



RUG
V I S T A

**Interim report
January – September 2022**

RugVista Group AB (publ)

Good profitability despite challenging market

Third quarter 2022

- Net revenue was SEK 127.9 (141.0) million representing a decrease of -9.3% (21.1%).
- Organic net revenue growth was -12.7% (29.6%).
- Gross margin was 63.5% (64.4%).
- EBIT was SEK 16.6 (22.9) million and EBIT margin was 13.0% (16.2%).
- Profit for the period was SEK 13.0 (17.9) million.
- Earnings per share and per diluted share was SEK 0.63 (0.86)¹.
- The average NPS (Net Promotor Score) value was 72 (66).

January – September 2022

- Net revenue was SEK 435.1 (486.2) million representing a decrease of -10.5% (38.4%).
- Organic net revenue growth was -13.6 (50.2%).
- Gross margin was 62.0% (64.5%).
- EBIT was SEK 38.5 (87.4) million and EBIT margin was 8.9% (18.0%).
- Profit for the period was SEK 29.7 (68.7) million.
- Earnings per share and per diluted share was SEK 1.43 (3.30)¹.
- Net cash position was SEK 54.7 (120.4) million.
- The average NPS (Net Promotor Score) value was 69 (66).
- Inventory as a share of last-twelve-month (LTM) net revenue was 28.5% (18.8%).

Group key performance indicators²

<i>SEK thousand if not stated otherwise</i>	July - September		January - September	
	2022	2021	2022	2021
Operating income	128,395	141,390	436,446	487,372
Net revenue	127,937	141,025	435,138	486,183
Net revenue growth, %	-9,3%	21,1%	-10,5%	38,4%
Net revenue growth excluding divested operations, %	-9,3%	28,0%	-10,5%	44,8%
Organic net revenue growth, %	-12,7%	29,6%	-13,6%	50,2%
Gross profit	81,241	90,884	269,969	313,726
Gross margin, %	63,5%	64,4%	62,0%	64,5%
EBIT	16,570	22,875	38,544	87,371
EBIT margin, %	13,0%	16,2%	8,9%	18,0%
Profit for the period	13,019	17,880	29,708	68,662
Profit margin, %	10,2%	12,7%	6,8%	14,1%
Adjusted EBIT	16,570	22,875	38,544	97,271
Adjusted EBIT margin, %	13,0%	16,2%	8,9%	20,0%
Inventory as a share of LTM net revenue, %	-	-	28,5%	18,8%
Net financial indebtedness	-	-	-54,702	-120,379
Earnings per share, SEK	0,63	0,86	1,43	3,30
Earnings per share, diluted, SEK	0,63	0,86	1,43	3,30
Number of shares outstanding	20,785,140	20,785,140	20,785,140	20,785,140
Number of diluted shares outstanding	20,785,140	20,785,140	20,785,140	20,785,140
Number of website visits, million	5,7	7,9	23,1	28,2
Number of orders, thousand	49,7	54,5	174,0	190,8
Number of new customers, thousand	34,7	39,4	122,3	138,2
Average order value, SEK	3,603	3,648	3,531	3,585
Average NPS value	72	66	69	66
Average TrustPilot value	4,8	4,8	4,8	4,8

¹ No dilution effect for neither 2022 nor 2021.

² See page 30 for definitions and explanations of key performance metrics (KPIs)



"Our focus during much of this year has been to navigate the current market conditions. We see that our initiatives to ensure good profitability have been successful and the EBIT margin for Q3 was 13.0%."

Michael Lindskog, CEO



Positive effect from implemented actions

Dear shareholders,

Our focus during much of this year has been to navigate the current market conditions. We see that our initiatives to ensure good profitability have been successful and the EBIT margin for Q3 was 13.0%. The profitability improvement compared to Q2 is directly attributable to several of the initiatives we implemented. The price adjustments executed early in the quarter and assuring efficiency in our marketing investments, have been essential for the profitability improvement.

The macroeconomic climate deteriorated further during Q3 which has continued to negatively affect the European households' confidence in the future and purchasing power. Our net revenue growth for Q3 was -9.3%, negatively affected by the lower consumer demand. The organic net revenue growth was -12.7% and was especially affected by SEK's depreciation versus the EUR. Despite the overall challenging climate, we did toward the end of Q3, in some markets, see indications of a slight recovery in consumer demand.

The gross margin for Q3 was 63.5% (64.4%) which was a decline compared to last year, but an increase by approximately 3.5 percentage points compared to Q2. The USD has during the quarter continued to appreciate versus both the SEK and EUR which negatively affects the gross margin. We continue to closely monitor the development to assure a healthy gross margin level while still offering an attractive and affordable product assortment.

The advertising climate continues to be intense even if we, in some markets, noticed lower intensity toward the end of the quarter. This in combination with our increased focus on higher efficiency in our advertising resulted in our marketing cost as a share of net revenue amounting to 28.8%, a decrease by approximately 4.5 percentage points compared to Q2.

The EBIT margin for Q3 was 13.0% which is a decline of approximately 3 percentage points

compared to last year but an increase by approximately 12.5 percentage points compared to Q2.

Our average NPS value during the quarter was 72 which is an all-time high and shows that we continue to deliver on our customer promises. Our other KPIs related to our long-term strategy developed negatively and were affected by the macroeconomic climate.

We stand financially strong, despite the challenges faced this year, with a net cash position of SEK 54.7 million and without any bank loans. Our financial position enables dual focus on driving our strategic agenda toward the goal of becoming the center of gravity for the European rug industry.

The development of our new web-shop continues and a major update was released in the Croatian and Austrian markets at the end of the quarter. The new web-shop, once more developed, will be the basis for realizing several of the long-term strategic initiatives we are working on.

During the quarter, we have maintained a high focus on our cost base and in the beginning of Q4 a reorganization within our warehouse operations was made to further optimize our business. This action, together with previously adjusted recruiting plans and other cost savings, as well as ongoing high cost awareness gives us a good starting point ahead of the continued uncertain outlook.

We continue to work on improving our customer proposition and developing our organization while adapting to the current macroeconomic climate. Q4 and Q1 are our most important quarters, and I am convinced that we can successfully navigate both the challenges and the opportunities that a peak-season entails.

With best wishes,

Michael Lindskog
CEO RugVista Group

Group development

Third quarter

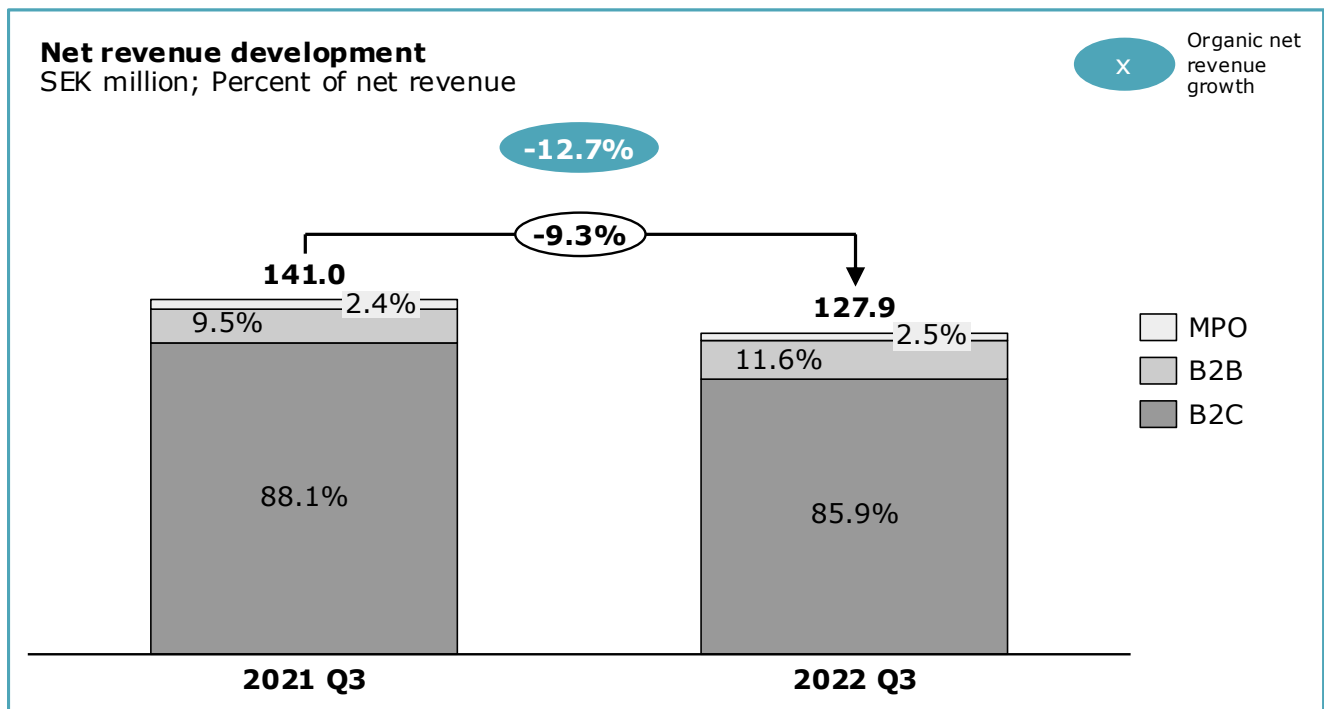
Net revenue

Group net revenue during the quarter was SEK 127.9 (141.0) million representing a decrease of -9.3% (21.1%). The challenging macroeconomic climate with reduced purchasing power because of the increasing inflation, geopolitical unrest, and lower consumer confidence continued to negatively impact consumer demand across most of Europe during the quarter. Organic net revenue growth was -12.7% (29.6%) and was primarily negatively affected by the appreciation of the EUR compared to the SEK.

Net revenue within the B2C segment, the Group's largest, was SEK 109.9 (124.2) million representing a decrease of -11.5% (27.9%). The decrease in net revenue within the segment was primarily driven by lower net revenues in the DACH and Nordics regions with net revenue growth rates of -14.0% (41.5%) and -29.0% (15.3%) respectively.

Net revenue within the B2B segment was SEK 14.8 (13.4) million representing an increase of 10.6% (29.8%). Demand within the B2B-segment continues to be more robust compared to the B2C-segment. The customer group interior designers continue to drive demand.

Net revenue within the Marketplace & Other (MPO) segment was SEK 3.2 (3.4) million representing a decrease of -6.8% (24.0%). Like the B2C-segment, demand within the MPO-segment was negatively affected by the macroeconomic climate during the quarter as the bulk of revenue is derived from sales to private consumers via Amazon's European marketplaces.



Profits and margins

The gross margin was 63.5% (64.4%). The decrease was driven by higher costs for customer deliveries where fuel surcharges was the primary reason for the cost increases. The rollout of new delivery options, on several of the company's most important markets, continued during the quarter but only a small share of the total volume was sent with the new carriers. Despite the higher discount rates compared to last year, the product expenses as a share of net revenue declined because of the price adjustments implemented early in the quarter.

Other external expenses as a share of net revenue was 34.3% (36.5%). The improvement was driven by the increased efficiency in marketing investments within especially the B2C-segment.

Personnel expenses as a share of net revenue was 11.9% (9.3%). The increase was driven by the higher number of FTEs compared to last year and negative scale effects resulting from the lower net revenue compared to last year.

Other operating expenses were SEK -2.9 (-1.3) million. The line-item specifies the net of FX effects on transactions and cash balances during the period. The increase was driven by exchange rate effects on accounts payables primarily due to the SEK's depreciation compared to multiple currencies.

Depreciation and amortization were SEK -2.7 (-2.2) million and mainly consists of amortization of right-of-use assets. The increase compared to last year was driven by investments in additional right-of-use assets for the warehouses and investments into our facilities during the second half of 2021.

EBIT was SEK 16.6 (22.9) million representing an EBIT margin of 13.0% (16.2%). The EBIT margin decrease was driven by the lower gross margin, higher other operating expenses, and the negative scale effect associated with the lower net revenue.

Net financial expenses were SEK -0.2 (-0.2) million.

Taxes for the period were SEK -3.3 (-4.8) million.

Profit for the period was SEK 13.0 (17.9) million representing a profit margin of 10.2% (12.7%).

Cash flows

Cash flow from operating activities was SEK -24.1 (5.8) million during the quarter. The negative cash flow is primarily related to the changes in working capital where increased accounts receivables and investments in developing the assortment which were delayed during the Covid-period but now have caught up has resulted in higher inventory levels.

Cash flow from investing activities was SEK -3.0 (-0.8) million during the period and the increase is related to the development of our software platform and capitalization of costs related to this.

Cash flow from financing activities was SEK -2.3 (-0.6) million during the period. The difference compared to last year is driven by the inflow of cash during Q2 2021 because of sales of warrants to key personnel within the group totaling SEK 1.5 million.

Other KPIs

The NPS value was 72 (66) and the TrustPilot value was 4.8 (4.8). The NPS value for the quarter is a new all-time high and proof that that our continued focus on assuring a world-class customer experience has been successful.

The number of web-shop visits was 5.7 (7.9) million representing a decrease of -27.6% (19.5%). The decrease is driven by the macroeconomic climate with lower demand within the B2C-segment and our focus on increased marketing efficiency.

The order count was 49.7 (54.5) thousand representing a decrease of -8.8% (28.8%).

The number of new customers acquired was 34.7 (39.4) thousand representing a decrease of -11.9% (30.5%).

The average order value was SEK 3,603 (3,648) representing a decrease of -1.2% (-3.6%) and driven by changes in buying patterns within the design product category and higher discount rates.

January - September

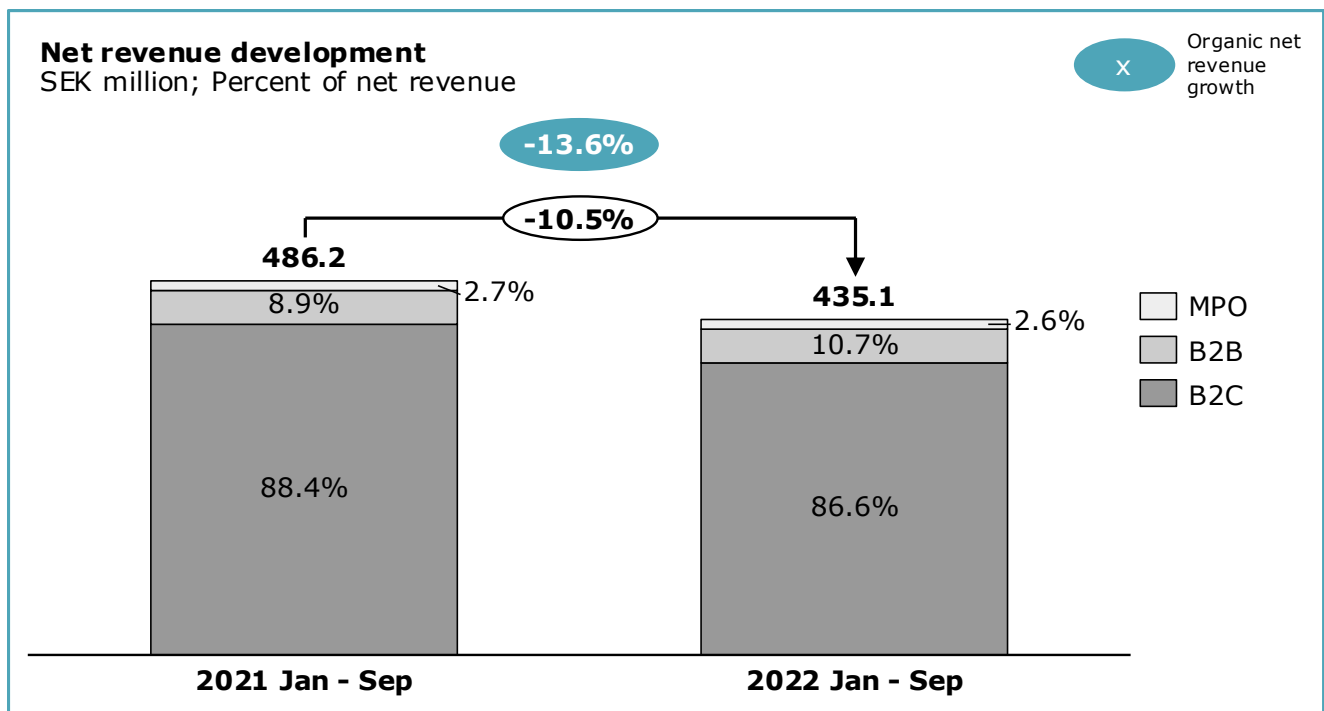
Net revenue

Group net revenue during the period was SEK 435.1 (486.2) million representing a decrease of -10.5% (38.4%). The challenging macroeconomic climate with reduced purchasing power because of the increasing inflation, geopolitical unrest, and lower consumer confidence continued to negatively impact consumer demand across most of Europe during the period. Organic net revenue growth was -13.6% (50.2%) and was primarily negatively affected by the appreciation of the EUR compared to the SEK.

Net revenue within the B2C segment, the Group's largest, was SEK 376.9 (429.9) million representing a decrease of -12.3% (45.3%). The decrease in net revenue within the segment was primarily driven by lower net revenues in the DACH and Nordics regions with net revenue growth rates of -17.5% (61.3%) and -26.0% (30.9%) respectively.

Net revenue within the B2B segment was SEK 46.7 (43.3) million representing an increase of 7.9% (33.7%). Demand within the B2B-segment continues to be more robust compared to the B2C-segment. The customer group interior designers continue to drive demand.

Net revenue within the Marketplace & Other (MPO) segment was SEK 11.5 (13.0) million representing a decrease of -11.4% (73.7%). Like the B2C-segment, demand within the MPO-segment was negatively affected by the macroeconomic climate during the quarter as the bulk of revenue is derived from sales to private consumers via Amazon's European marketplaces.



Profits and margins

The gross margin was 62.0% (64.5%). The decrease was driven by higher product expenses as a share of net revenue and increased costs for customer deliveries. The increase in product expenses as a share of net revenue was driven by category mix effects, higher discount rates, and increased product sourcing costs due to the appreciation of the USD versus the SEK and EUR. The higher costs for customer deliveries were driven by investments in carrier selection to ensure high customer satisfaction as well as fuel surcharges from the carriers.

Other external expenses as a share of net revenue was 38.1% (35.7%). The increase was primarily driven by increased marketing investments within all segments although more pronounced within the B2C- and MPO-segments. The high marketing investment was driven by the intense activity from most of the market participants despite the lower consumer demand. Costs associated with preparations of the company's first public annual general meeting (AGM) also contributed to the increase in other external expense as a share of net revenue compared to last year.

Personnel expenses as a share of net revenue was 12.0% (9.2%). The increase was driven by the higher number of FTEs compared to last year, negative scale effects resulting from the lower net revenue, and costs related to the CFO change.

Other operating expenses was SEK -5.3 (-1.6) million. The line-item specifies the net of FX effects on transactions and cash balances during the period. The increase was driven by exchange rate effects on accounts payables primarily due to the SEK's depreciation compared to multiple currencies.

Depreciation and amortization were SEK -8.3 (-6.1) million and mainly consists of amortization of right-of-use assets. The increase compared to last year was driven by investments in additional right-of-use assets for the warehouses and investments into our facilities during the second half of 2021.

EBIT was SEK 38.5 (87.4) million representing an EBIT margin of 8.9% (18.0%). The EBIT margin decrease was driven by the lower gross margin, higher other external expenses, and the negative scale effect associated with the lower net revenue.

Adjusted EBIT was SEK 38.5 (97.3) representing an adjusted EBIT margin of 8.9% (20.0%).

Net financial expenses were SEK -0.9 (-0.7) million.

Taxes during the period were SEK -7.9 (-18.0) million.

Profit for the period was SEK 29.7 (68.7) million representing a profit margin of 6.8% (14.1%).

Financial position and liquidity

Inventory value at the end of the period was SEK 186.1 (130.9) million and inventory value as a share of LTM net revenue was 28.5% (18.8%). The inventory value as a share of LTM net revenue is above the target range of 17.5% to 22.5%. The inventory is expected to be sold over time which makes the risk for inventory write-downs low even though the ratio is above the target range. The inventory position means that we are well prepared ahead of the peak-season during the upcoming two quarters.

Net financial indebtedness was SEK -54.7 (-120.4) million with the decline of SEK 65.7 million primarily driven by the SEK 52.0 million shareholder dividend payout during the second quarter of 2022.

Cash and cash equivalents were SEK 81.6 (150.5) million.

Cash flows

Cash flow from operating activities was SEK -70.2 (34.8) million during the period. The decrease is primarily related to the lower operating profitability and changes in working capital.

Cash flow from investing activities was SEK -7.4 (-1.2) million during the period and the increase is related to the development of our software platform and capitalization of costs related to this.

Cash flow from financing activities was SEK -58.9 (-22.6) million during the period. The cash outflow is primarily driven by the shareholder dividend of SEK 52.0 (0.0) million during the second quarter.

Other KPIs

The NPS value was 69 (66) and the TrustPilot value was 4.8 (4.8) and proof that our continued focus on assuring a world-class customer experience has been successful.

The number of web-shop visits was 23.1 (28.2) million representing a decrease of -18.2 (29.6%). The decrease is related to the macroeconomic environment with reduced demand within the B2C-segment especially.

The order count was 174.0 (190.8) thousand representing a decrease of -8.8% (53.9%).

The number of new customers acquired was 122.3 (138.2) thousand representing a decrease of -11.5% (56.4%).

The average order value was SEK 3,531 (3,585) representing a decrease of -1.5% (-6.9%) and driven by changes in buying patterns within the design product category and higher discount rates.



Segment development

B2C

<i>SEK thousand if not stated otherwise</i>	July - September			January - September		
	2022	2021	Δ	2022	2021	Δ
Net revenue	109,937	124,217	-11.5%	376,911	429,899	-12.3%
Net revenue, DACH	21,294	24,767	-14.0%	78,948	95,680	-17.5%
Net revenue, Nordics	25,289	35,625	-29.0%	83,842	113,306	-26.0%
Net revenue, Rest of World	63,354	63,825	-0.7%	214,121	220,913	-3.1%
Gross profit	69,026	79,270	-12.9%	231,396	274,909	-15.8%
Gross margin, %	62.8%	63.8%	-1.0pp	61.4%	63.9%	-2.6pp
Marketing cost as a share of net revenue, %	30.8%	33.7%	-2.9pp	34.9%	31.3%	3.5pp
Segment earnings	35,125	37,386	-6.0%	100,040	140,154	-28.6%
Segment margin, %	31.9%	30.1%	1.9pp	26.5%	32.6%	-6.1pp

Third quarter

Net revenue for the B2C-segment during the quarter was SEK 109.9 (124.2) million representing a decrease of -11.5% (27.9%). The decrease in net revenue within the segment was primarily driven by the DACH and Nordics regions with growth rates of -14.0% (41.5%) and -29.0% (15.3%) respectively.

Gross profit was SEK 69.0 (79.3) million representing a decrease of -12.9% (27.8%) and the gross margin was 62.8% (63.8). The gross margin decrease was driven by higher costs for customer deliveries.

Marketing cost as a share of net revenue was 30.8% (33.7%). The improvement was driven by the increased efficiency in marketing investments.

Segment earnings were SEK 35.1 (37.4) million representing a decrease of -6.0% (13.3%) and the segment margin was 31.9% (30.1%) with the increase driven by the lower marketing cost as a share of net revenue.

January - September

Net revenue for the B2C-segment during the period was SEK 376.9 (429.9) million representing a decrease of -12.3% (45.3%). The decrease in net revenue within the segment was primarily driven by the DACH and Nordics regions with growth rates of -17.5% (61.3%) and -26.0% (30.9%) respectively. The challenging macroeconomic climate, which negatively impacted consumer demand, drove the revenue decline during the bulk of the period.

Gross profit was SEK 231.4 (274.9) million representing a decrease of -15.8% (48.3%) and the gross margin was 61.4% (63.9%). The gross margin decrease was driven by higher product expenses as a share of net revenue and higher costs for customer deliveries.

Marketing cost as a share of net revenue was 34.9% (31.3%). The increase compared to last year was driven by continued intense advertising activity from most market participants despite the lower consumer demand as well as pilots of new marketing activities.

Segment earnings were SEK 100.0 (140.2) million representing a decrease of -28.6% (43.5%) and the segment margin was 26.5% (32.6%) with the decrease driven by both the decreased gross margin as well as the increased marketing cost as a share of net revenue.

B2B

<i>SEK thousand if not stated otherwise</i>	July - September			January - September		
	2022	2021	Δ	2022	2021	Δ
Net revenue	14,809	13,384	10.6%	46,696	43,267	7.9%
Gross profit	9,744	9,039	7.8%	30,158	28,919	4.3%
Gross margin, %	65.8%	67.5%	-1.7pp	64.6%	66.8%	-2.3pp
Marketing cost as a share of net revenue, %	11.4%	13.8%	-2.3pp	14.4%	12.8%	1.6pp
Segment earnings	8,053	7,196	11.9%	23,450	23,387	0.3%
Segment margin, %	54.4%	53.8%	0.6pp	50.2%	54.1%	-3.8pp

Third quarter

Net revenue for the B2B-segment during the quarter was SEK 14.8 (13.4) million representing an increase of 10.6% (29.8%). Demand within the B2B-segment continues to be more robust compared to the B2C-segment. The customer group interior designers continue to drive demand.

Gross profit was SEK 9.7 (9.0) million representing an increase of 7.8% (31.6%) and the gross margin was 65.8% (67.5%). The gross margin decrease was driven by higher product expenses as a share of net revenue and higher costs for customer deliveries.

Marketing cost as a share of net revenue was 11.4% (13.8%) with the increase driven by the same factors impacting marketing costs as in the B2C-segment.

Segment earnings were SEK 8.1 (7.2) million representing an increase of 11.9% (32.0%) and the segment margin was 54.4% (53.8%) with the increase driven by the lower marketing cost as a share of net revenue.

January - September

Net revenue for the B2B-segment during the period was SEK 46.7 (43.3) million representing an increase of 7.9% (33.7%). Demand within the B2B-segment has been more robust compared to the B2C-segment. The customer group interior designers drives the demand.

Gross profit was SEK 30.2 (28.9) million representing an increase of 4.3% (38.4%) and the gross margin was 64.4% (66.8%). The gross margin decrease was driven by higher product expenses as a share of net revenue and higher costs for customer deliveries.

Marketing cost as a share of net revenue was 14.4% (12.8%) with the increase driven by the same factors impacting marketing costs as in the B2C-segment.

Segment earnings were SEK 23.5 (23.4) million representing an increase of 0.3% (42.2%) and the segment margin was 50.2% (54.1%) with the decrease driven by the lower gross margin and increased marketing costs.

MPO

<i>SEK thousand if not stated otherwise</i>	July - September			January - September		
	2022	2021	Δ	2022	2021	Δ
Net revenue	3,190	3,424	-6.8%	11,531	13,016	-11.4%
Gross profit	2,012	2,210	-8.9%	7,107	8,709	-18.4%
Gross margin, %	63.1%	64.5%	-1.5pp	61.6%	66.9%	-5.3pp
Marketing cost as a share of net revenue, %	39.0%	29.3%	9.7pp	37.6%	25.8%	11.8pp
Segment earnings	768	1,206	-36.3%	2,767	5,349	-48.3%
Segment margin, %	24.1%	35.2%	-11.1pp	24.0%	41.1%	-17.1pp

Third quarter

Net revenue for the MPO-segment during the quarter was SEK 3.2 (3.4) million representing a decrease of -6.8% (24.0%).

Gross profit was SEK 2.0 (2.2) million representing a decrease of -8.9% (18.9%) and the gross margin was 63.1% (64.5%).

Marketing cost as a share of net revenue was 39.0% (29.3%). The marketing cost as share of net revenue increase was driven by unsuccessful attempts to increase the growth rate on the Amazon platform.

Segment earnings were SEK 0.8 (1.2) million representing a decrease of -36.3% (-1.5%) and the segment margin was 24.1% (35.2%) with the decrease driven by the lower gross margin and higher marketing cost as a share of net revenue. Actions (decreased marketing spend) were implemented toward the end of the quarter with the purpose to improve the segment margin.

January - September

Net revenue for the MPO-segment during the period was SEK 11.5 (13.0) million representing a decrease of -11.4% (73.7%). Like the B2C-segment, demand within the MPO-segment was negatively affected by the macroeconomic climate during the period as the bulk of revenue is derived from sales to private consumers via Amazon's European marketplaces.

Gross profit was SEK 7.1 (8.7) million representing a decrease of -18.4% (77.6%) and the gross margin was 61.6% (66.9%). The gross margin decrease was driven by higher product expenses as a share of net revenue and higher costs for customer deliveries. The increased costs for customer deliveries affected the MPO-segment especially negatively due to the geographic sales mix.

Marketing cost as a share of net revenue was 37.6% (25.8%). The marketing cost ratio increase was driven by similar factors as within the B2C-segment.

Segment earnings were SEK 2.8 (5.3) million representing a decrease of -48.3% (66.4%) and the segment margin was 24.0% (41.1%) with the decrease driven by the lower gross margin and the higher marketing cost as a share of net revenue.



Other information

Material events during the quarter

- No significant events have occurred during the quarter.

Material events after the quarter

- In October, Joakim Tuvner was appointed as the new Chief Financial Officer (CFO) for the company, taking office in January 2023.
- Carnegie Investment Bank AB (publ) ("Carnegie") has been appointed as liquidity guarantor for the company's shares. Carnegie's assignment began on October 10th, 2022.

Co-workers

The average number of FTEs during July – September was 92.1 (81.0) and the share of women was 42.1% (43.7%).

The average number of FTEs during January – September was 92.8 (79.7) and the share of women was 42.4% (44.4%).

Seasonality

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

The share

The RugVista Group AB (publ) share is listed on Nasdaq First North Premier Growth Market under the ticker code RUG and ISIN-code SE0015659834. The market capitalization of RugVista Group AB (publ) at the last day of trading in Q3 2022 (September 30) was SEK 634 million with a closing price of SEK 30.50 per share.

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

In 2021, 860,000 warrants were issued by the Group. Of these, 436,981 have been sold to key employees within the Group.

During the second quarter of 2022, 300,000 warrants were issued by the Group. Out of these, 40,000 have been sold to senior executives within the Group.

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

See note 6 for an overview of the ten largest shareholders.

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.

LTIP2021

The Group has issued warrants as part of a long-term incentive program for key employees within the Group ("LTIP 2021/2024"). Each warrant entitles the holder to subscribe for one (1) share in the company during the exercise period at SEK 162.50, which corresponds to 130 percent of the introductory price of the share. The warrants can be exercised during the period April 15–June 15, 2024. The price of the warrants – when sold to participants – will be set by PricewaterhouseCoopers in accordance with the Black & Scholes valuation method at the time of transfer.

The annual general meeting on May 20, 2022, was the last day of sale of warrants in LTIP 2021. Of the total of 860,000 warrants issued, 423,019 warrants remained in the program, which were thereby forfeited.

LTIP2022

The Group has issued warrants as part of a long-term incentive program for key employees within the Group ("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.

July – September

During the period, no warrants of the LTIP2022 series have been sold to key persons in the group.

January – September

During the period, 40,000 warrants from series LTIP2022 have been sold to key employees within the Group.

Transactions with closely related parties

July – September

No transactions with closely related parties have taken place during the quarter.

January – September

During the period, Cutting Edge Construction AB, owned by Board member Ludvig Friberger, invoiced the company SEK 72,000 for development work related to the IT platform.

Audit

This report has been subject to a limited 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) is incorporated and registered in Sweden.

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

The parent company's net sales amounted to MSEK 3.6 (2.5) during the quarter and for the period January – September MSEK 12.8 (8.7). The parent company's revenue consists of invoiced fees for management services to subsidiaries, in accordance with an intra-group agreement.

The parent company's costs mainly consist of salaries to parts of the management, remuneration to the board and costs related to the company's shares being listed on Nasdaq. The result for the quarter amounted to MSEK -0.1 (0.0) and for the period January - September MSEK -0.3 (-8.9).

The parent company has an internal group receivable on the subsidiary, which together with shares in the subsidiary RugVista AB and equity constitutes the majority of financial assets of the parent company.

Financial calendar

Event	Date	Earnings call
Year-end report 2022	February 9, 2023	09:00-10:00 CET
Capital Markets Day	February 13, 2023	
Annual Report	April 13, 2023	
Interim report January – March 2023	May 11, 2023	09:00-10:00 CEST
AGM 2023	May 25, 2023	
Interim report January -June 2023	August 17, 2023	09:00-10:00 CEST
Interim report January – September 2023	November 9, 2023	09:00-10:00 CET
Year-end report 2023	February 8, 2024	09:00-10:00 CET

In connection with the publication of the interim report for January – September 2022, Michael Lindskog (CEO) will hold a conference call at 9:00 a.m. CET on November 10, 2022. The call will be held in English. To participate, please call +46 8 566 42 707 or visit <https://ir.financialhearings.com/rugvista-group-q3-2022>. Additional information regarding the conference call can be found on <https://financialhearings.com/event/43999>.

The interim report and the presentation are available at RugVista Group's website: <https://www.rugvistagroup.com/en/investors/reports-and-presentations/>.

The conference call can also be joined through the Group's website: <https://www.rugvistagroup.com/se/investors/q322/>

Contact information

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CEO

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Corporate & Investor information

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Sweden

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. CET on November 10, 2022.

Group

All reports are reported in thousands of kronor (KSEK) unless otherwise stated.

Consolidated Statement of Income

<i>SEK thousand if not stated otherwise</i>	July - September			January - September		
	2022	2021	Δ	2022	2021	Δ
Net revenue	127,937	141,025	-9,3%	435,138	486,183	-10,5%
Other income	458	365	25,5%	1,308	1,189	10,0%
Total operating income	128,395	141,390	-9,2%	436,446	487,372	-10,4%
Goods for resale	-47,154	-50,506		-166,477	-173,646	
Other external expenses	-43,923	-51,412		-165,573	-173,806	
Personnel expenses	-15,190	-13,161		-52,191	-44,883	
Other operating expenses	-2,906	-1,278		-5,329	-1,578	
Amortization & depreciation	-2,652	-2,158		-8,332	-6,088	
Operating profit (EBIT)	16,570	22,875	-27,6%	38,544	87,371	-55,9%
Financial expenses	-209	-232		-892	-689	
Profit before taxes (EBT)	16,361	22,643	-27,7%	37,652	86,683	-56,6%
Taxes	-3,343	-4,763		-7,944	-18,021	
Profit for the period	13,019	17,880	-27,2%	29,708	68,662	-56,7%
Attributable to:						
Parent company's shareholders	13,019	17,880		29,708	68,662	
Earnings per share	0,63	0,86		1,43	3,30	
Earnings per share, diluted	0,63	0,86		1,43	3,30	

Consolidated Statement of Comprehensive Income

<i>SEK thousand if not stated otherwise</i>	July - September			January - September		
	2022	2021	Δ	2022	2021	Δ
Profit for the period	13,019	17,880	-27,2%	29,708	68,662	-56,7%
<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	13,019	17,880	-27,2%	29,708	68,662	-56,7%

Consolidated Statement of Financial Position

ASSETS	September 30, 2022	September 30, 2021	December 31, 2021
NON-CURRENT ASSETS			
Goodwill	299,949	299,949	299,949
Intangible assets	6,755	-	-
Tangible assets	3,695	3,208	4,150
Right-of-use assets	25,495	29,176	27,533
Deferred tax assets	236	176	236
Total non-current assets	336,131	332,509	331,868
CURRENT ASSETS			
Inventory	186,124	130,854	146,559
Other receivables	45,897	20,748	19,920
Prepaid expenses	3,962	3,535	921
Cash and cash equivalents	81,610	150,515	218,116
Total current assets	317,593	305,652	385,516
TOTAL ASSETS	653,724	638,160	717,384
EQUITY AND LIABILITIES			
EQUITY	September 30, 2022	September 30, 2021	December 31, 2021
Share capital	1,039	1,039	1,039
Other contributed capital	227,627	227,001	227,784
Retained earnings	216,113	168,225	168,225
Profit for the period	29,708	68,662	99,851
Total equity attributable to the parent company's shareholders	474,487	464,927	496,899
NON-CURRENT LIABILITIES			
Deferred tax liability	107	13,693	107
Leasing debt	17,354	21,912	20,070
Total non-current liabilities	17,462	35,605	20,177
CURRENT LIABILITIES			
Accounts payable	82,271	68,838	95,334
Current tax liabilities	35,681	24,733	48,126
Other current liabilities	22,993	23,029	33,505
Current leasing debt	9,554	8,224	8,419
Prepaid income and accrued expenses	11,277	12,804	14,924
Total current liabilities	161,775	137,629	200,308
TOTAL EQUITY AND LIABILITIES	653,724	638,160	717,384

Consolidated Statement of Changes in Equity July – September

2022	Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity
Opening balance 2022-07-01	1,039	227,627	232,802	461,469
Profit for the period			13,019	13,019
Other comprehensive income			-	-
Total comprehensive profit for the period	1,039	227,627	245,821	474,487
<i>Transactions with shareholders:</i>				
Dividend per AGM decision				-
Warrants				-
Warrants, repurchase				-
New share issue				-
Closing balance 2022-09-30	1,039	227,627	245,821	474,487

2021	Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity
Opening balance 2021-07-01	1,039	225,528	219,006	445,573
Profit for the period			17,880	17,880
Other comprehensive income			-	-
Total comprehensive profit for the period	1,039	225,528	236,886	463,454
<i>Transactions with shareholders:</i>				
Dividend per AGM decision				-
Warrants		1,474		1,474
Warrants, repurchase				-
New share issue				-
Closing balance 2021-09-30	1,039	227,001	236,886	464,927

Consolidated Statement of Changes in Equity January – June

	Share capital	Other contributed capital	Retained earnings including profit for the period	Total equity
2022				
Opening balance 2022-01-01	1,039	227,784	268,076	496,899
Profit for the period			29,708	29,708
Other comprehensive income			-	-
Total comprehensive profit for the period	1,039	227,784	297,785	526,607
<i>Transactions with shareholders:</i>				
Dividend per AGM decision			-51,963	-51,963
Warrants		469		469
Warrants, repurchase		-626		-626
New share issue				-
Closing balance 2022-09-30	1,039	227,627	245,822	474,487
2021				
Opening balance 2021-01-01	1,014	244,229	168,225	413,468
Profit for the period			68,662	68,662
Other comprehensive income			-	-
Total comprehensive profit for the period	1,014	244,229	236,886	482,129
<i>Transactions with shareholders:</i>				
Dividend per AGM decision				-
Warrants		9,419		9,419
Warrants, repurchase		-38,069		-38,069
New share issue	25	11,423		11,449
Closing balance 2021-09-30	1,039	227,001	236,886	464,927

Consolidated Statement of Cash Flow

	July 1 - Sep 30		Jan 1 - Sep 30	
	2022	2021	2022	2021
<u>OPERATING ACTIVITIES</u>				
<i>Operating activities before changes in working capital</i>				
EBIT	16,570	22,875	38,544	87,371
Depreciation and amortization	2,652	2,158	8,332	6,088
Interest paid	-209	-232	-892	-689
Income tax paid	-1,747	-2,120	-20,388	-9,638
Cash flow from operating activities before changes in working capital	17,266	22,681	25,596	83,133
<i>Changes in working capital</i>				
Change in inventory	-20,385	-15,247	-39,565	-39,856
Change in operating receivables	-33,136	-4,214	-29,019	6,119
Change in operating liabilities	12,187	2,594	-27,223	-14,625
Cash flow from changes in working capital	-41,335	-16,867	-95,806	-48,363
Cash flow from operating activities	-24,069	5,814	-70,210	34,770
<u>INVESTING ACTIVITIES</u>				
Investment in intangible assets	-2,791	-	-6,755	-
Acquisition of tangible assets	-208	-789	-796	-1,184
Sales of tangible assets	-	-	136	-
Cash flow from investing activities	-2,999	-789	-7,416	-1,184
<u>FINANCING ACTIVITIES</u>				
New shares issue	-	-	-	11,449
Warrants	-	1,474	469	9,419
Warrants, repurchase	-	-	-626	-38,069
Amortization of leasing debt	-2,273	-2,031	-6,760	-5,377
Dividend payout	-	-	-51,963	-
Cash flow from financing activities	-2,273	-557	-58,880	-22,579
TOTAL CASH FLOW DURING THE PERIOD	-29,341	4,468	-136,506	11,007
Liquidity at the start of the period	110,951	146,047	218,116	139,508
Liquidity at the end of the period	81,610	150,515	81,610	150,515

Notes

Note 1 - Accounting principles

This interim report has been prepared according to IAS 34 *Delårsrapportering and Årsredovisningslagen*. 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 1 "Supplementary accounting rules for Group's". For additional information about RugVista Group's accounting principles, we refer to note 2 in the 2021 Annual Report (page 94) published on www.rugvistagroup.com.

Other intangible assets – development expenses

Expenses for development of new or for improved products and processes is recognized as an asset in the statement of financial position if the process is technically and commercially useful and the Group has sufficient resources to complete the development. The carrying amount includes direct costs and – when applicable – salary costs and share of indirect costs. Other expenses related to technology developments are recognized in profit or loss as a cost when they arise. In the statement of financial position, capitalized development expenses are recognized at cost less accumulated amortization and any impairment losses. Capitalized development expenses are mainly related to software and software platforms.

New and changed standards

None of the new and changed standards and interpretations applicable commencing January 1, 2022, 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 2021.

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, financial risks, and uncertainty factors 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 page 85 in the Directors' report in the 2021 annual report.

Apart from the risks described therein, the assessment is that there are no additional material risks other than that a significant decrease in consumer sentiment has been observed in many of the Group's key markets in Europe during Q1. The consumer sentiment in Sweden in for March 2022, for example, was at the lowest level it has been since the global financial crisis in 2008.

To source Persian rugs, the Group works with EU based wholesales and does not have direct exposure to Iran but products with Iranian origin is part of the Group's product assortment. Group management is closely following the development in Iran and the EU's stance and introduction of potential additional sanctions.

During the period, the Covid-19 pandemic has had a diminishing impact on society as a whole and on the Group. Despite this, the future development of the Covid-19 pandemic is uncertain and its possible impact on the Group's operations. The Group's financial position is strong and thus well equipped to face potential future challenges related to the Covid-19 pandemic.

Note 3 - Reconciliation of segment information

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.

<u>July - September 2022</u>	<u>B2C</u>	<u>B2B</u>	<u>MPO</u>	<u>Segment total</u>
Net revenue	109,937	14,809	3,190	127,937
Goods for resale	-40,911	-5,065	-1,178	-47,154
Gross profit	69,026	9,744	2,012	80,783
Marketing costs	-33,901	-1,691	-1,244	-36,837
Segment earnings	35,125	8,053	768	43,946
<u>July - September 2021</u>	<u>B2C</u>	<u>B2B</u>	<u>MPO</u>	<u>Segment total</u>
Net revenue	124,217	13,384	3,424	141,025
Goods for resale	-44,947	-4,345	-1,214	-50,506
Gross profit	79,270	9,039	2,210	90,519
Marketing costs	-41,885	-1,843	-1,004	-44,731
Segment earnings	37,386	7,196	1,206	45,788
<u>January - September 2022</u>	<u>B2C</u>	<u>B2B</u>	<u>MPO</u>	<u>Segment total</u>
Net revenue	376,911	46,696	11,531	435,138
Goods for resale	-145,515	-16,538	-4,424	-166,477
Gross profit	231,396	30,158	7,107	268,661
Marketing costs	-131,356	-6,708	-4,341	-142,405
Segment earnings	100,040	23,450	2,767	126,256
<u>January - September 2021</u>	<u>B2C</u>	<u>B2B</u>	<u>MPO</u>	<u>Segment total</u>
Net revenue	429,899	43,267	13,016	486,183
Goods for resale	-154,991	-14,348	-4,308	-173,646
Gross profit	274,909	28,919	8,709	312,537
Marketing costs	-134,754	-5,532	-3,360	-143,646
Segment earnings	140,154	23,387	5,349	168,891

Note 3 - Reconciliation of segment information, continued

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.

Reconciliation of income	July - September		January - September	
	2022	2021	2022	2021
Segment earnings	43,946	45,788	126,256	168,891
Other income	458	365	1,308	1,189
Other external expenses (excl. Marketing costs)	-7,086	-6,680	-23,169	-30,160
Personnel expenses	-15,190	-13,161	-52,191	-44,883
Other operating expenses	-2,906	-1,278	-5,329	-1,578
Amortization & depreciation	-2,652	-2,158	-8,332	-6,088
Financial expenses	-209	-232	-892	-689
Profit before taxes (EBT)	16,361	22,643	37,652	86,683

Note 4 – Financial instruments

Financial assets valued at accrued acquisition value	September 30, 2022	September 30, 2021
<i>Financial assets in the balance sheet</i>		
Other receivables	4,623	5,111
Cash and cash equivalents	81,610	150,515
Total	86,233	155,626

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	September 30, 2022	September 30, 2021
<i>Financial liabilities in the balance sheet</i>		
Accounts payable	82,271	68,838
Other liabilities	7,461	7,210
Accrued expenses	9,654	11,366
Leasing debt	26,908	30,136
Total	126,295	117,550

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

Note 5 - Items affecting comparability

Costs associated with the listing process on Nasdaq First North Premier Growth Market.

Items affecting comparability	April - June		January - June	
	2022	2021	2022	2021
Other external expenses	-	-	-	8,971
Personnel expenses	-	-	-	929
Total	-	-	-	9,900

Note 6 - Parent company ownership overview

The ten largest shareholders as of September 30, 2022.

Owner	Number of shares	Share of capital	Share of votes
Bank Julius Baer	2,043,605	9,8%	9,8%
Futur Pension	1,904,134	9,2%	9,2%
Litorina IV L.P.	1,813,587	8,7%	8,7%
TIN Fonder	1,671,250	8,0%	8,0%
Indexon AB	1,490,204	7,2%	7,2%
MediumInvest	1,158,944	5,6%	5,6%
Movestic Livförsäkring	1,074,323	5,2%	5,2%
Nordnet Pensionförsäkring	1,038,330	5,0%	5,0%
RBC Investor Services	953,475	4,6%	4,6%
Goldman Sachs International	815,000	3,9%	3,9%
<i>Total the ten largest shareholders</i>	<i>13,962,852</i>	<i>67,2%</i>	<i>67,2%</i>
Total number of outstanding shares	20,785,140	100,0%	100,0%

Source: Euroclear extract per September 30, 2022

Parent company

All reports are reported in thousands of kronor (KSEK) unless otherwise stated.

Parent company's Statement of Income

	July - September			January - September		
	2022	2021	Δ	2022	2021	Δ
Net revenue	3,622	2,548	42,1%	12,799	8,673	47,6%
Total operating income	3,622	2,548	42,1%	12,799	8,673	47,6%
Other external expenses	-1,268	-823		-4,490	-11,444	
Personnel expenses	-2,440	-1,727		-8,380	-6,074	
Other operating expenses	-15	0		-20	-8	
Operating profit (EBIT)	-101	-1	6689%	-91	-8,854	-99%
Financial expenses	28	0		-166	-15	
Profit before taxes (EBT)	-73	-1	4766,5%	-257	-8,868	-97,1%
Taxes	0	0		0	0	
Profit for the period ¹⁾	-73	-1	4766,5%	-257	-8,868	-97,1%

1) Same as comprehensive income.

Parent company's Statement of Financial Position

ASSETS	September 30, 2022	September 30, 2021	December 31, 2021
NON-CURRENT ASSETS			
<i>Financial non-current assets</i>			
Shares in group companies	321,271	321,271	321,271
Long-term receivables from subsidiaries	3,554	-	-
Total non-current assets	324,825	321,271	321,271
CURRENT ASSETS			
Other receivables	16,538	1,364	63,250
Prepaid expenses	367	329	98
Cash and cash equivalents	10,493	17,252	17,437
Total current assets	27,398	18,945	80,785
TOTAL ASSETS	352,223	340,216	402,056
EQUITY AND LIABILITIES			
EQUITY			
<i>Restricted equity</i>			
Share capital	1,039	1,039	1,039
Sub-total, restricted equity	1,039	1,039	1,039
<i>Unrestricted equity</i>			
Retained earnings	318,965	305,303	305,303
Profit for the period	-257	-8,868	62,105
Sub-total, unrestricted equity	318,707	296,435	367,408
Total equity	319,747	297,474	368,448
UNTAXED RESERVES			
Untaxed reserved	-	25,687	-
CURRENT LIABILITIES			
Accounts payable	242	536	614
Current tax liabilities	15,137	14,271	30,364
Other current liabilities	15,764	680	502
Prepaid income and accrued expenses	1,334	1,568	2,128
Total current liabilities	32,477	17,055	33,608
TOTAL EQUITY AND LIABILITIES	352,223	340,216	402,056

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, November 10, 2022

Erik Lindgren

Chairperson of the Board

Magnus Dimert

Board Member

Paul Steene

Board Member

Eva Boding

Board Member

Ludvig Friberger

Board Member

Hanna Graflund Sleyman

Board Member

Michael Lindskog

CEO

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

RugVista Group AB (publ), corporate identity number 559037-7882

To the Board of Directors of RugVista Group AB (publ)

Introduction

We have reviewed the condensed interim report for RugVista Group AB (publ) as at September 30, 2022 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, the day stated on our electronic signature

Ernst & Young AB

Martin Henriksson
Authorized Public Accountant

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.
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, but also the smaller Nordic countries such as 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

<i>SEK thousand if not stated otherwise</i>	July - September		January - September	
	2022	2021	2022	2021
Total operating income (A)	128,395	141,390	436,446	487,372
Goods for resale (B)	-47,154	-50,506	-166,477	-173,646
Gross profit (A) + (B)	81,241	90,884	269,969	313,726
Net revenue (C)	127,937	141,025	435,138	486,183
Gross margin, % ((A) + (B)) / (C)	63,5%	64,4%	62,0%	64,5%
Operating profit (EBIT) (A)	16,570	22,875	38,544	87,371
Items affecting comparability (B)	0	0	0	9,900
Adjusted EBIT (A) + (B)	16,570	22,875	38,544	97,271
Net revenue (C)	127,937	141,025	435,138	486,183
Adjusted EBIT margin, % ((A) + (B)) / (C)	13,0%	16,2%	8,9%	20,0%
Inventory (A)	186,124	130,854	186,124	130,854
Net revenue, last twelve months (LTM) (B)	653,939	696,661	653,939	696,661
Inventory as % of LTM net revenue (A) / (B)	28,5%	18,8%	28,5%	18,8%
Cash and cash equivalents (A)	-81,610	-150,515	-81,610	-150,515
Interest bearing liabilities (current and non-current) (B)	0	0	0	0
Interest bearing lease liabilities (current and non-current) (C)	26,908	30,136	26,908	30,136
Net financial indebtedness (+) / net cash (-) (A) + (B) + (C)	-54,702	-120,379	-54,702	-120,379

	July - September		January - September	
	2022	2021	2022	2021
Organic net revenue growth, %				
Last year's net revenue (A)	141,025	116,446	486,183	351,406
Net revenue divested operations (B)	0	6,289	0	15,757
Last year's net revenue, excluding divested operations (A)-(B)=(C)	141,025	110,157	486,183	335,649
Net revenue (D)	127,937	141,025	435,138	486,183
Net revenue divested operations (E)	0	0	0	0
Net revenue, excluding divested operations (D)-(E)=(F)	127,937	141,025	435,138	486,183
FX impact on this year's net revenue (G)	4,890	-1,706	14,969	-18,022
Net revenue, excluding divested operations and FX impact (F)-(G)=(H)	123,047	142,731	420,168	504,205
Organic net revenue growth % (H)/(C)-1	-12,7%	29,6%	-13,6%	50,2%

Information by quarter for selected expenses

SEK thousand if not stated otherwise

	Jan - Mar 2019		Apr - Jun 2019		Jul - Sep 2019		Oct - Dec 2019	
Expense item	SEK K	%¹	SEK K	%¹	SEK K	%¹	SEK K	%¹
Net revenue	102,847	100.0%	80,223	100.0%	92,945	100.0%	131,277	100.0%
Product expenses	-31,078	-30.2%	-22,717	-28.3%	-26,293	-28.3%	-36,721	-28.0%
Shipping and other selling expenses	-11,249	-10.9%	-9,056	-11.3%	-9,988	-10.7%	-14,613	-11.1%
Marketing costs	-30,073	-29.2%	-24,159	-30.1%	-27,180	-29.2%	-39,528	-30.1%
	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			
Expense item	SEK K	%¹	SEK K	%¹	SEK K	%¹		
Net revenue	185,973	100.0%	121,228	100.0%	127,937	100.0%		
Product expenses	-45,993	-24.7%	-32,284	-26.6%	-29,294	-22.9%		
Shipping and other selling expenses	-24,529	-13.2%	-16,517	-13.6%	-17,860	-14.0%		
Marketing costs	-65,038	-35.0%	-40,529	-33.4%	-36,837	-28.8%		

¹ As a percent of net revenue

Numbers in the table above exclude divested operations.

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 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.



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V I S T A

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