABILITIES</u>		
Inventory	164,884	148,270	Deferred tax liability	90	107
Other receivables	29,110	18,861	Leasing debt	14,481	23,316
Prepaid expenses	5,791	5,078	Total non-current liabilities	14,570	23,423
Cash and cash equivalents	141,543	195,636			
Total current assets	341,328	367,846	<u>CURRENT LIABILITIES</u>		
			Accounts payable	63,434	82,723
TOTAL ASSETS	680,219	705,120	Current tax liabilities	12,297	35,710
			Other current liabilities	39,970	27,038
			Current leasing debt	10,991	9,594
			Prepaid income and accrued expenses	14,995	12,928
			Total current liabilities	141,688	167,993
			TOTAL EQUITY AND LIABILITIES	680,219	705,120

Group

Consolidated Statement of Changes in Equity January - March

	Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity		Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity
2023					2022				
Opening balance 2023-01-01	1,039	227,627	274,985	503,651	Opening balance 2022-01-01	1,039	227,784	268,076	496,899
Profit for the period			20,309	20,309	Profit for the period			16,805	16,805
Other comprehensive income			-	-	Other comprehensive income			-	-
Total comprehensive profit	1,039	227,627	295,294	523,960	Total comprehensive profit	1,039	227,784	284,881	513,704
<i>Transactions with shareholders:</i>					<i>Transactions with shareholders:</i>				
Dividend per AGM decision				-	Dividend per AGM decision				-
Warrants, issue				-	Warrants, issue				-
Warrants, repurchase				-	Warrants, repurchase				-
New share issue				-	New share issue				-
Closing balance 2023-03-31	1,039	227,627	295,294	523,960	Closing balance 2022-03-31	1,039	227,784	284,881	513,704

Group

Consolidated Statement of Cash flow

KSEK if not stated otherwise

	January - March	
	2023	2022
<i>Operating activities before changes in working capital</i>		
EBIT	25,666	21,528
<i>Adjustments for non-cash items</i>		
Depreciation and amortization	3,003	2,859
Unrealized exchange rate difference	992	-
Interest	-85	-257
Income tax paid	-34,531	-16,882
Cash flow from operating activities before changes in working capital	-4,955	7,248
<i>Changes in working capital</i>		
Change in inventory	9,375	-1,711
Change in operating receivables	18,320	-3,098
Change in operating liabilities	-16,047	-21,074
Cash flow from changes in working capital	11,648	-25,883
Cash flow from operating activities	6,693	-18,635
Investment in intangible assets	-1,896	-1,424
Acquisition of tangible assets	-305	-254
Sales of tangible assets	-	65
Cash flow from investing activities	-2,201	-1,613
New shares issue	-	-
Warrants	-	-
Warrants, repurchase	-	-
Amortization of leasing debt	-2,695	-2,231
Dividend payout	-	-
Cash flow from financing activities	-2,695	-2,231
TOTAL CASH FLOW DURING THE PERIOD	1,797	-22,479
Liquidity at the start of the period	139,978	218,116
Exchange rate differences in liquidity	-231	-
Liquidity at the end of the period	141,543	195,636



Notes

Note 1 – Accounting principles

This interim report has been prepared according to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. 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 2 Accounting for legal entities. For additional information about RugVista Group's accounting principles, we refer to note 2 in the 2022 Annual Report published on www.rugvistagroup.com

New and changed standards

None of the new and changed standards and interpretations applicable commencing January 1, 2023, have had 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 2022.

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, and financial risks and uncertainties 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 the Director's Report in the 2022 Annual Report.

In addition to the risks described there, the assessment is that there are no other significant risks except that a significant decline in consumer confidence has been observed in many of the Group's key markets in Europe during 2022 and the first quarter of 2023.

Notes

Note 3 – Reconciliation of segment reporting

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.

January - March 2023	B2C	B2B	MPO	Segment total
Net revenue	155,470	20,953	3,839	180,262
Goods for resale	-58,509	-7,759	-1,578	-67,846
Gross profit	96,961	13,194	2,262	112,417
Marketing costs	-52,723	-3,119	-1,169	-57,011
Segment earnings	44,239	10,074	1,093	55,406
				Segment total
January - March 2022	B2C	B2B	MPO	Segment total
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

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	2023	2022
Segment earnings	55,406	50,413
Other income	348	407
Other external expenses (excl. Marketing costs)	-7,676	-7,875
Personnel expenses	-17,805	-16,966
Other operating expenses	-1,603	-1,593
Amortization & depreciation	-3,003	-2,859
Financial expenses	-85	-257
Profit before taxes (EBT)	25,581	21,271

Notes

Note 4 – Financial assets

Financial assets valued at accrued acquisition value	2023-03-31	2022-03-31
<i>Financial assets in the balance sheet</i>		
Other receivables	5,001	5,288
Cash and cash equivalents	141,543	195,636
Total	146,544	200,925

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	2023-03-31	2022-03-31
<i>Financial liabilities in the balance sheet</i>		
Accounts payable	63,434	82,723
Other liabilities	7,321	8,606
Accrued expenses	13,073	11,168
Leasing debt	25,472	32,911
Total	109,300	135,408

Fair value of financial assets is considered to correspond to the reported value.

Not 5 – Parent company ownership overview

The ten largest shareholders as of March 31, 2023.

Owner	Number of shares	Share of capital	Share of votes
MadHat AB	2,505,874	12.1%	12.1%
Bank Julius Baer	2,318,323	11.2%	11.2%
Futur Pension	1,817,106	8.7%	8.7%
TIN Fonder	1,671,250	8.0%	8.0%
Indexon AB	1,490,204	7.2%	7.2%
Movestic Livförsäkring	1,074,323	5.2%	5.2%
RBCB Lux	1,036,191	5.0%	5.0%
MediumInvest AS	1,007,947	4.8%	4.8%
SEB Life International Assurance	876,701	4.2%	4.2%
Goldman Sachs International	815,000	3.9%	3.9%
<i>Totalt de tio största aktieägarna</i>	<i>14,612,919</i>	<i>70.3%</i>	<i>70.3%</i>
Totalt antal utestående aktier	20,785,140	100.0%	100,0%

Source: Euroclear extract per 31 March 2023

Parent company

Parent company's Statement of Income

<i>SEK thousand if not stated otherwise</i>	January - March		
	2023	2022	Δ
Net revenue	4,045	3,108	30.2%
Total operating income	4,045	3,108	30.2%
Other external expenses	-1,732	-1,119	
Personnel expenses	-2,372	-1,934	
Other operating expenses	-	-	
Operating profit (EBIT)	-58	55	-206%
Financial expenses	93	-	
Profit before taxes (EBT)	35	55	-36.2%
<i>Year-end appropriations</i>			
Group contribution	-	-	
Tax allocation reserve	-	-	
Taxes	-	-	
Profit for the period ¹⁾	35	55	-36.2%

Parent company

Parent company's Statement of Financial position

SEK thousand if not stated otherwise

ASSETS	March 31, 2023	March 31, 2022	EQUITY AND LIABILITIES	March 31, 2023	March 31, 2022
<u>NON-CURRENT ASSETS</u>			<u>EQUITY</u>		
<i>Financial non-current assets</i>			<i>Restricted equity</i>		
Shares in group companies	321,271	321,271	Share capital	1,039	1,039
Long-term receivables from subsidiaries	3,633	-	Sub-total, restricted equity	1,039	1,039
Total non-current assets	324,904	321,271	<i>Unrestricted equity</i>		
<u>CURRENT ASSETS</u>			Retained earnings	355,561	367,408
Other receivables	32,955	54,276	Profit for the period	35	55
Prepaid expenses	723	359	Sub-total, unrestricted equity	355,596	367,463
Cash and cash equivalents	10,585	10,547	Total equity	356,635	368,503
Total current assets	44,263	65,182	<u>CURRENT LIABILITIES</u>		
TOTAL ASSETS	369,167	386,453	Accounts payable	309	352
			Current tax liabilities	9,454	15,176
			Other current liabilities	580	903
			Prepaid income and accrued expenses	2,188	1,519
			Total current liabilities	12,532	17,950
			TOTAL EQUITY AND LIABILITIES	369,167	386,453

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 comprising the Group.

Limhamn, May 11, 2023

Erik Lindgren

Chairperson of the Board

Eva Boding

Board member

Paul Steene

Board member

Hanna Graflund Sleyman

Board member

Ludvig Friberger

Board member

Michael Lindskog

CEO

Magnus Dimert

Board member

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.

Measure	Definition	Explanation
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 and 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

Gross margin

<i>SEK thousand if not stated otherwise</i>	January - March	
	2023	2022
Total operating income (A)	180,610	186,380
Goods for resale (B)	-67,846	-70,521
Gross profit (A) + (B)	112,764	115,859
Net revenue (C)	180,262	185,973
Gross margin, % ((A) + (B)) / (C)	62.6%	62.3%

Adjusted EBIT margin

<i>SEK thousand if not stated otherwise</i>	January - March	
	2023	2022
Operating profit (EBIT) (A)	25,666	21,528
Items affecting comparability (B)	-	-
Adjusted EBIT (A) + (B)	25,666	21,528
Net revenue (C)	180,262	185,973
Adjusted EBIT margin, % ((A) + (B)) / (C)	14.2%	11.6%

Inventory as % of LTM net revenue

<i>SEK thousand if not stated otherwise</i>	January - March	
	2023	2022
Inventory (A)	164,884	148,270
Net revenue, last twelve months (LTM) (B)	633,562	686,419
Inventory as % of LTM net revenue (A) / (B)	26.0%	21.6%

Net debt

<i>SEK thousand if not stated otherwise</i>	January - March	
	2023	2022
Cash and cash equivalents (A)	-141,543	-195,636
Interest bearing liabilities (current and non-current) (B)	-	-
Interest bearing lease liabilities (current and non-current) (C)	25,472	32,911
Net financial indebtedness (+) /net cash (-) (A)+(B)+(C)	-116,071	-162,726

Organic net revenue growth

<i>SEK thousand if not stated otherwise</i>	January - March	
	2023	2022
Last year's net revenue (A)	185,973	204,538
Net revenue divested operations (B)	-	-
Last year's net revenue, excluding divested operations (A)-(B)=(C)	185,973	204,538
Net revenue (D)	180,262	185,973
Net revenue divested operations (E)	-	-
Net revenue, excluding divested operations (D)-(E)=(F)	180,262	185,973
FX impact on this year's net revenue (G)	9,384	6,588
Net revenue, excluding divested operations and FX impact (F)-(G)=(H)	170,878	179,385
Organic net revenue growth % (H)/(C)-1	-8.1%	-12.3%

Information by quarter for selected expenses

<i>SEK thousand if not stated otherwise</i>	Jan - Mar 2020		Apr - Jun 2020		Jul - Sep 2020		Oct - Dec 2020	
Expense item	SEK K	%¹	SEK K	%¹	SEK K	%¹	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	SEK K	%¹	SEK K	%¹	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		Apr - Jun 2022		Jul - Sep 2022		Oct - Dec 2022	
Expense item	SEK K	%¹	SEK K	%¹	SEK K	%¹	SEK K	%¹
Net revenue	185,973	100.0%	121,228	100.0%	127,937	100.0%	204,135	100.0%
Product expenses	-45,993	-24.7%	-32,284	-26.6%	-29,294	-22.9%	-49,878	-24.4%
Shipping and other selling expenses	-24,529	-13.2%	-16,517	-13.6%	-17,860	-14.0%	-28,458	-13.9%
Marketing costs	-65,038	-35.0%	-40,529	-33.4%	-36,837	-28.8%	-62,898	-30.8%
	Jan - Mar 2023							
Expense item	SEK K	%¹						
Net revenue	180,262	100.0%						
Product expenses	-41,557	-23.1%						
Shipping and other selling expenses	-26,289	-14.6%						
Marketing costs	-57,011	-31.6%						

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

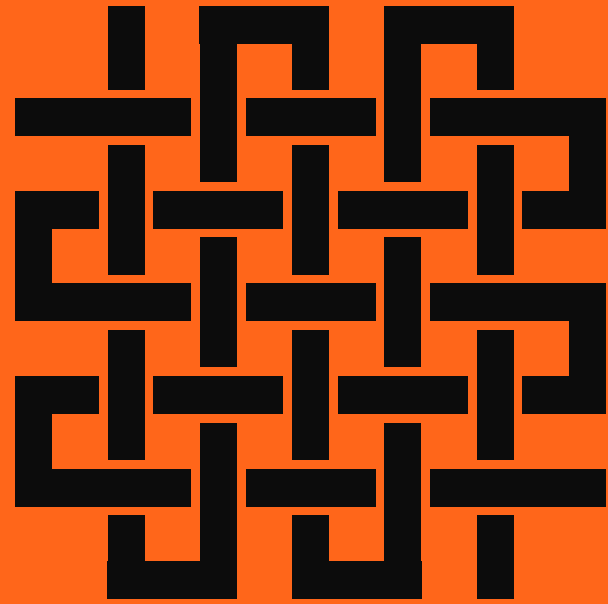
RugVista Group considers itself having several strengths and competitive advantages which contributes to the Group's ability to realize strategic objectives and reaching financial targets.

- 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.



RUGVISTA

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