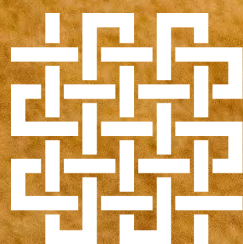


RugVista Group AB (publ)

Annual Report and Sustainability Report 2022



RUGVISTA



Rugvista offers a world-class customer experience

Rugvista Group sells rugs and carpets online under the brands Rugvista and Carpetvista and is one of Europe's leading "direct-to-consumer" (D2C) e-commerce companies. The company was founded in 2005 and has since strived to deliver a world-class digital shopping experience and achieve high customer satisfaction. Rugvista offers a broad and relevant selection of high quality and affordable design and traditional rugs. The assortment primarily consists of in-house developed or carefully selected products that can only be purchased from the company.



BUSINESS VISION

To be the center of gravity for the European rug industry

SUSTAINABILITY VISION

To lead the rug industry towards a socially and environmentally sustainable future

PEOPLE VISION

To attract, motivate, and retain extraordinary people

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The Annual report has been prepared in both Swedish and English language versions and only the Swedish version has been audited. In the event of any conflict between the versions, the Swedish version shall prevail.

The year in numbers

The external factors during the past year placed high demands on our ability to continuously navigate the changing climate. I am proud that we as an organization showed initiative, successfully managed to adapt, and given the circumstances were able to deliver good profitability for the year.

Michael Lindskog, CEO

639 million

Net revenue for 2022 (SEK)

75 million

EBIT for 2022 (SEK)

112 million

Net cash position (SEK)

32 million

Web shop visits (SEK)

68

NPS-value for 2022

180 thousand

New customers

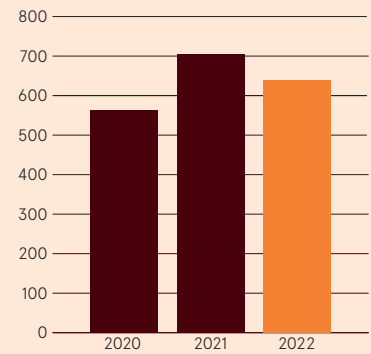
Selected KPIs

(See page 120 for definitions and justifications for KPIs)

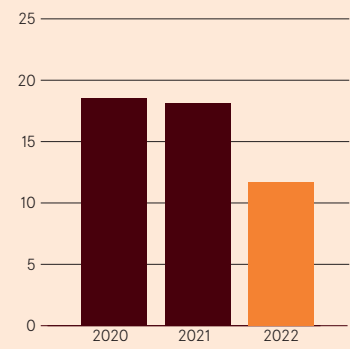
SEK thousand if not stated otherwise	January-December	
	2022	2021
Net revenue	639,273	704,984
Net revenue growth, %	-9.3%	25.5%
Organic net revenue growth, %	-13.1%	34.0%
Gross profit	396,145	455,698
Gross margin, %	62.0%	64.6%
EBIT	74,919	127,658
EBIT margin, %	11.7%	18.1%
Profit for the period	58,872	99,851
Profit margin, %	9.2%	14.2%
Earnings per share, SEK	2.83	4.80
Number of orders, thousand	252.9	273.0
Number of new customers, thousand	179.8	197.2
Average order value, SEK	3,569	3,636



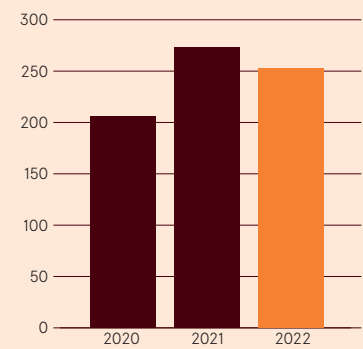
Net revenue
SEK million



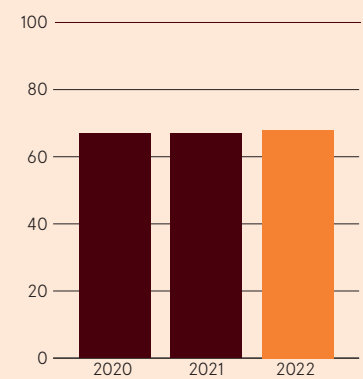
EBIT margin
Percent



Number of orders
Thousand



Customer satisfaction index
Average NPS-value



2022 highlights

Customer satisfaction all-time high

During the year we continued to focus on developing all aspects of our customer proposition to ensure high customer satisfaction. For 2022 we achieved an average NPS score of 68 which is a new all-time high. We are incredibly pleased and proud that such a high share of our customers would recommend us to friends and family. To ensure high customer satisfaction is undoubtedly our top priority in everything we do.



Rugvista Essentials a tremendous success

We introduced Rugvista Essentials at the beginning of 2022. Rugvista Essentials is our assortment for those decorating their first home and consists of a collection of trend-right and affordable rugs. The collection exceeded our expectations and accounted for almost a third of all design rugs we sold by the end of the year. Rugvista Essentials has also meant that we have attracted a customer group that we did not reach before.



Proven strength in our business model

2022 was a geopolitically uncertain and macro-economically challenging year where the purchasing power of most European households decreased. These external factors also impacted us. However, thanks to the strength of our Direct-to-Consumer (DTC) business model, we were able to successfully navigate the market and adjust accordingly. Despite the challenging economic climate, we delivered 75 million in EBIT equating to an EBIT margin of 11.7%.

Improved delivery experience

By integrating a new shipping booking component into our e-commerce platform, we have improved the buying experience for our customers in more than 10 markets during the year. This means that we in an efficient way have introduced more localized and improved delivery alternatives, and thereby further developed our customer offering.



New initiatives materializing

2022 was the year when we opened our first physical showroom where customers in the Malmö region can experience our brand and products in a physical environment before buying. During the year we also took another step in our ambition to make the trading of rugs more circular. This was achieved by introducing the Rugvista RE.USE marketplace where customers can offer their Rugvista rugs a second chance to embellish someone's home and to extend the life of the products by selling them to other private individuals.



The Rugvista brand

An important part of our long-term strategy is to build a more well-known brand. During the year, this work started by clarifying the brand positioning and our customer promise. We developed a new communication platform with a clear perspective and creative concept that included an updated visual identity for the Rugvista brand. This is just the starting point of the exciting brand journey that we face and look forward to.



Nominated to e-commerce player of the year

We were nominated for the "2022 e-commerce player of the year" also known as the "D-Award 2022". Svensk Handel has since 2019 nominated three companies that have contributed the most to driving digital commerce forward during the year. Rugvista, Inet, and Djerf Avenue were nominated for the 2022 prize. Inet was the winner of the vote and we congratulate them on a well-deserved victory.

Good profitability despite a challenging market

Dear shareholders,

2022 was a year characterized by Russia's war of aggression against Ukraine and macroeconomic uncertainty. The uncertainty in the international economy resulted in high cost inflation and higher interest rates which caused reduced purchasing power for the households in most markets. The external factors during the past year placed high demands on our ability to continuously navigate the changing climate. I am proud that we as an organization showed initiative, successfully managed to adapt, and given the circumstances were able to deliver good profitability for the year.

Our net revenue for 2022 decreased by -9.3% (25.5%) and the organic net revenue growth was -13.1%. Despite lower revenue, we achieved good profitability for 2022 with an EBIT margin of 11.7% (18.1%). Our focus on profitability and the measures implemented during the second half of the year had a positive effect by reducing both variable and fixed costs.

For 2022 we can look back at several successes related to our strategic initiatives. The introduction of Rugvista Essentials, our assortment targeting those decorating their first home, exceeded our expectations and will undoubtedly be a key to future growth. Rugvista's updated brand positioning, the new communication platform, and the associated modernization of our visual identity is the starting point for the exciting brand journey that we are about to embark upon. We expect that this effort will attract existing customers but especially new customer segments which we are not reaching today. The integration of the new freight booking platform is also a highlight that has enabled us to offer localized delivery alternatives in more than ten countries during the year.

Our average NPS-value for the year was 68 which is an all-time high and we are incredibly proud that such a high share of our customers is willing to recommend us to friends and acquaintances. That we, during a year that demanded a strong focus on profitability, were able to increase our already very high NPS score is truly evidence that everything we do in our daily work to ensure high customer satisfaction is noticed and appreciated by our customers.

To take responsibility for and work towards a more sustainable future, both from a social and environmental perspective, is extremely important for us. As one of the leading players in the European rug industry, we want to assume a leadership role in the industry's development towards a more sustainable future. During 2022 we have made progress on our sustainability agenda including analyzing the environmental impact of different product materials. The insights from this work will influence how we develop products going forward and serve as a basis for initiatives to reduce the environmental impact of each material. A key to reducing our environmental impact is to continue to increase the share of recycled materials in our products and to reduce the impact from the non-recycled materials used. Please see our sustainability report for more information about our sustainability work.

During 2022 we saw proof of the strength in our Direct-to-Consumer (DTC) business model. Largely because of it, we were able to successfully navigate the market conditions and deliver good profitability. We continue to be financially strong with cash on hand of SEK 140 million. The Board of Directors proposes a dividend payout of SEK 1.50 per share (SEK 31.2 million) which represents approximately half of our annual profits and meets the target in our dividend policy.

I especially want to thank all co-workers for their continued engagement and commitment to our long-term vision even when we had to take difficult decisions which affected some employees. When reflecting on 2022, I am incredibly grateful and proud that we have come together as a team to jointly solve the challenges we have faced during what was undoubtedly a macroeconomically tough year.

The prospects for the future are uncertain, but we know that 2023 will bring us new opportunities and challenges. We are well equipped and eager to take these on. I am convinced that we will continue to make progress on our journey towards the vision of becoming the center of gravity for the European rug industry and to deliver on our mid- to long-term financial targets and sustainability ambitions.

With best wishes,

Michael Lindskog

CEO Rugvista Group



About Rugvista

Introduction

Rugvista Group sells rugs and carpets online under the brands Rugvista and Carpetvista and is one of Europe's leading "direct-to-consumer" (D2C) e-commerce companies. The company was founded in 2005 and has since strived to deliver a world-class digital shopping experience and achieve high customer satisfaction. Rugvista offers a broad and relevant selection of high quality and affordable design and traditional rugs. The assortment primarily consists of in-house developed or carefully selected products that can only be purchased from the company. Rugvista Group offers free shipping and return to customers within the EU. The business is divided into three segments: Private consumers (B2C), Business consumers (B2B), and Marketplaces & Other (MPO). The B2C segment represents the consumer market and is Rugvista's core segment.

Within the B2C segment, Rugvista offers high-quality rugs and carpets for different target audiences. Within the B2B segment, the company focuses on small and medium-sized businesses and specifically on the customer groups interior designers and hotels. Within the MPO segment, the focus is on selling Rugvista's assortment through rapidly growing and large third-party marketplaces. Currently, the segment focuses on Amazon's European platforms where Rugvista is working to develop and grow sales. Since the end of 2022, Rugvista also offers circular trade of carpets under the concept RUGVISTA RE.USE.

During 2022, Rugvista Group had an average of 92.5 full-time employees. In all internal functions such as technology, customer service, warehouse operations, and other corporate functions, the daily focus is on ensuring and developing a world-class customer experience and achieving high customer satisfaction levels.

Rugvista Group has its headquarters in Malmö and two warehouse facilities in the area. The company's shares are traded on Nasdaq First North Premier Growth Market under the "RUG" ticker symbol. More information about Rugvista is available on the company's website www.rugvistagroup.com.





Rugvista's Business model

Our Direct-to-Consumer business model is a strategic advantage

We operate a Direct-to-Consumer (DTC) business model which means that unnecessary intermediaries in the value chain are eliminated. We have internal design and product development and cooperate directly with producers to manufacture our in-house developed products. Our products are then sold directly to the end-customer through our own web-shops. The business model allows us to offer high-quality rugs at competitive prices while maintaining a healthy gross margin. Our web-shops should offer a world-class customer experience and are continuously optimized to meet changing customer needs and expectations.

Internal processes, systems, and infrastructure are continuously adapted and optimized according to the business model to ensure operational efficiency and, above all, the best possible experience for our customers. Another advantage of the D2C business model is that it is scalable and only requires moderate investments in fixed assets. Instead of owning and operating our own production facilities, we collaborate with leading producers mainly in India and Turkey. The business model also provides scale advantages in terms of better purchasing conditions, more efficient marketing investments, operational efficiency, and economies of scale on fixed costs.

STRENGTHS AND COMPETITIVE ADVANTAGES

We have a strong history of profitable growth since our start in 2005. Along the journey, some years have been more successful than others. 2022 was a challenging year with decreased net sales due to the turbulent macroeconomic and geopolitical environment. Despite decreased net sales in 2022, we managed to navigate the external challenges and deliver good profitability and cash flow from our ongoing operations.

An explanation for our history of profitable growth is our strengths and competitive advantages which also make up the foundation for our visions and long-term goals. Our most important strengths and competitive advantages are described in more detail below.

Strong and deep product and assortment expertise

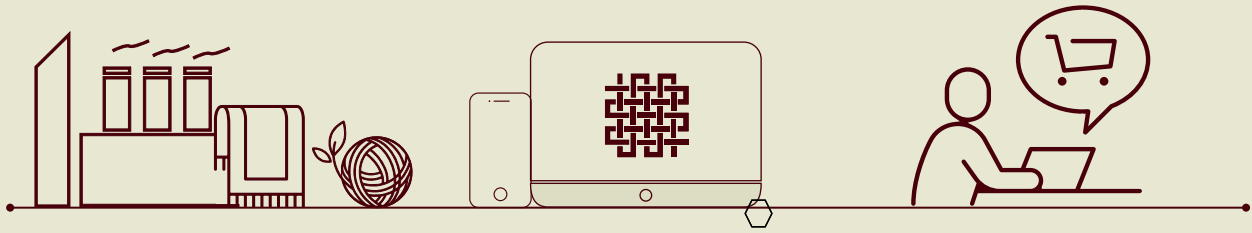
We have long experience and expertise within the rugs product category. This allows us to develop and offer a wide and relevant selection of high-quality, affordable design- and traditional rugs. The buying power that follows from our size means that we can source products at favorable prices and terms. These savings can be passed on to our customers and is a reason why our products offer outstanding value-for-money.

Value proposition

Our largest segment, and primary focus, is the B2C segment and we continuously develop our value proposition for these customers. Some of the most important elements in our current value proposition are:

- **A wide selection** of design- and traditional rugs in various categories, styles, colors, and sizes
- **High quality and value-for-money** products in all price ranges
- **Convenient and seamless** digital shopping experience with a focus on user experience
- **Free shipping and return** with locally adapted delivery options
- **Free of charge** and accessible customer service in over 20 languages
- **High trust factor** thanks to excellent customer reviews
- **Partnership with** reputable suppliers
- **Locally relevant** and secure payment options

D2C – Direct-To-Consumer



Producer

- Internal design and product development as well as sourcingStrong and deep product and design expertise

Platform

- Internal software development and technical infrastructure Focus on best possible user experience within the product category rugs and carpets

Consumer

- Locally adapted marketing communicationWide and carefully curated assortment offeringDedicated and customized warehouse and order fulfillmentCustomer service with product expertise available in approximately 20 languages

Our assortment is developed for and adapted to our target customer audiences' needs, expectations, and current trends within the home decoration category. Customer surveys and sales data combined with trend forecasts are used to continuously refine and adjust the assortment as preferences, trends, and needs change.

World-class customer satisfaction levels and growing customer base

After every placed order, we ask our customers for feedback in the form of a survey about the entire customer experience. The survey includes the NPS¹ question which is our primary KPI to measure customer satisfaction. We also follow the average rating of our TrustPilot reviews as a complementary customer satisfaction metric. The average customer satisfaction score from our customers is unparalleled within our category and on par with world-class brands.

That our customers are satisfied with the overall experience after making a purchase from us is our highest priority. We see satisfied customers as a fundamental prerequisite for our future profitable growth.

During 2022 our customer base grew by approximately 180 thousand individuals and we have attracted more than 500 thousand new customers since 2020. Since most of our customers are very satisfied after making a purchase from us, we see our growing customer base as an important asset for future growth.

Leading position in a market where size is important

We are one of the leading players within the European digital commerce of rugs. Our size and digital business model provides scale advantages compared to physical rug stores and smaller digital players. These scale advantages include the ability to negotiate favorable prices and terms on purchases of products and services, more efficient

marketing, the ability to offer a wider and more complete range of products, and the ability to recruit the most skilled employees.

Track record of profitable growth and high cash generation

We have a track record of profitable growth and between 2019 and 2022, net revenue grew at an average annual rate of 16.2% while EBIT grew at an average annual rate of 16.9%. During the same period, our average EBIT-margin was 14.9% and our operating activities generated SEK 318 million in positive cash flow.

Our ability to generate positive cash flow in combination with profitable growth enables continued investments into our customer value proposition and organization with the purpose of further improving our long-term prospects.

Fit-for-purpose technology platform and data driven operational model

Our overall technology platform mainly consists of proprietary software adapted to our needs and processes. The technology platform is based on so-called "open source" technology and we use Amazon Web Services as our operating environment. This architecture makes our technology platform scalable, reliable, and future-proof.

We see technology and data as levers that can drive further development and efficiency improvements in both operational and commercial processes. We use data to better understand customer needs and trends as well as to identify improvement opportunities in our offering and other commercial processes. Functionality and algorithms have also been developed to automate, optimize, or support recurring internal processes resulting in efficiency and quality improvements across several of the company's functions.

¹ Net Promoter Score.

The market for rugs and carpets

Comparatively low e-commerce share provides continued growth opportunities

SIZE AND FORECAST

Rugs are part of the mega-category of home furnishing products. Last time we did an extensive study² to quantify the value of the market, the European home furnishing market was valued at SEK 2,170 billion for 2019. The average annual growth rate between 2015 and 2019 was 12.3%. In the survey, the rug category was estimated to be worth SEK 193 billion annually, or approximately 9% of the mega-category of home furnishings. In the same study, e-commerce was estimated to account for 16 percent of sales in the rug category. Our estimate is that the e-commerce share increased to around 18-20% during the pandemic years of 2020 and 2021. By the end of 2021 and the beginning of 2022, pandemic restrictions were gradually lifted likely resulting in a decrease in the e-commerce share within the category. We estimate, however, that the e-commerce share of sales within the rug category during 2022 still exceeded the 16% that was the case for 2019.

2022 was a challenging year for the global economy with geopolitical uncertainty and a significant increase in cost inflation resulting in decreased purchasing power for most of the European households. Our assessment is that the decreased purchasing power and uncertain future prospects resulted in households to a large extent opting out of investments into home furnishing during 2022. This behavior also had a negative impact on the rug market which we estimate decreased in value during the year.

Despite the uncertain outlook for 2023, we are convinced that the low e-commerce share within the rug market³, overall market trends in the home decor category, and structural changes in the European carpet market continue to offer good growth opportunities in the medium to long term.

² Technavio 2020.

³ More mature e-commerce categories such as fashion has an estimated online share of approximately 30%.





MARKET TRENDS

The rug market is largely inspired and driven by the same trends and factors that influence the home furnishing market. These factors include among other the desire for the home and home furnishing to reflect the individual's personality. This is a mega trend that we estimate has been present during the past 10-15 years in Europe and we expect it to continue in the foreseeable future.

STRUCTURAL TRENDS IN THE EUROPEAN MARKET FOR RUGS AND CARPETS

We are convinced that certain structural trends over the past 5 years have driven, and will continue to drive, the transition from physical to digital rug sales in Europe. These trends are described in more detail below.

Availability and convenience

For many customers, digital commerce can be a more accessible and convenient shopping experience compared to shopping in a physical store.

Factors that make digital commerce more accessible include that customers can purchase products and services at any time of day, wherever they are, and from various types of digital devices, e.g., mobile phones and laptops.

Convenience factors for digital commerce includes the possibility to more easily organize and visualize a large product selection, customers being able to effortlessly search for products or services that meet their needs, access to fast and often free deliveries, secure payment methods, and seamless return procedures often at no extra cost to the customer. Digital commerce also means that the customer can make their purchases without physically going to the store and handling the product. This is especially valuable for relatively bulky and heavy goods such as rugs. Rugs are also a product that very rarely gets damaged during delivery, which makes it possible to distribute the products in good condition directly to the end customer's home.

Selection

By visiting an online store, the visitor can in a few seconds get access to a wide and relevant selection of rugs. Online stores generally offer a much wider range which is an advantage compared to physical stores where the store space is often limited.

One advantage for the product category rugs compared to many other product categories is that rugs are not destroyed when stored for a longer period and that the trend risk is lower than for example fashion. E-commerce retailers of rugs can therefore stock a wide range of products without incurring high inventory risk.

Online retailers can also, compared to physical stores, more quickly optimize their selection based on customer demand and preferences by using data to identify consumer behavior and offer customers a more relevant selection.

Demographic factors

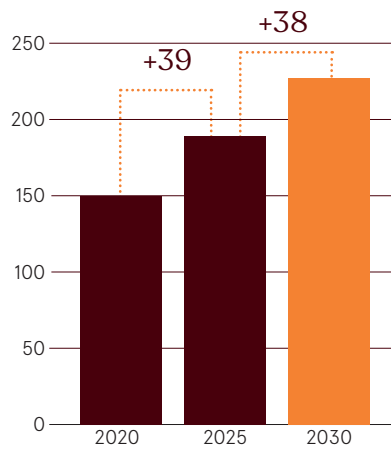
We assess that younger consumers (Generation Millennials and later - see graph) generally have a higher propensity to shop online compared to older consumers. This customer group is likely to contribute to e-commerce increasing its share of the total market as they establish themselves in the labor market, increase their disposable income, and start moving into their own homes. Our opinion is thus that a larger share of rugs in the future will be purchased from

an online store because a larger share of the market has an imbedded behavior to purchase products and services from digital stores.

We also see that middle-aged and older consumers are becoming increasingly willing and accustomed to shopping online. This was accelerated by the Covid-19 pandemic when a large part of Europe's physical retail network was closed during certain periods. The fact that also older consumers have become more accustomed to shopping from digital stores is expected to result in a wider target audience for digital stores in general.

European Millennials and later generations 25 years or older.

SEK millions



Source: European population statistics. Millennials defined as those born 1980 and later.

COMPETITIVE SITUATION

Online and offline sales of rugs and carpets in Europe is fragmented. We divide the different types of resellers of rugs and carpets on the European market into four overall types.

Traditional resellers

Traditional retailers of rugs mainly focus on sales in physical stores and can be divided into two subtypes.

Subtype one is small and local physical rug stores that only offer a limited selection of rugs of a certain type. A large part of these stores offer traditional hand-knotted rugs, but some stores focus on offering design rugs that have been mass produced as well as wall-to-wall carpets. The stores that offer wall-to-wall carpets often offer the ability to purchase custom sized rugs.

Subtype two are local physical furniture stores. These resellers often focus on offering various types of furniture such as sofas, beds, tables and the like, but often provide a narrow and limited selection of rugs and carpets.

Large and medium-sized home furnishing chains

Large and medium-sized home furnishing chains are resellers that offer a wide range of products for the home. Some of these focus on home improvement products, some on furniture, while others focus more on products that can

be classified as home furnishing textiles. A few of these players offer a selection of all these product types.

Historically, these resellers have focused on sales via physical stores, but during the past few years they have also developed online stores. The Covid-19 pandemic accelerated this development in many cases. Examples of large and medium-sized home furnishing chains are IKEA, Mio, Jysk, and Bauhaus.

Digital department stores

Digital department stores are resellers that operate e-commerce within a wide range of product categories. Within this type of retailer there are two subtypes.

Subtype one is players that offer a very wide range of products across multiple mega-categories. An example of a reseller of this type is Amazon, which offers everything from books, clothing, sports equipment, furniture, and home

decor textiles including rugs and carpets.

Subtype two is players offering a wide range of product types within the mega-category of home furnishing. Examples of resellers of this subtype are Wayfair and Home24, both offering a wide range of product types within home furnishings but no other product categories.

Digital rugs and carpets specialists

Digital rug specialists focus on selling rugs and related products through online stores. There are many digital rug stores in Europe but only a few are significant in size and offer their assortment to a larger part of the countries in Europe. The bigger players often take advantage of being able to offer a wide range of different types of rugs at competitive prices. Most also have an organization specialized in digital commerce. Examples of digital rug stores are Rugvista and Benuta.

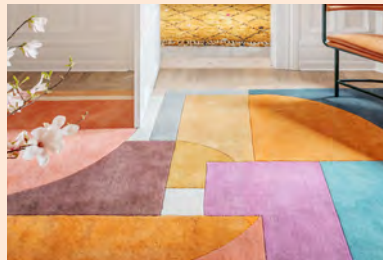
Rugvistas customer target groups

Within the Private Customer (B2C) and Business Customer (B2B) segments, we work based on identified customer target groups. For B2B, the focus is primarily on three customer groups: interior designers, hotel chains, and boutique hotels. For B2C, we conducted a new customer segmentation study in Europe during 2022. Based on the study regarding private customers, five (5) customer types were identified (see below) for which we want to be a relevant option.



The premium customer

Very interested in interior design and home decor and sees the rug as an important part of the decor. Quality and exclusivity are important when choosing a product.



The visual customer

Very interested in trends, both in fashion and home decor. The look and trendiness of the rug are important factors when choosing a product.



The situational customer

Interested in home decor. Sees furniture as the most important part of the decor and that rugs should complement the rest of the decor. The purchase process begins based on needs, for example due to new furniture being purchased, something is worn out, or a move.



The cautious customer

Interested in home decor and sees the rug as an important interior design detail. Has a lower income and is therefore cautious and willing to compare between different stores when choosing the perfect product.



The price sensitive customer


Low interest in home decor and sees the rug as a product that creates a more personal and cozy feeling in the room, but still a peripheral detail in the home. Price is the most important factor in the choice of product.

Purpose, vision, and values

Rugvista was founded in 2005 and has always focused on high customer satisfaction. Delivering an extraordinary customer experience is still our most important task.

As part of further developing the organization and defining long-term ambitions, we clarified the company's purpose, vision, and values in 2020. Our purpose, our visions, and our values are something that permeates our daily work. The company's strategic initiatives, decisions, and priorities are always linked to the realization of our purpose and visions.





”Besides our daily focus on delivering a world-class customer experience, our purpose, our visions, our defined strategies, and our values permeate everything we do.”

Michael Lindskog
CEO RugVista Group

Purpose



We help people to a home they love

Our visions



Business

To be the center of gravity for the European rug industry



People

To attract, motivate, and retain extraordinary people



Sustainability

To lead the rug industry towards a socially and environmentally sustainable future

Our values



Focus on impact



Stay true



Be entrepreneurs

Our purpose

Our purpose is the reason why we as a company exist and also forms the basis for everything we do. We have expressed our purpose as "We help people to a home to love". The words that form the building blocks of our purpose are important to us. "We help" is what we want to do in all parts of the company. We see ourselves as rug experts and can therefore help our customers make the best possible choice when they want to buy a rug. It can be about providing inspiration in the choice of rug for a certain interior design style or a product recommendation when they need an outdoor or washable rug. It can also be informing about the craftsmanship and origin of a traditional rug and explaining the background of the pattern and colors. Of course, we also help our customers if something went wrong with the delivery or if they want to make a return. "We help" is part of our DNA.

With the word "people" we are addressing all those interested in buying a rug. Our ambition is to offer a selection of rugs in different styles and types that are relevant and meet the needs of almost all customer segments.

The words "to a home to love" reflects our starting point that the rug is the stage where life happens and can make a huge difference in how a room is perceived and therefore is a decisive part of the home decor. Through our products, we get to be part of helping our customers decorate rooms and homes that reflect their personalities and needs.

Our visions

During the work of developing our long-term ambitions, we chose to define three visions where each has a clear purpose and ambition level.

We have specific visions for our business (Business vision), our sustainability efforts (Sustainability vision), and for us an employer (People vision). These visions are directed towards our key stakeholders and we see these three areas as equally important for the company's long-term success. Our visions include clear goals and priorities within each area and together form the entirety of our long-term ambitions.

Our Business vision defines how we view our role within the rug industry and is primarily directed towards our shareholders and business partners. Our Sustainability vision defines how we view our role in society at large and how we can take responsibility and be part of the solution for the sustainability challenges the world is facing. Our People vision defines the role we have towards existing and potential employees.

BUSINESS VISION

To be the center of gravity for the European rug industry

The vision reflects the ambition we are working towards, to be the obvious choice in the future when someone asks themselves "I need to buy a rug, where should I buy it?". The vision also means that we want to be the obvious partner for the best rug producers and other third-party suppliers.

To achieve our vision, we have identified several strategic initiatives. These initiatives are described in more detail below.



Win the key European markets

To become the center of gravity of the European rug industry, we need to win the major European markets such as Germany and France. Our home market Sweden is also an important market for us. We believe that if we succeed in achieving an even stronger position on the major markets, we will be able to benefit from it to become successful in the smaller markets in Europe as well.

We have identified several priorities in our ambition to win the European key markets. We need to further develop and localize our customer offering. Parts of our commercial approach such as languages and currencies are already localized, but it is not enough to really win in the most important markets. We need to localize more parts of the customer offering and develop market-specific commercial strategies to attract a larger share of customers in key markets. This could for example mean more local payment options, that we collaborate with the best shipping options for each market, and that we tailor campaigns both in our webshops and in the ads we buy on external ad platforms.

The next priority in this initiative is to build a well-known and popular brand in the key European markets. Step one in this process is to create broader brand awareness among potential customers and awareness of and trust in our offer. The intention is that the increased brand awareness will result in more individuals making their first purchase from us instead of a physical store. Since we already have very high customer satisfaction, we are convinced that these new customers will also be satisfied with our products, the digital

purchase experience, our payment and delivery options, and customer service.

During 2022, we have already improved our delivery options in more than ten markets, expanded the number of local payment options, and continued to develop our new e-commerce platform that will enable further localization of the digital shopping experience.

Showcase our assortment

Our broad and carefully curated assortment has always been one of our greatest strengths. That large parts of our products are in-house developed means that most of our product offering is only available for purchase from us. We need to leverage this advantage to a greater extent and become better at conveying to our web shop visitors that the products are in-house developed or exclusively available from us. We expect that increased awareness of this will lead to increased loyalty and brand recognition over time.

Part of this strategic initiative includes further developing the shopping experience in our web-shops by offering more options for our visitors to discover the assortment. We have conducted various customer and market studies that have given us insights into different customer groups product needs, but also how the approach to finding the perfect rug differs between different customer groups. Some want to find something that fits a specific room while others know what type of rug they are looking for and want to be able to search for it. Others want to find a rug whose pattern and colors match a specific interior design style. The structure



and features available in our online stores need to better satisfy these different customer journeys.

Another part of this initiative is that we want to offer a more inspirational and informative experience for those who visit our web-shops. This includes, among other things, that we plan to present our in-house developed product collections with more inspirational images, descriptive content, and even video in some cases. Care instructions, product category descriptions, and advice on how to find the perfect rug for a specific room are additional examples of inspirational and informative material that we need to produce more of.

Progress within this initiative in 2022 includes the introduction of Rugvista Essentials, our product offering targeting those decorating their first home. Rugvista Essentials are quality rugs in colors and patterns that appeal to a slightly younger target group and are attractively priced as the target group often has lower purchasing power than the slightly older customer. The structure, features, and content developed in conjunction with our new web shop are based on and intend to meet the needs identified within this strategic initiative.

Be world-class in everything we do

Our historical success is largely a result of our passion for rugs, exceptional product expertise combined with a technical and operational platform tailored to deliver the best overall experience for customers within our vertical. Offering the best overall experience for anyone wanting to purchase a rug from an online store remains our highest priority.

We are aware that the digital commerce within the rug and carpet category, like most product categories, is constantly evolving and we strive to continuously improve both the experience for and the offering to the customer. We expect that future customers will have higher demands and expectations on the customer experience when shopping from a web store within all product categories. Therefore, we do not settle for comparing ourselves with other digital rug specialists and other resellers of rugs. Instead, we compare ourselves to world-leading e-commerce retailers regardless of product category. If we can be inspired by these references and incorporate the insights based on the needs and circumstances within our vertical, we are convinced that we can achieve our business vision of being the center of

gravity for the European rug industry.

During 2022, the focus within this initiative has been on making improvements to our customer offering and preparing for future improvements rather than seeking inspiration from the outside world. One reason that we introduced new delivery options in more than ten markets during the year was the realization that this was a part of the customer experience where we needed to better meet expectations. We have also focused on developing our internal planning and commercial governance processes, which was a significant reason why we were able to effectively navigate the challenging macroeconomic climate during 2022.

Capture selected marketplace opportunities

Until we are the obvious market leader within the European rug industry, we recognize that other digital platforms and marketplaces will attract customers interested in buying a rug. Amazon is today's leading global digital marketplace and also has a strong position in several of the European key markets we sell to. To capture the demand that exists on Amazon, we have chosen to actively sell our proprietary products on several of Amazon's European digital marketplaces.

We have offered our products through Amazon for several years and have learned that the preferences of a typical Amazon customer differ somewhat from those who visit our own online stores. The Amazon customer is often very price-focused and we have therefore chosen to focus our Amazon offer on a product selection that is the most relevant for these customers.

Besides optimizing the product offering, we need to effectively utilize the tools and opportunities the Amazon platform offers its sellers. Efficient marketing directly on the Amazon platform is currently the most important approach to drive sales on the platform. Achieving Prime status on a large part of the assortment is also a long-term ambition.

2022 was a challenging year for our Amazon sales and we assess that the macroeconomic climate had a greater negative impact on the typical Amazon customer compared to visitors to our own web stores. Despite the challenges of 2022, we still see future potential in being visible on and offering a selection of our products through the Amazon platform.

SUSTAINABILITY VISION

To lead the rug industry towards a socially and environmentally sustainable future

As one of the leading players in the European rug industry, we see that we have a responsibility to lead the rug industry towards a more sustainable future. Based on this mindset we have defined our vision and associated long-term plans and ambitions.

During the past few years, we have focused on creating transparency on the environmental impact of our business in addition to working closely with our producers to further develop and follow their social and environmental sustainability practices. In the future, we also see possibilities of closer collaboration with other stakeholders such as investors, customers, and other rug retailers in Europe. Only then will we really start to approach our vision of leading the rug industry towards a socially and environmentally sustainable future.

To realize our sustainability vision and make our ambitions transparent, we developed our long-term sustainability strategy, LEAD.CHANGE during 2020, consisting of three focus areas: Planet, People, and Business.

Our sustainability work during 2022 is described in more detail in our sustainability report.



PEOPLE VISION

To attract, motivate, and retain extraordinary people

Our coworkers are Rugvista's single most important asset. Our competitiveness and ability to realize our other visions depend on their commitment, competence, and performance. Our People vision is defined based on this insight.

Our People Vision is derived from and based on the company's values. We have established three values and for each value also formulated behaviors that clearly defines what the values means in practice. The ambition is that our values should permeate decisions, priorities, and the daily work within the company thereby forming the basis for our corporate culture.

Our values



Focus on impact

We are obsessed with delivering customer value

Our first, second, and third priority is the customer. We consider the customer's perspective in every decision and aim to exceed their expectations.

We are sustainability leaders

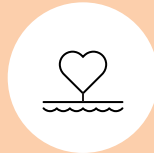
Our ambition is to make a positive impact on all stakeholders that we touch. Our Code of Conduct guides us and acts as proof of our commitment.

We make decisions based on insights and the best arguments

Our decision-making leverages data driven insights and logic, not hierarchy or emotions.

We earn responsibility and are accountable

Responsibility is earned and not entitled. We deliver on commitments and hold ourselves accountable for both good and bad outcomes.



Stay true

We put purpose and team first, ego last

We work together and support each other toward achieving our visions. Our work is focused on developing the organization, not our own position.

We act with integrity, respect, and honesty

Different perspectives, experiences, and backgrounds makes us a better team. We dare to be ourselves and express our opinion.

We appreciate our differences

Different perspectives, experiences, and backgrounds makes us a better team. We dare to be ourselves and express our opinion.

We take pride in and celebrate our successes

We seek opportunities to enjoy and celebrate our achievements and successes; both big and small.



Be entrepreneurs

We seek to improve ourselves and our business

We are committed to constantly improve and always seek the next opportunity to learn, develop, and grow ourselves and our business.

We pursue excellence

We strive for excellence in everything we do because we understand that it is the key to our long-term success as individuals and as an organization.

We dare to change

We challenge the status quo and encourage a "test-and-learn" mind-set in everything we do.

We act as owners

We consider the company's success our own and we use organizational resources as we would our own.

Rugvista's employer value proposition

An important part of realizing our People vision is to continuously develop our employer offering. We have developed a framework to define our employer value proposition with a holistic view of what drives coworker satisfaction, engagement, and performance. This framework is the basis for how we position ourselves in the recruitment process with future employees, how we continuously work with, motivate, and develop our coworkers, as well as what we expect from coworkers and leaders.

An attractive employer value proposition creates conditions for creativity, innovation, and development. Our overall purpose is that all coworkers should feel that their work is motivating and meaningful, that there are opportunities for personal and career development within the company, and that good work performance is recognized and rewarded.

Rugvista's view on leadership

Our leaders and good leadership are important for us to realize our visions. Communication and collaboration across functional boundaries as well as coaching employees in their development are important parts of the leadership role. Leaders in our company acts as good team players and role models through participation and responsibility in the daily work. Our leaders should also inspire and drive engagement for the company as a whole.

Basic expectations we have of our leaders is the ability to make decisions, prioritize and delegate tasks, as well as to coach and support the well-being and development of coworkers. The company's values should be reflected and guiding in all aspects of their leadership. Our leaders also play an important part in driving the continuous work to implement and further develop processes and competencies within their respective areas of responsibility.

The work within our People vision is described in more detail in the sustainability report.

Our financial targets

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

GROWTH

20%

Rugvista Group targets to organically grow net revenues by approximately 20 percent per year.

PROFITABILITY

15%

Rugvista Group targets to maintain an EBIT margin of at least 15 percent.

DIVIDEND POLICY

50%

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.



Sustainability Report

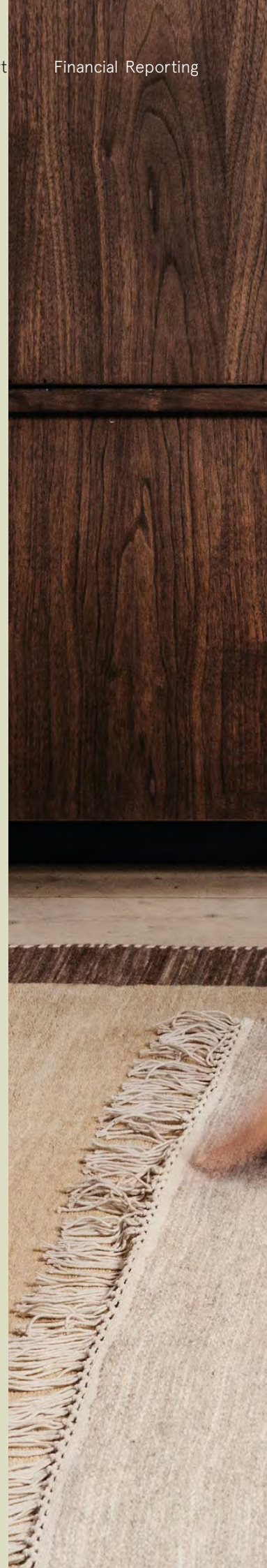
This report describes Rugvista Group's sustainability work from an environmental, social, and economic perspective. The purpose of the report is to communicate Rugvista's short- and long-term sustainability goals, sustainability measures, and goal achievement to all stakeholders.

The report is prepared in accordance with the sixth chapter of the Annual Accounts Act and is inspired by GRI 2016, which is published on our website rugvistagroup.com. This is our third sustainability report prepared with inspiration from GRI's guidelines. We use the UN's Sustainable Development Goals as benchmarks. Climate data is reported in accordance with the GHG Protocol (Greenhouse Gas Protocol). This report is issued annually and our latest sustainability report was presented in April 2022.

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Our Sustainability Vision

Our sustainability vision is to lead the rug industry towards a socially and environmentally sustainable future. Understanding our sustainability challenges and how they impact our operations remains a crucial factor in developing Rugvista as a leader in sustainability within the European rug industry. By leveraging our position as one of the leading players, we strive to implement systemic changes in our own company, value chain, and the industry. In the coming years, we will continue to develop a systematic approach to identify sustainability themes and underlying challenges, as well as fully integrating sustainability into our operations.

Our sustainability strategy is called LEAD.CHANGE, which will enable us to achieve our 2030 sustainability goals and our vision. LEAD.CHANGE is based on three strategic focus areas. Together, these focus areas help us to integrate sustainability into our business strategy and operational decisions, and to achieve our long-term sustainability goals.

SUSTAINABILITY GOVERNANCE

Sustainability is part of every employee's daily work at RugVista. The company's Sustainability Manager has defined responsibility in the sustainability area and is part of a function led by the Chief Organization & Sustainability

Officer (COSO). Rugvista's board has overall responsibility and has approved Rugvista's sustainability strategy. COSO is responsible for implementing the company's strategy and follow-up processes. The COSO is part of the management team, reports directly to the CEO, and provides an annual result report to the board.

The various sustainability activities are implemented by the company's functional working groups in collaboration with the sustainability department. Each employee is responsible for contributing to Rugvista's sustainability work within their respective area of responsibility, and members of the management team are responsible for their respective sustainability goals and ensuring follow-up and compliance. The sustainability work is governed by our sustainability vision, sustainability strategy, code of conduct for employees, code of conduct for suppliers, common policies, measurable goals, and action plans. Rugvista's code of conduct for employees sets clear expectations for how Rugvista should conduct its operations. It includes clear requirements that employees must follow to ensure that the business is conducted with transparency and a strong sense of integrity. The code of conduct reflects the commitment to the UN's ten Global Compact principles and the UN's guidelines for companies

2022 was in many ways a challenging year, but it was also a year that gave us several important insights into our sustainability work, which will help us continue to build a sustainable Rugvista.

During the year, we took several important steps towards the goal of developing Rugvista into a more sustainable company. We joined Textile Exchange, an organization that helps companies in the textile industry become more sustainable. We conducted life cycle analyses on our most used materials, which gave us important insights and knowledge on how we can improve our material choices and thus reduce our carbon footprint. We continued our important work of educating and engaging our suppliers, which resulted in improved audit results throughout the supply chain. And finally, we took an important step in our ambition to develop a circular business model by launching Rugvista RE.USE, a platform where our customers have the opportunity to extend the lifespan of their Rugvista rugs by selling them on to other individuals. Our employees are Rugvista's most important asset, and everyone's knowledge, skills, and motivation are crucial to our success. We have employees from many different nationalities and backgrounds

who all contribute to our unique corporate culture and success. That we, despite a challenging year, have done so well can be attributed to our driven and motivated team, all with a focus on working together to exceed our customers'

expectations and achieve results while driving Rugvista's sustainability agenda forward. I want to thank our entire team and our suppliers for a fantastic effort during the year and for the support shown for Rugvista's sustainability initiatives. Together, we are working towards our sustainability vision; to lead the rug industry towards a socially and environmentally sustainable future.



Patricia Rajkovic Widgren
Chief Organization & Sustainability Officer

and human rights. Employees and contractors working under the leadership of Rugvista must follow it and confirm that they have read, understood, and intend to comply with the code. The Supplier Code of Conduct sets out the requirements and expectations that all suppliers must meet when doing business with Rugvista. The code is included in the supplier agreement and covers areas such as human rights, anti-corruption, environmental requirements, working conditions, as well as health and safety at work. The code is based on the ten Global Compact principles of the UN, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. Rugvista's sustainability work is based on 7 of the 17 global goals for sustainable growth. We have identified goals with significant direct or indirect impact that can influence development throughout the value chain.

STAKEHOLDER ENGAGEMENT

Rugvista's stakeholder dialogue helps us understand stakeholders' needs and expectations and develop long-term relationships. It also provides valuable input for continuous improvements and choice of working methods. We have

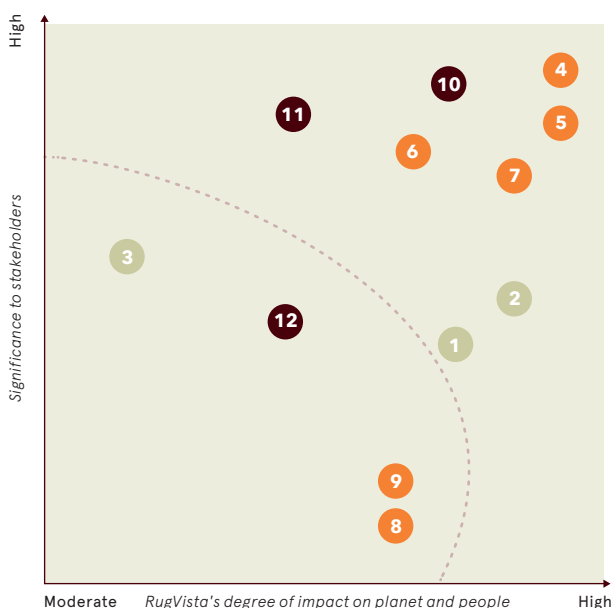
identified our most important stakeholders to be our customers, our team, potential employees, our suppliers and their employees, our owners, authorities, associations, and local communities.

In spring 2019, a structured stakeholder dialogue was conducted with employees, owners, suppliers, and customers, using surveys and interviews. In 2021, the dialogue was complemented with additional surveys answered by employees, management, and owners. Our suppliers' employees' voices are considered through regular audits carried out by accredited third-party auditors.

MATERIALITY ANALYSIS

The materiality analysis provides insight into which issues are essential for Rugvista's stakeholders and is the basis for the company's strategy and sustainability work. The primary analysis of critical sustainability issues was completed in 2019 with an update in 2021 that resulted in a list of our most material issues.

See also the sustainability governance table on page 60. These aspects are the foundation for the sustainability reporting inspired by the GRI 2016 Standards.



Materiality analysis

- **PLANET**
 1. Reduced environmental impact throughout the value chain
 2. Increased share of sustainable materials
 3. Product quality & product safety
- **PEOPLE**
 4. Respect for human rights
 5. Health & safety in the workplace
 6. Inclusion & diversity
 7. Sustainable supplier chain
 8. Local community engagement
 9. Good animal husbandry
- **BUSINESS**
 10. Financial results
 11. Corporate governance and compliance
 12. Prevention of corruption and bribery

Rugvista's sustainability strategy and long-term sustainability goals

LEAD.CHANGE

Our sustainability strategy, LEAD.CHANGE, encompasses three focus areas with specific commitments and goals: Planet, People, and Business. The purpose of LEAD.CHANGE is to develop our business model with sustainability as the starting point and is the basis for our 2030 sustainability goals. We have defined five change levers that need to be engaged for us to achieve our sustainability goals: our team, customers, business partners, business methods, and our communication.






Sustainability Goals

During 2022, Rugvista continued to work towards the long-term sustainability goals set in 2020. These goals were established based on stakeholder expectations, the company's strategic priorities, global trends, and the UN's Sustainable Development Goals.

We challenge ourselves to constantly revise our goals with new knowledge and insights. In 2022, we conducted life cycle


assessments of five common materials used in our rugs. (Read more about life cycle assessments on page 37.) Insights from these assessments led to an expansion of our scope 3 goals under the PLANET focus area to also include the materials used in our rugs and their climate impact. Below are Rugvista's updated goals within our three focus areas. Read this year's results on page 36 (Planet), page 44 (People), and page 54 (Business).



Planet

By 2030, we aim to:


- Increase the proportion of recycled, reused, recyclable, or more sustainable natural materials to 80%.
- Reduce greenhouse gas emissions by 50% (based on 2019 levels) in scope 1, 2, and parts of scope 3 related to our own operations, such as employee commuting and business travel.
- Reduce indirect greenhouse gas emissions from carpet procurement by 50% per square meter of carpet sold (based on 2021 levels).
- Use packaging that is 100% made from circular or other sustainable materials.



People

By 2025

- 100% of our suppliers will be included in Rugvista's system for social audits.
- Rugvista's employee Net Promoter Score will reach 60.



Business

By 2025

- 100% of all tier 2 subcontractors will be mapped.

The UN's global goals for sustainable development

In the work of developing Rugvista's sustainability strategy and long-term goals, the UN's global goals for sustainable development were an important part. The global development goals consist of 17 goals, adopted by the UN General Assembly and then approved by all UN member states in 2015, with the aim of achieving a better and more sustainable future for all by 2030. The goals

for sustainable development encompass a wide range of social, environmental and economic development issues. These include poverty, hunger, health, education, climate change, equality, water, sanitation, energy, urbanization, environment, and social justice. Rugvista focuses on seven goals, where we assess that we have the greatest opportunity to contribute and make a difference.



GOAL 5:

Gender Equality

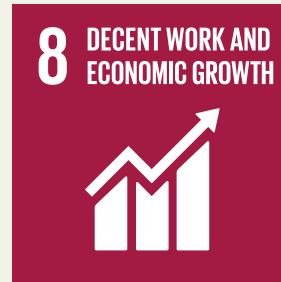
Rugvista is committed to providing equal opportunities to every woman and man employed in the company. We believe that this is a matter of social justice, which is a prerequisite for sustainable development of the market economy. Rugvista has committed to have 40-60% women in the management team, which we will maintain during 2022. We continue to build a diverse and inclusive company that welcomes and encourages extraordinary people regardless of gender and cultural background.



GOAL 6:

Clean water and sanitation for all

Rugvista commits to protecting water, an important and increasingly insufficient resource. By working together with our suppliers to strengthen the water cycle at the local level and introduce sustainable practices throughout our value chain. Sustainable water use is one of Rugvista's focus areas, whether it is for direct use in our facilities or within the supply chain.



GOAL 8:

Decent work and economic growth

We see our employees as our most important asset and it is important to offer competitive and safe working conditions throughout the organization. In 2017, Rugvista joined amfori BSCI and approved their code of conduct based on the International Labour Organization's (ILO) conventions and declarations, the UN's Guiding Principles on Business and Human Rights, and the principles of the Organization for Economic Cooperation and Development (OECD). All our suppliers have signed and committed to following the code's 11 basic labour rights.



GOAL 12:

Responsible consumption and production

We want to inspire customers to make sustainable choices by developing rug collections made from recycled, recyclable, and natural sustainable materials. We aim to lead the change in our industry towards more sustainable and circular models throughout the value chain. A circular business model is a prerequisite for achieving our long-term goal of a climate-neutral operation by 2040. The work includes developing new materials, new ways of producing and using materials and products, and how they can then be maintained, repaired, reused, and recycled.



GOAL 13:

Combat climate change

It is our responsibility to contribute to the fight against climate change as well as to a non-carbon-dependent economy. Rugvista has committed to becoming a climate-neutral company by 2040, which we can achieve only in cooperation with suppliers, customers, and local communities. In 2021, we committed to the Science Based Target initiative, which ensures that our CO2 targets are in line with science. To achieve our goal, we need to constantly improve our operations and our energy intensity throughout the value chain.



GOAL 16:

Peaceful and inclusive societies

Responsible business practices are crucial to achieving Rugvista's vision and a prerequisite for successful operations, sustainable and profitable growth, and thriving communities. To achieve this, Rugvista has implemented policies and procedures for all employees and business partners, including a code of conduct for employees, a code of conduct for suppliers, and a personal data policy. This helps us to create a compliance culture and reduce associated risks.



GOAL 17:

Implementation and global partnership

For Rugvista, as a relatively small company, collaboration and partnerships across borders are crucial for us to realize our vision and goals and contribute to Agenda 2030. In our work with the supply chain, we collaborate with organizations such as amfori BSCI, Label STEP, and the Chemicals Group to ensure that suppliers develop towards our high standards. Read more under the collaborations section.



THE GLOBAL GOALS

A sustainable value chain

An important tool in Rugvista's assurance and reporting of sustainability work is our value chain

Our value chain summarizes and illustrates priority areas, activities, and their impact on sustainability. To effectively manage the positive and negative consequences of our operations, we must understand where we have a direct impact in the value chain and how each of the essential issues affects it. By considering the value chain, we can identify opportunities and risks, create circular flows, understand boundaries, impact on different parts of the value chain, and how value is created for stakeholders.



In 2022, we have deepened our analysis of Rugvista's potential to influence the various parts of the value chain.

We have a direct impact on the following parts of the value chain:



1

Design

Our development work will continue to focus on designing products that provide sustainability benefits in material selection, production, and customer use.



2

Raw material

By working together with our producers and sheep farms to find ways to reduce methane emissions from sheep, we contribute to reduced greenhouse gas emissions.



4

Purchasing & merchandise planning

We will continue to focus on reducing negative impact by developing sustainable procurement processes and planning for and maintaining a sustainable product offering.



5 6 8

Fulfillment & Transports

We intend to reduce the environmental impact of distribution through optimized packaging and transportation choices that help make our distribution as efficient as possible.



7

Online stores

We will demonstrate how customers can make sustainable choices by highlighting information about the sustainability of our products, including information on how customers can extend the lifespan of their rug, offering the opportunity to resell the rug, and providing guidance on what to do when they no longer want to keep it. Through these efforts, we aim to promote more sustainable behavior among our customers.



10

RE-USE

On our circular platform, Rugvista RE.USE, customers can sell their used Rugvista rugs for free or buy someone else's. By providing this service, we encourage our customers to extend the lifespan of our rugs.



Planet

Climate change continues to be the most urgent long-term challenge that the planet faces. The increasing level of greenhouse gases in the atmosphere, where carbon dioxide is the gas that contributes the most, means that the greenhouse effect is strengthened, the climate becomes warmer, and the average temperature increases. At Rugvista, we continue to work to reduce our impact on the planet. In the overall picture, the largest part of Rugvista's impact on climate change is outside our own operations. Therefore, it is essential to step up efforts to reduce greenhouse gas emissions throughout our value chain. At the same time, it is challenging since we do not have direct control throughout the chain and need to cooperate with suppliers and other partners to achieve change.

EXPANSION OF SCOPE 3

We calculate our carbon footprint based on the Greenhouse Gas Protocol (GHG Protocol) standard – a global standard for measuring, managing, and reporting greenhouse gas emissions. Previously, the measurement and reporting of our carbon footprint consisted of our direct climate impact from owned and leased vehicles (Scope 1), our indirect climate impact in the form of consumption of electricity, district heating and cooling (Scope 2), and CO₂ emissions generated by the electricity used for production at our tier 1 suppliers, product transportation, employee business travel, employee commuting, and office supplies (Scope 3). In 2022, we took

a comprehensive approach and are now providing much more extensive reporting by supplementing calculations that relate to the production of our materials (Scope 3). As the scope of Scope 3 is expanded, the result cannot be compared to previous years.

TOWARDS A CIRCULAR BUSINESS MODEL

A circular model optimizes resources and minimizes waste so that resources are utilized for as long as possible before they are recycled or reworked. At the same time, financial stability can be maintained without being dependent on finite resources. The ambition to achieve circularity throughout the value chain does not only begin with the design of our rugs but also by honoring and promoting the long-standing tradition of craftsmanship in the rug industry. Our rugs are designed to be used for many years, some last for several generations and can be reused and given new life in new homes. Thus, lifespan is an important key in our work towards circularity.

It is our responsibility to increase the proportion of circular materials, find new ways to use materials and produce products, and to support and facilitate maintenance, repair, reuse, restoration, and recycling of the rugs we offer. We are aware that this change will take time, but we still know that the change must take place for both the planet's and the business's long-term survival. At Rugvista, we focus on the following important areas:

Objective	Goal		Results	
	2030	2025	2022	2021
The proportion of recycled, reused, recyclable or sustainable natural material of the total value proposition	80%	75%	71%	70%
% change of absolute CO ₂ emissions in scope 1 compared with base year 2019.	-50%	-25%	-50%	-19%
% change of absolute CO ₂ emissions in scope 2 compared with base year 2019.	-50%	-25%	-70%	-43%
% change of absolute CO ₂ emissions in scope 3 compared with base year 2019 for the own business.	-50%	-25%	-40%	-63%
% change in CO ₂ emissions from rug purchases; intensity target per square meter of rug sold compared with base year 2021	-50%	-20%	-11%	Base year 2021: 56 CO ₂ e
Packaging made from circular or other sustainable material.	100%	100%	15%	0%

Inspire customers to make sustainable choices

Our ambition is to help our customers make well-informed purchasing decisions that also consider the sustainability of the rug. We are firmly convinced that we can influence the customer's decision by highlighting information about the sustainability of our products, for example by informing about the positive effect of choosing a rug made of recycled material or older, restored rugs. By including information on how the customer can take care of their rug, we help the customer to give the rug a second chance in a new home and thus avoid it ending up in a landfill, contributing to promoting more sustainable behavior among our customers.

Old rugs are restored and given new life

Our suppliers purchase beautiful older unique wool rugs in Asia and the Middle East. These can be restored in different ways to get a new life with our customers.

The first category is older rugs that are still in good condition. The restoration of older rugs can be done in three different ways:

- Older unique wool rugs are washed to regain their shine
- Colored Vintage rugs are washed and dyed again.
- Patina rugs are restored by shaving the pile and dyeing it again.

The second category is fine handmade rugs that have lived for generations with people around the world but where time begins to take its toll. When the rugs start to get worn spots, they are salvaged and brought up by our suppliers, who then use pieces of the rugs to create new beautiful unique Patchwork rugs.

At the end of 2022, about 4% of our range consisted of restored rugs that have been given a new life.

Extended lifespan for defective rugs

Since 2018, we have been cooperating with Godsinlösen Nordic AB (GIAB), whose business idea is based on the resale of residual or defective products to consumers. We send rugs with some defects. GIAB sells the rugs at returhuset.se as well as physically in their store Returhuset.

Rugvista RE.USE

In 2022, we launched a circular platform, Rugvista RE.USE, in collaboration with Tradera. Here we inspire our customers to make more sustainable choices by giving them the opportunity to sell and buy Rugvista rugs without any charges,

which further extends the life of the rug in someone else's home.

At Rugvista RE.USE, we also sell new rugs that may have been advertised by a customer, not approved in internal controls or, for example, shown signs of use in connection with a photoshoot but are still in good condition to deserve a second chance. We are also exploring the possibilities of helping customers repair and recycle their rugs with the goal of extending the lifespan and minimizing waste.

Packaging

All rugs are packaged before being shipped to the customer to protect them from damage. We actively work to optimize the amount and material of the packaging to ensure that the rugs are protected during transport to the customer while minimizing the negative environmental impact that the packaging generates. We have set a goal that all our packaging should be made of circular or sustainable materials by 2025.

In 2022, we started a packaging project aimed at minimizing the environmental impact of waste from the packaging. Since the spring of 2022, we have been using packaging material at our warehouse for traditional rugs that contains 30% recycled material called PCR. PCR consists of plastic packaging that has been used for its intended purpose, recycled, and then sent on for reprocessing, so-called mechanical recycling. The material is transformed back into granules or pellets that can be processed again. At our warehouse for design rugs, which has a more automated packaging process, we have tested packaging containing 15% post-industrial waste, abbreviated PIR, during the last quarter of 2022. This plastic waste is generally very clean and usually consists of one type of plastic, making it more durable and therefore suitable for use in the packaging machine that packages our design rugs.

MATERIALS AND FIBERS

The choice of materials is crucial to reduce environmental impact. We know that we have a great responsibility, in particular as this is an area that we are able to impact. In 2022, we therefore conducted life cycle assessments (LCA) of five materials that are commonly used in our rugs: wool, cotton, viscose, polyester, and polypropylene.

A life cycle assessment is a holistic method for quantifying the environmental impact of a material or product throughout its life cycle. The analysis includes inputs and outputs from relevant stages, from raw material processing to the end of the product's life. According to the framework used, ISO 14040, 15 environmental impact categories were analyzed,

including climate change, water use, ecotoxicity, and resource use. The purpose is to gain a deeper understanding of our environmental footprint in the value chain. This helps us make conscious choices to reduce our impact in one part of the chain without transferring it to another part. The results also provide valuable insights into the impact of our different materials that we can use in the design stage of our rugs. We have also gained access to a simulation model to compare the impact of different material choices. From the results, we see that climate change is the environmental impact category that is greatest for almost all the materials studied. The exception is cotton, where water use is the largest impact category, due to the heavy irrigation of cotton plants. Climate change is also usually greatest early in the life cycle during the raw material stage, where, for example, grazing sheep emit methane gases that negatively affect our climate. The exception is fossil-based materials, where any combustion at the end of their life cycle also has a significant impact on the climate. The results have also given us support to initiate or continue ongoing measures to reduce our environmental impact, with a focus on the following four areas when it comes to materials:

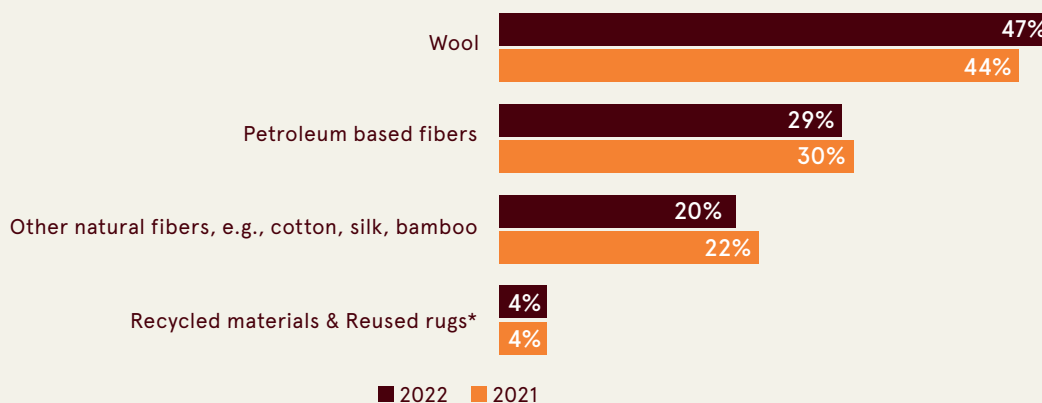
1. Choosing "best-in-class" fibers and suppliers: emissions from, for example, sheep farmers can vary depending on how the farm and breeding are conducted. Innovations such as a specific algae feed for ruminants to reduce their methane emissions have also begun their commercialization journey and may have an important impact on the climate impact of wool. By intensifying collaboration with our suppliers and their subcontractors and working together to achieve our vision, we are taking important steps to reduce our emissions.
2. Extending the lifespan of our rugs: by collecting and selling used rugs, we can extend the lifespan of already produced rugs. Similarly, by inspiring our customers to take care of their rugs, their lifespan can be extended, thereby reducing environmental impact by reducing waste.
3. Using recycled materials and designing mats that enable recycling: Since a large part of the environmental impact

occurs in the raw material stage of the value chain, we can reduce our impact by using more recycled materials. By comparing different materials in our simulation model, we will also be able to understand the differences if we use, for example, recycled polyester instead of newly manufactured polyester. An important part is also to enable the material in our mats to be recycled, something our design department, together with our suppliers, has a key role in.

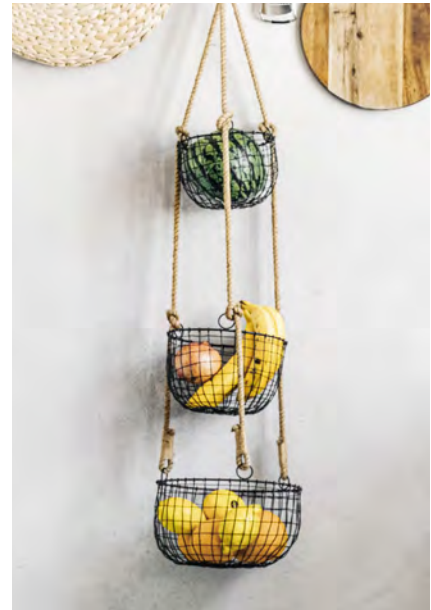
4. More fact-based fiber choices by designers and purchasers: To make more sustainable choices in the design and procurement process, an understanding of the most relevant environmental issues per fiber is required. Therefore, our procurement and design teams are working with the sustainability department to increase the level of knowledge in this area, where LCA is an important contribution. The complexity of determining what is a good fiber in relation to another is high as there are many different parameters that come into play, such as lifespan and raw material processing. With the knowledge we have gained during the year, it has become clear to us that it is important to work to improve the impact within each respective material instead of comparing different materials with each other.

We constantly want to increase the proportion of recycled materials, which has the great advantage of waste material not having to be incinerated and the use of new raw materials decreasing. With products such as mats, where long lifespan is common, our focus is also on increasing the proportion of natural materials. These materials have a positive impact on the durability of the products and thus reduce the use of new raw materials over time while being recyclable and naturally biodegradable. We are also evaluating alternative materials, which in various ways are more sustainable, for our mats. Our long-term goal is by 2030, 80% of our product offering will consist of recycled, reused, or natural materials by 2030. When we finished 2022, we reached 71%, which is a slight increase from 2021. Parts of our assortment come from more sustainable sources in the form of reused rugs, including vintage, patchwork, and recolored rugs.

Rugvista material mix (% of total qty in stock at the end of 2022)



* Reusing carpets includes carpets that are older than a year and can be, for example, Patchwork, Vintage or re-dyed carpets. For a more detailed description of the materials used in our carpets, please visit www.rugvistagroup.com.



MATERIAL STANDARDS AND CERTIFICATIONS

Material standards and certification systems are important in the efforts towards a more sustainable industry. All suppliers must sign our supplier agreement, which specifies that they are obligated to meet our quality, chemical, and safety requirements. We continuously work to ensure that our suppliers handle chemicals safely and correctly during the production of our rugs.

Suppliers regularly test the rugs to ensure that they meet chemical requirements, and we conduct regular tests at accredited third-party laboratories and take samples during production. We also periodically evaluate relevant material standards that we believe can help the industry move towards a sustainable future. You can read more about the organizations and standards we currently rely on here:

RISE Chemical Group

Rugvista is a member of RISE, a network that develops recommendations on chemical and environmental issues. All our suppliers must sign a written agreement to follow the Chemical Group's chemical restriction list that follows EU legislation (REACH, BPR, and EU waste legislation) and international chemical legislation (POPS). We try to stay up to date on the latest developments through our collaboration with RISE Chemical Group.

OEKO-TEX®

All machine-made rugs from Turkey are certified according to STANDARD 100 by OEKO-TEX®, which means that the product meets high human-ecological requirements,

namely they do not contain chemicals in quantities that are harmful to health. The certification means that chemicals in products must not exceed legally established limits, must not contain prohibited substances, or other substances that have been scientifically proven or suspected to have negative health effects.

In December 2022, one of our largest suppliers in India was certified according to STANDARD 100 by OEKO-TEX®, and we are working to have two more Indian suppliers pass the certification in 2023.

GRS

Global Recycled Standard (GRS) is a voluntary product standard that checks and traces recycled raw materials through the supply chain. It also includes process criteria to prevent potentially harmful chemicals from being used and ensure that production at facilities is positive for society or the environment. It has been developed by the well-known global organization Textile Exchange. A selection of our current suppliers in Turkey applies this standard to products made from recycled materials. We strive to use it for all recycled fibers.

CARBON FOOTPRINT

Reducing Rugvista's CO₂ footprint is a big challenge, and by prioritizing emissions reduction throughout our entire value chain, we can contribute to minimizing the negative climate impact caused by our operations.

To increase our knowledge of our biggest climate impact, we have conducted life cycle analyses on five of our most

used materials. We have also included purchased materials in our climate report, which results in a drastic change in the distribution of our emissions. The most critical focus areas for reducing our footprint are the choice of raw materials and transportation.

Science-Based Target initiative (SBTi)

By setting goals and measuring our CO2 footprint, we can systematically work to improve our carbon footprint and identify high-priority areas. To accelerate our climate work, we are part of the Science since 2021, an initiative that supports companies to set climate goals in line with scientific models to meet the ambition goals of the Paris Agreement. According to these, the

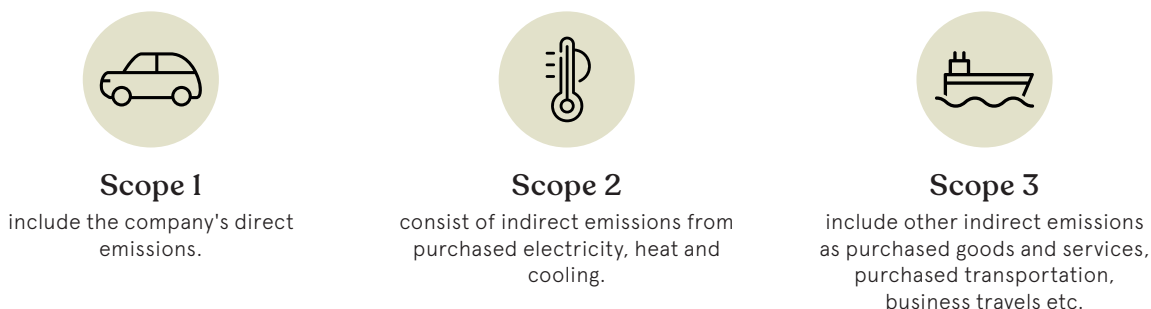
Earth’s temperature increase should be kept below 2 degrees, and preferably not exceed 1,5 degrees.

Rugvista’s science-based climate goals in scope 1 and 2 have been approved by SBTi. We aim to reduce greenhouse gas emissions by minimum 46% by 2030, with 2019 as the base year. This concerns direct greenhouse gas emissions from sources owned or controlled by Rugvista, such as owned and leased vehicles (Scope 1), as well as our indirect climate impact through the consumption of electricity, district heating, and district cooling (Scope 2). In addition, we have committed to measuring and reducing greenhouse gas emissions in scope 3.

EMISSIONS SCOPES (BASED ON GHG PROTOCOL)

The GHG Protocol is the most widely accepted international reporting standard used to quantify and manage climate impact emissions. The widespread use of the standard makes it easier to compare emissions.

The GHG Protocol divides a company’s different climate impact emissions into three different scopes:



Climate footprint key data

Objective	Results		
	2022	2021	2020
Ton CO2 in scope 1	5	8	10
Ton CO2 in scope 2	65	124	219
Ton CO2 in scope 3	51 855	63 120	n/a
% change in CO2 emissions in scope 1 compared with last year	-38%	45%	-44%
% change in CO2 emissions in scope 2 compared with last year	-48%	-37%	-10%
% change in CO2 emissions in scope 3 compared with last year	-18%	n/a	n/a
% change in CO2 emissions in scope 1 compared with base year 2019	-50%	-19%	-44%
% change in CO2 emissions in scope 2 compared with base year 2019	-70%	-43%	-10%
% change in CO2 emissions in scope 3 compared with base year 2021	-18%	n/a	n/a

Our total emissions mainly come from scope 3, which currently accounts for 99.9% of our measured footprint. In the 2022 reporting, the measurement was expanded to also include the impact of purchased materials. More information on the different scopes can be found in the following section.

About our data

We calculate our CO2 footprint according to the GHG protocol and use the method where CO2 footprints are calculated using documented emission factors. The emission factors we use are obtained from public sources such as UK DEFRA and Carbonfootprint.com. We are constantly working to improve the quality and precision of our data by updating data and emission factors as we gain insight into the entire supply chain. In 2022, we chose to expand our measurements further by also including purchased materials in scope 3. These calculations have been made for both 2021 and 2022, but for 2021, they were completed after the publication of the sustainability report for 2021 and hence are previously unpublished figures.

We will continue to be transparent about how we calculate, learn, and adapt our approach as methods improve. The comparability is affected by the changes made by the expanded scope, changed calculation methods between 2021 and 2020, together with the use of more updated emission factors. To ensure comparability with the baseline, we will review and update our historical CO2 figures over time.

Emissions in scope 1 and 2

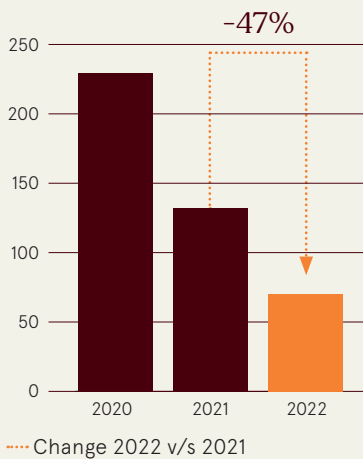
Our CO2 footprint in scope 1 and scope 2 currently includes emissions from owned or leased cars, as well as electricity and heating of our facilities in Malmö, consisting of offices and warehouses. Compared to both 2021 and our base year 2019, emissions in scope 1+2 decreased. The reduction in scope 1, which in Rugvista's case consists solely of company cars, is explained by the increasing share of electric/hybrid cars. The decrease in scope 2 is mainly explained by the installation of LED lighting in our warehouses, as well as the switch to renewable electricity in one of our facilities at the end of 2021.

Emissions in scope 3

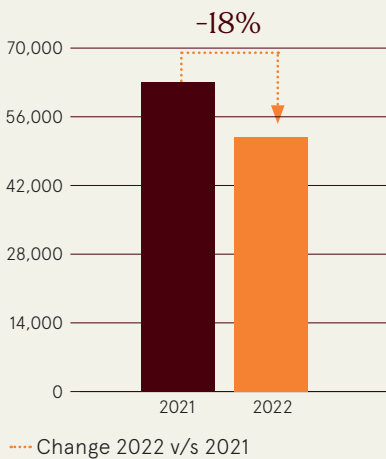
Our different types of rugs have different manufacturing techniques and methods, and all are needed to produce the wide range of rugs that we want to offer our customers. This leads to a diversity of material choices, production, and logistics solutions that we need to manage in an environmentally efficient way.

Including the impact of materials, the measured CO2 emissions increased by 95%. The impact of materials accounts for 96% of scope 3. In addition to the impact of materials, employees' commuting and business trips are also included in scope 3.

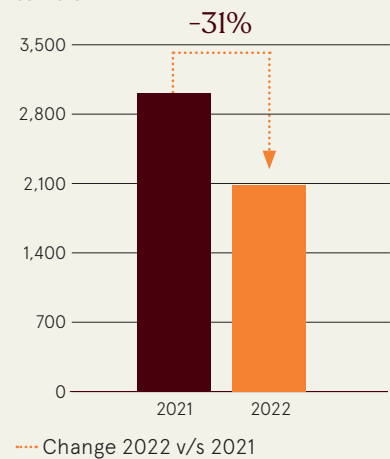
Co2 emissions from Rugvista Scope 1+2, tonCO2



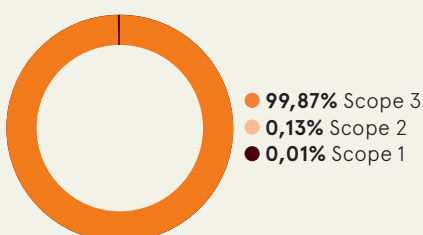
Co2 emissions from Rugvista Scope 3, tonCO2



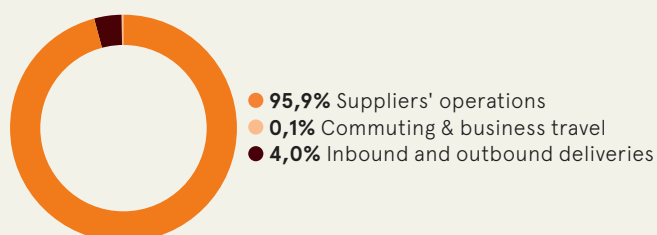
Emissions from in and outbound deliveries, including returns tonCO2



% CO2 emissions per scope 2022



% of co2 emissions per category inscope 3, 2022



Transportation and Employee Travel

Customers' demand for short lead times places high demands on an efficient logistics chain, where sustainability risks primarily consist of environmental and climate impact emissions from shipping and trucks. Through various logistical solutions, we constantly work to optimize logistics and reduce our CO₂ emissions in balance with the customer's demand for fast delivery.

We monitor the CO₂ footprint from incoming and outgoing transportation, as well as from business trips and employee commuting. In 2022, business travel and commuting totaled 40 tons of CO₂, compared to 25 tons of CO₂ in 2021. This increase is mainly due to our employees returning to the office after the pandemic, as well as being able to visit our suppliers again after a long period of lockdown. Our incoming and outgoing transportation emitted 2100 tons of CO₂ in 2022, compared to 3050 tons of CO₂ in 2021, a decrease of 31%. The reduction is mainly due to intensifying our collaboration with transport companies that share our sustainability ambitions and have a net zero emissions goal. While optimizing routes and packaging are important parts of reducing the footprint, emissions from the transportation fleet ultimately have the greatest impact.

Returns

Return management is a sustainability challenge throughout the entire e-commerce industry. We continuously work on improving our webshop's product detail pages, so that customers are assisted in making the right decision when choosing a rug. This, in turn, will reduce the number of unnecessary returns, which not only improves the customer experience but also reduces CO₂ impact. This initiative is another step for us in incorporating our sustainable business model. In 2022, we had an average return rate corresponding to 15.8% (16%), a decrease of 0,2%.

BIODIVERSITY

The rug industry has an impact on biological diversity, especially in the production of fibers. An important measure is to switch to fibers and materials that reduce the impact on biological diversity. It's worth noting that sheep and lambs care for landscapes and grazing areas, thus helping to strengthen biological diversity. However, knowledge about our products' impact on biological diversity needs to increase. Investigating how we, together with our suppliers, can contribute to improving biological diversity is something we will prioritize in our upcoming sustainability work.

WATER

Water use and discharge to water is a local and global issue, while the textile industry's production process is currently highly dependent on water. We actively work to reduce water consumption and discharge to water within the supply chain. Suppliers are followed up through our auditing system where regular assessments are made that water is handled with consideration to the environment, including controls of water treatment systems.

We also encourage our suppliers to collaborate with subcontractors who actively work to reduce water consumption. In India, for example, our largest suppliers collaborate with a common subcontractor for yarn dyeing. This supplier has implemented an environmental management system and a closed water treatment system that operates according to Sustainable Textile Water Initiative's criteria for reduced water consumption. Although ongoing progress is being made, we need to do even more to understand local risks and contexts, as well as find new ways to reduce water use and discharge to water. Material selection is another example of how we can reduce our water footprint.

Main focus 2023

Planet

The life cycle analyses conducted in 2022 have given us important insights into what we need to focus on in 2023 to achieve our long-term goal of developing a circular business model and reducing our environmental impact. For 2023, this means the following main focus areas:

- **Ensuring that we** collaborate with suppliers who share our ambitious sustainability vision and together with them, set an action plan for how we can reduce our scope 3 emissions, mainly by identifying more sustainable material choices and manufacturing processes.
- **Increasing the percentage of** recycled materials in our rugs.
- **Continuing the work of** increasing the percentage of recyclable rugs and finding new ways to recycle rugs made of different materials.
- **Continuing the development** of our circular platform, Rugvista RE.USE, as an additional step towards a circular business model.
- **Increasing the percentage of** packaging made from recycled materials.







People

The people in our value chain are at the center of everything we do. We aim to have a positive impact on all those affected by our business by contributing to sustainable social development with a focus on social responsibility, diversity, and inclusion.

SOCIAL RESPONSIBILITY

Social responsibility throughout the entire value chain involves many complex issues and challenges. It is about taking responsibility and ensuring sustainable social development in the regions where our employees and suppliers operate, as well as ensuring inclusion and diversity within our own organization, which are important parameters for Rugvista's long-term growth.

This is firmly rooted in Rugvista's values and approach to social responsibility and human rights and should be included in all parts of our business – in our own operations, in the supply chain, and in the communities in which we operate.

RESPONSIBILITY IN THE SUPPLY CHAIN

Rugvista does not own any production units, instead we work with carefully selected suppliers in long-term partnerships. All newly produced rugs are manufactured by independent suppliers, mainly in Turkey and India. We have a long-standing responsibility to monitor current working conditions and demand action if we discover deficiencies in our suppliers. A prerequisite for being able to influence responsibility and drive development forward is to work long-term with our suppliers. Through close collaboration, education, assistance and motivation, we drive improvements.

Respect for human rights

Rugvista's most fundamental responsibility is to respect and support human rights. It is part of our values and is critical to the survival of our operations. Risks related to human rights in the supply chain are identified and managed through the following steps:

- Regular social audits carried out by accredited third-party auditors.
- Human rights training, both for Rugvista's employees and suppliers.
- Immediate action in cases of zero-tolerance incidents related to human rights violations by suppliers, according to the protocols of our third-party auditors (Label STEP and amfori BSCI) for zero tolerance.

To ensure human rights in the countries where our suppliers operate, regular dialogue with suppliers and close cooperation with relevant interest groups are required. The most important human rights issues are those with the greatest risk of serious negative consequences caused by the company's supply chain. This includes issues such as decent working hours, fair compensation, and the right to union membership and collective agreements, but also includes other human rights such as non-discrimination, privacy, and children's right to education.

Fair working conditions in the supply chain

Ensuring fair and decent working conditions for workers in the supply chain is a central priority for Rugvista. Although we do not own or operate any factories or production facilities, we are committed to ensuring that all employees in the supply chain have fair and decent working conditions and that their human rights are respected.

Focus areas:

Health and safety: Encouraging open dialogue between employees and management and involving employees in decision-making is essential for creating high safety standards.

Decent working hours: Every employee has the right to a limit on maximum working hours, daily rest and weekly rest, and annual paid leave. We are working to improve this aspect through regular reviews and ongoing dialogue.

Objective	Goal		Results	
	2030	2025	2022	2021
<i>Supply chain</i>				
% of rug suppliers included in RugVista's social auditing system	100%	100%	100%	100%
Number of conducted audits	n/a	n/a	607	350
Number of Zero Tolerance cases	0	0	0	0
<i>Our People:</i>				
Employee Net Promotor Score (eNPS)	80	60	47	44
At least one performance review per year per employee	100%	100%	100%	95%
Gender equality: proportion of women in management	40–60%	40–60%	57%	50%

Workplace dialogue: All employees have the right to be heard. Employees who can express their opinions and influence their working environment are more likely to achieve good working conditions and a fair wage. Rugvista demands the right to freedom of association and collective bargaining in the supply chain through the supplier code of conduct. Through education and ongoing dialogue, we strive to promote open dialogue and employee representation throughout the supply chain.

Compensation and benefits: A central point in the strategy for fair working conditions is the principle that people working in the supply chain should receive equal and fair compensation for equivalent work. Rugvista works to improve wages and other conditions throughout the value chain, which should provide sufficient income for a decent standard of living for workers and their families.

Responsible purchasing practices

When building long-term relationships, it becomes important to both qualify the suppliers initially and work for a long-term business relationship. Through these long-term collaborations with our suppliers, we also contribute to their financial business development - when they develop their business, we can get better service and greater awareness of sustainable development. Our purchasing methods should contribute to the development of the rug industry in a sustainable way while providing long-term benefits for our suppliers and their employees. In this way, our long-lasting collaborations can grow and create value for all parties.

If we want to lead the change towards sustainability in our industry, responsible purchasing practices is fundamental to ensure fair treatment of workers and a healthy work environment. By setting requirements and being engaged and responsible, we can contribute to our suppliers' development and be good employers. With good purchasing

procedures, we can also manage challenges with uneven production based on customers' varying demand over time. In a long-term partnership, we can together with the supplier plan the production with good foresight, which reduces unnecessary overtime for workers during peak season and evens out working hours during periods of lower demand.

Supplier Code of Conduct

Responsible production is at the core of our sustainability work. For our suppliers, we apply a code of conduct that regulates social and environmental responsibility within the supply chain. Rugvista is a member of amfori BSCI and we have adopted their code of conduct as our own. All our suppliers must sign and commit to follow the code of conduct, and compliance is monitored through regular monitoring and recurring audits. In summary, this is Rugvista's code of conduct for suppliers:

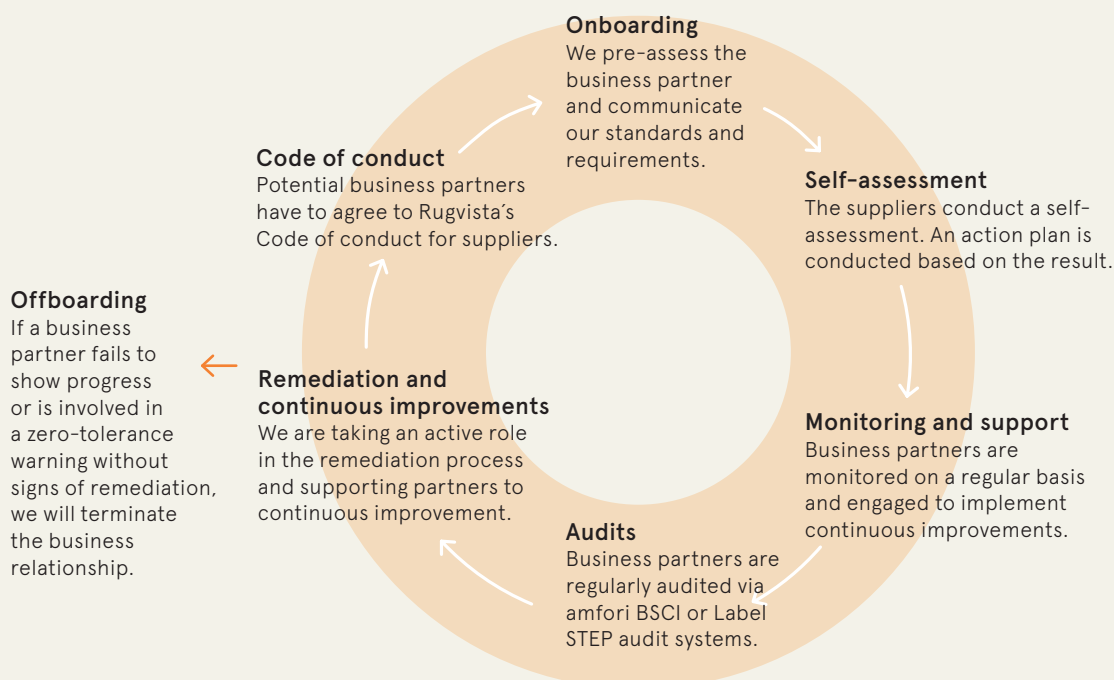
- Requires compliance with laws
- Aligns with the UN Guiding Principles on Business and Human Rights
- Builds on the International Labour Organization's (ILO) fundamental conventions, which apply to all countries
- Enables companies to follow a systematic approach to due diligence review within their supply chains.

Supply chain assessment cycle

The assessment cycle for the supply chain is the foundation for work and progress regarding human rights and ethical business practices. The framework helps us identify and act on discovered and potential risks related to human rights for workers in our supply chain. The framework is based on amfori BSCI, Label STEP's, and our internal processes.

All our suppliers are part of one of the audit systems of amfori BSCI or Label STEP. Regular audits take place regardless of which system they are connected to.

Supply chain assessment cycle





Amfori BSCI

Rugvista is a member of amfori BSCI, a global initiative for companies that want to improve working conditions in the global supply chain. BSCI brings together more than 2400 companies around a common code of conduct, and their main task is to support the network in the work of creating sustainable and ethical supply chains.

Amfori has an extensive skills development program that is available free of charge to both Rugvista's employees and suppliers. The training consists of introductory courses on sustainability and further training on sustainable recruitment to prevent human trafficking, forced labor and child labor in the operations, as well as how to create employee participation in issues related to human rights. Amfori's work provides practical support to all members and their suppliers who are committed to achieving the United Nations' Sustainable Development Goals, with the overall goal to contribute to a world where all trade provides social, environmental, and economic benefits for everyone.

Amfori BSCI audit system

Rugvista has access to a common system for monitoring and auditing of suppliers through amfori BSCI. Amfori BSCI audits are designed for suppliers with centralized production, about the values and principles set out in amfori BSCI code of conduct. The principles are transferred into thirteen linked result areas. Our largest suppliers, located in Turkey and India, are audited through amfori BSCI's audit system.

Amfori BSCI audits are conducted by independent third-party certified inspection companies. The audits assess all thirteen result areas and take place every other year according to the Amfori BSCI audit cycle. Follow-up audits are conducted in-between cycles and focus only on those performance areas that need further evidence of progress by the producer. Follow-up should be conducted within twelve months of the previous audit and should maintain the same scope and method. In addition, we may request an urgent follow-up audit focuses on a zero-tolerance finding

or a specific result areas performance area, for example in the following cases:

- Suspicions were raised by the auditor in confidential comments captured in the audit report.
- There are substantial risks that need verification.
- Immediate remediation is needed after a zero-tolerance alert.

Zero-tolerance alerts include:

Child Labor

- Workers who are younger than 15 years old
- Workers younger than 18 who are subjected to forced labor

Bonded Labor

- Not allowing workers to leave the workplace or forcing them to work overtime against their will
- Using violence or the threat of violence to intimidate workers to force them to work

Inhumane Treatment

- Inhumane or degrading treatment, corporal punishment (including sexual violence), mental or physical coercion, and/or verbal abuse

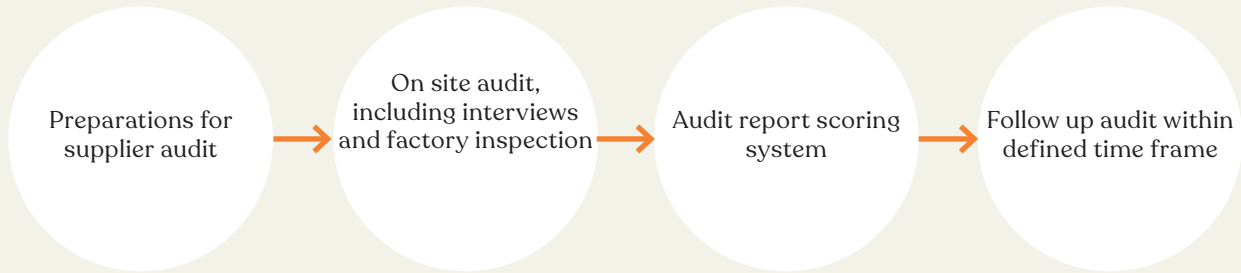
Occupational Health and Safety

- Occupational health and safety violations that pose an imminent and critical threat to workers' health, safety, and/or lives

Unethical Behavior

- Attempted bribery of auditors
- Intentional misrepresentation in the supply chain (e.g. hiding production sites, lacking a business license, and purposefully under-declaring the size of the workforce)

Amfori BSCI audit system



Amfori bsci 13 performance areas

- | | | |
|--|-----------------------------------|---|
| 1. Social management system and cascade effect | 4. No discrimination | 9. Special protection for young workers |
| 2. Worker engagement and protection | 5. Fair remuneration | 10. No precarious employment |
| 3. Freedom of association and the right to collective bargaining | 6. Decent working hours | 11. No forced labor |
| | 7. Occupational Health and Safety | 12. Environmental protection |
| | 8. No child labor | 13. Ethical behavior |

Label STEP

To be able to handle the complexity of revisions of rugs woven and knotted by home weavers, Rugvista is a certified Label STEP Fair Trade partner. Label STEP is a non-profit organization that is committed to the living conditions and well-being of rug weavers in the handmade rug industry. As a certified Label STEP partner, Rugvista is committed to independent regular audits of all the company's handmade rug suppliers. Label STEP actively works for long-term improvements in the rug industry while providing rug weavers the opportunities for education in human rights, health and safety, and economics.

Label step:s audit system

Label STEP's audit system is designed to review suppliers with decentralized production in the handmade rug industry, where weavers, for example, work in their homes or in small weaving mills with looms, with respect to the principles of STEP's 10-point standard.

Countries and facilities vary, and the fair trade rules included in the STEP standard are adapted to individual production conditions – from home-based work to loom-based weaving mills and factory facilities. As part of the oversight, STEP monitors up to 90 compliance criteria that must be met or be in the process of being met. If a non-compliance situation is found, joint corrective actions are initiated by STEP's employees, and conditions are improved step-by-step to achieve real and long-term change. The STEP standard includes these ten rules for fair and responsible trade:

- §1 Protection of workers' health and safety
- §2 Payment of fair wages and protection of agreed wages
- §3 Prohibition of child labour
- §4 No forms of discrimination
- §5 Freedom of association and the right to collective bargaining
- §6 No forced labour or debt slavery
- §7 No harsh or inhumane treatment, no sexual harassment
- §8 Limiting hours of work and application of weekly rest
- §9 Identifying environmental risks and minimizing their impact
- §10 Accepting STEP audit: transparency and access to information

STEP not only addresses isolated issues, the system also works holistically to adjust the underlying realities of the industry that incite them. The non-profit organization seeks fair wages for adult weavers and education for their children, so everyone can have a brighter future. STEP pursues fair trade solutions that consider all social, ecological, and commercial concerns. The organization believes in collaboration – encouraging and requiring all players within the handmade rug industry to cooperatively nurture an industry that is healthy, responsible, and sustainable. Rugvista has committed to the STEP Standard for fair trade throughout our entire line of handmade rugs. We provide Label STEP with full access to all information necessary to carry out the audits conducted by Label STEP auditors. Compliance and the initiation of improvements is verified by local STEP employees through frequent, independent, and unannounced audits.



Result of Audits During the Year

In 2022, Rugvista conducted 607 audits through amfori and Label STEP, a significant increase compared to 350 audits in 2021. The large increase is due to Label STEP being able to conduct more audits in Iran, Afghanistan, and Morocco, primarily due to the easing of Covid-19-related restrictions. Both organizations share the same goal of improving working conditions for workers in the supply chain, but the audits differ. For example, an audit performed by Label STEP may involve a single home weaver, while an audit performed by amfori may cover all workers in a production facility. Therefore, the number of audits performed by Label STEP and amfori are not comparable.

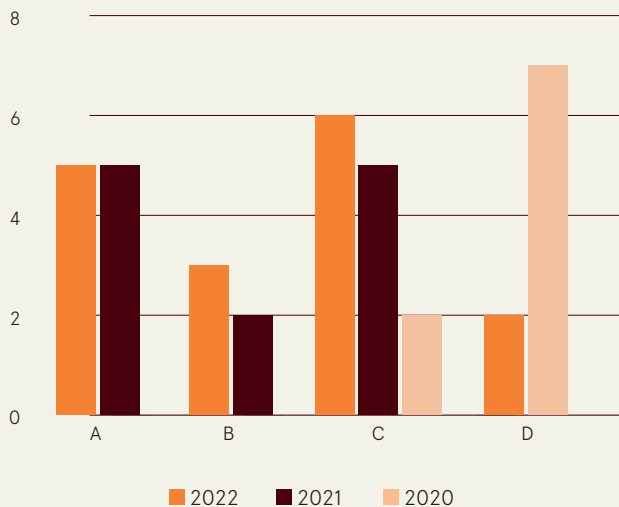
In 2022, 589 Label STEP audits were conducted. In total, these audits covered almost 2200 workers in our supply chain. No zero-tolerance incidents were reported. Through our membership in Label STEP, we were able to conduct audits in Iran and continue important work in Afghanistan, including education for female Afghan home weavers. Given the ongoing political situation in the country, it is even more critical that already vulnerable groups continue to work under fair conditions and with a decent income. Through amfori, Rugvista conducted 14 factory audits of its suppliers. Two of the suppliers that received an A in 2021 were not audited in 2022, as A-rated suppliers have a two-year audit cycle. Two new suppliers received a D rating, which these suppliers, along with our team and amfori, aim to improve during 2023. Concrete action plans have been developed and are regularly monitored. - The audit result is an overall assessment for each performance area of the supplier. The rating can vary from A, which is the highest rating, to E. If a supplier receives an E as an overall rating, it indicates fundamental problems in relation to amfori BSCI principles. During the year, none of our suppliers received an E rating.

No zero-tolerance cases regarding human rights were reported during the year. The positive development is driven primarily by improvements in suppliers that we have worked with for a long time, but also by a few new suppliers that are already in amfori's system. The audit results are shown in the following diagram, which only includes suppliers that have undergone at least two audit cycles. The most common problems identified through audits are:

- Incomplete time reporting systems and unauthorized overtime
- Occupational health and safety: the most common findings relate to inadequate emergency plans and procedures and non-approved emergency exits.
- Worker participation and protection: issues related to grievance procedures, such as policies prohibiting retaliation against workers
- Fair compensation: workers lacked education on living wages
- Social management system: gaps in any of the result areas that affect overall management systems, such as understanding and knowledge of the BSCI method and code of conduct.

We take all discoveries in connection with audits seriously. Through continuous dialogue and education, suppliers are encouraged to develop suitable improvement plans. Via Amfori's platform, we access these plans and can follow the progress made by the suppliers, and then a renewed assessment is made in a follow-up revision from Amfori. In the event of a serious deviation (which does not fall under zero-tolerance warning), we require the supplier to correct the deviation immediately, and in cases where an immediate correction is not possible, a clear improvement plan is developed together with the supplier, which is regularly monitored.

Amfori audit results per grading All suppliers
Audit results



” Through close, continuous dialogue between our suppliers and our procurement and sustainability teams, we have the opportunity to influence and work towards a long-term improvement throughout the entire supply chain.”



FOCUS:

Support program for female rug weavers in Afghanistan

In Afghanistan, rugs are woven almost exclusively by women. These women belong to the most disadvantaged groups in the country and are among those most affected by the current humanitarian crisis. We support, through our partner, Label STEP, the Afghan weavers and their families through several initiatives in 2022:

- A team of female doctors visited the weaving villages and provided free healthcare, including home visits to the weavers and their families. The doctors visited over 1200 families during the year.
- During the latter part of 2022, volunteers were trained in 50 rug weaving villages and neighborhoods to act as Community Health Services. They now have knowledge and equipment to treat minor health issues in their communities.
- During the year, Label STEP addressed important occupational health and safety issues for rug weavers, resulting in 170 weaving families receiving vertical looms to replace their old horizontal ones. Vertical looms are not only healthier for the weavers' backs, but they also tend to produce better rugs and thus generate more income.
- Many weavers have visual impairments. During the year, an eye specialist was sent to the villages to offer eye check-ups and provided free eyeglasses to over 700 weavers in our supply chain.
- Label STEP identified the poorest families in weaving communities and supported 290 families with food packages.

Our employee and organization

Our greatest asset is our employees. We believe that the key to attracting and retaining the talent we need to achieve our strategic ambitions is to be a modern and attractive employer. Therefore, we promote measures to ensure continuous development, diversity, and an inclusive culture where all employees can thrive and promote learning and development.

We protect our employees by promoting health, safety, and well-being in the workplace as we work towards our goal of zero accidents or work-related illnesses. We also work to protect and support people in the communities where we and our suppliers operate.

Our values

The foundation of our corporate culture lies in our values, Focus on Impact, Stay True, Be Entrepreneurs - they show who we are and what we stand for.

The values are guiding principles in our daily work, expressed in how we behave towards each other within the organization, in leadership, in our daily decisions, and in our customer and supplier relationships.

A values-driven leadership

A value driven clear leadership is crucial for us to realize our visions. Communication, cross functional collaboration, and coaching employees in their development are important parts of the leadership role.

Our leaders should act as good team players and role models through participation and responsibility in the daily work. Our leaders should also inspire and drive engagement for Rugvista as a whole. Basic expectations we have for our leaders are the ability to make decisions, prioritize and delegate tasks, as well as coach and support employee well-being and development. For all aspects of leadership, the company's values should be reflected and guided. Our leaders also have an important role in driving the continuous implementation and further development of processes and competencies in their respective areas of responsibility.

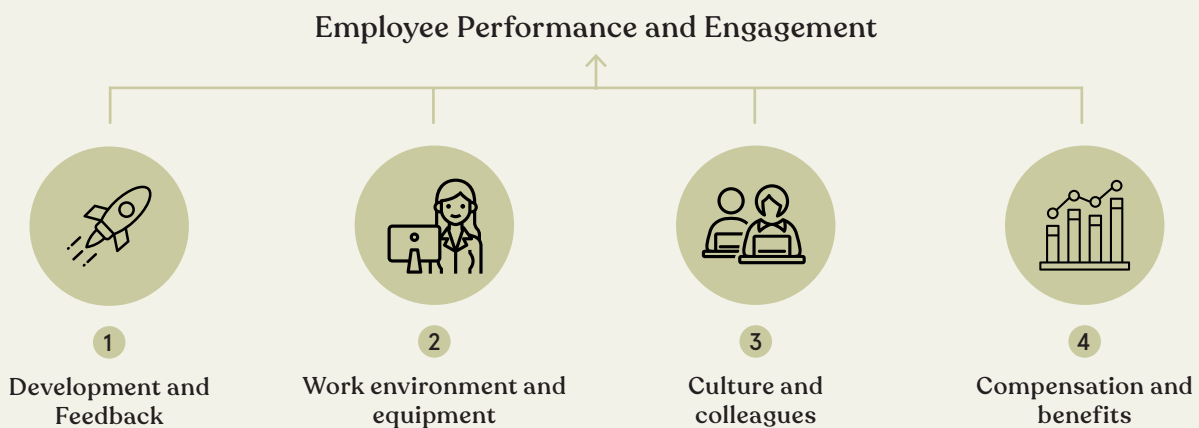
Engaging and inclusive work environment

We strive for a culture and work environment where engagement, inclusion, and diversity are natural and appreciated for the benefits they provide us. Our success depends on our employees doing their best, and to be able to do that, they need to feel motivated, involved, and appreciated. By ensuring that our employees are engaged, we build a culture of high drive, personal responsibility, and diversity. All of this is crucial to realizing our employee vision: to attract, motivate, and retain extraordinary people, which is also the focus of our governance processes. Together, we can realize our growth ambitions, achieve the company's goals, and provide our customers with world-class service.

Our Framework

We have developed a framework that supports leaders' important work in recruitment, organizational and employee development. The framework focuses on four different dimensions of our employer value proposition:

- Development & Feedback
- Work Environment & Equipment
- Culture & Colleagues
- Compensation & Benefits



The framework forms the basis for how we position ourselves to potential future employees, how we continuously develop our employer value proposition, and what we expect from our employees and leaders. The purpose of the framework is to ensure that all employees experience engagement, that their work is motivating and meaningful, and that good work performance is rewarded.

1 Development and Feedback

The feedback and development process for our employees is based on three criteria:

- Competence
- Performance & goal fulfillment
- Alignment with the company's values.

Feedback, competence development, and performance are discussed within the framework of feedback and development discussions between employees and managers at least twice a year, as well as in regular follow-up discussions. The process helps our leaders provide constructive feedback, clarify expectations, and identify how employees can develop through personal development plans. The process contributes to increasing employee engagement, performance, and job satisfaction. Our employees' engagement and opportunities for competence development are crucial for Rugvista to achieve its goals. In addition, opportunities for personal development create both well-being and job satisfaction. During the year, we had an average of 14 hours of training per employee compared to 16 hours in 2021.

2 Work environment and equipment

Our primary goal is for all employees to feel safe and being able to arrive home healthy and safe after work. Rugvista has a zero vision for workplace accidents.

Rugvista works preventively to identify and address deficiencies and risks, report and analyze incidents to identify underlying causes, and take measures to prevent similar incidents in the future. We record all incidents in a digital system. The risks at our head office include health risks related to poor ergonomics, remote work, poor ventilation, and stress. The safety of personnel at our warehouses is crucial for our operations. The occupational health risks include physical risks primarily in product handling, but also psychosocial risks such as stress and repetitive tasks. The most common work-related injuries are shoulder and back pain from repetitive work and heavy lifting. To prevent this risk of work-related incidents, we conducted training, including individual scanning, for all warehouse personnel in 2022 to ensure their well-being and educate them in good ergonomics and lifting techniques. Seven incidents or minor accidents were reported in 2022, compared to five the previous year. We work with several health-promoting activities to create a healthy workplace and reduce sick leave. For example, we offer massage and yoga during working hours and provide a generous wellness allowance. In 2022, the sick leave was 5.9% (7.1%) at our warehouses and 3.5% (3.6%) at our head office, which is lower than 2021.

Crisis management

We continuously conduct risk assessments in order to cultivate and maintain a safe working environment. We support the freedom of association for all employees and have collective agreements for all employees.

Monthly surveys

Work environment issues, engagement, and well-being are monitored through monthly surveys, which among other things, measure employees' Net Promoter Score (eNPS). This is an important channel for early signals of the need for action. The average score for the year ended up at 47, which is 2 points better than the previous year. The goal by 2030 is to reach an eNPS of 80. We continuously work to improve our eNPS score, which in turn means satisfied and motivated employees.

Whistleblower system

We want to promote an open business climate and good business ethics. Employees can anonymously report misconduct or concerns through the company's third-party whistleblowing system. In 2022, no reports were received.

3 Culture and colleagues

Rugvista values the equal worth of all people and respect for each other. It promotes collaboration and contributes to the development of both our employees and the company. As an inclusive employer, we provide an inviting workplace where everyone, regardless of gender and ethnicity, sexual orientation, can feel safe and comfortable to freely exchange ideas and express their opinion. Openness, diversity, and inclusion are crucial to Rugvista's continued success. We are very proud to be a team of almost 100 employees with roots from more than 30 countries.

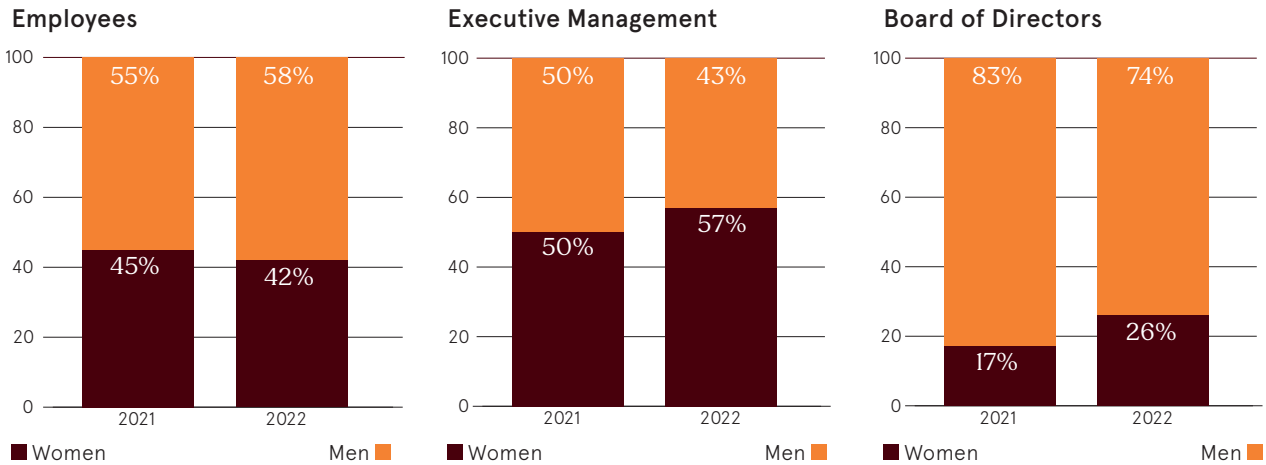
4 Compensation and benefits

Our office employees are compensated based on an individual compensation model linked to the feedback- and development process. Our collective employees are compensated based on the applicable collective bargaining agreement.

The individual compensation is determined for each employee with consideration to Rugvista's evaluation and development framework as well as established salary criteria. Through this framework, we want to clarify expectations for roles and performance, what is valued in the salary setting, and keep shared values alive throughout the company. The framework supports leaders and is a tool for our leaders to make an objective assessment of employees' results, performance, and engagement. The compensation model also includes a benefits package that should facilitate a sustainable lifestyle for our employees. We offer health-promoting activities such as massage during working hours, free yoga, and a generous wellness grant. Additionally, we offer several other benefits such as discounts on gym memberships, entertainment, and shopping. Rugvista is a member of the Swedish Trade Federation and has signed collective bargaining agreements with the unions "Handelsanstalldas förbund" and "Unionen".

GENDER EQUALITY

The average number of employees during 2022 was 92.5 (82). Of these, 42% were women and 58% were men. In the management team, the corresponding figures were 57% women and 43% men. These are important key figures for us, where a well-balanced gender distribution at all levels is of utmost importance to achieve the best results.



Focus: KPI'S own organization

Objective	Goal		Results	
	2030	2025	2022	2021
Training hours per employee	16	12	14	15
Absentee rate in fulfillment centers	3%	4%	5.9%	7.1%
Absentee rate in office	3%	3%	3.5%	3.6%
Employee turnover rate (%)	10-20%	10-20%	15%	11%
Occupational injuries	0	0	7	5

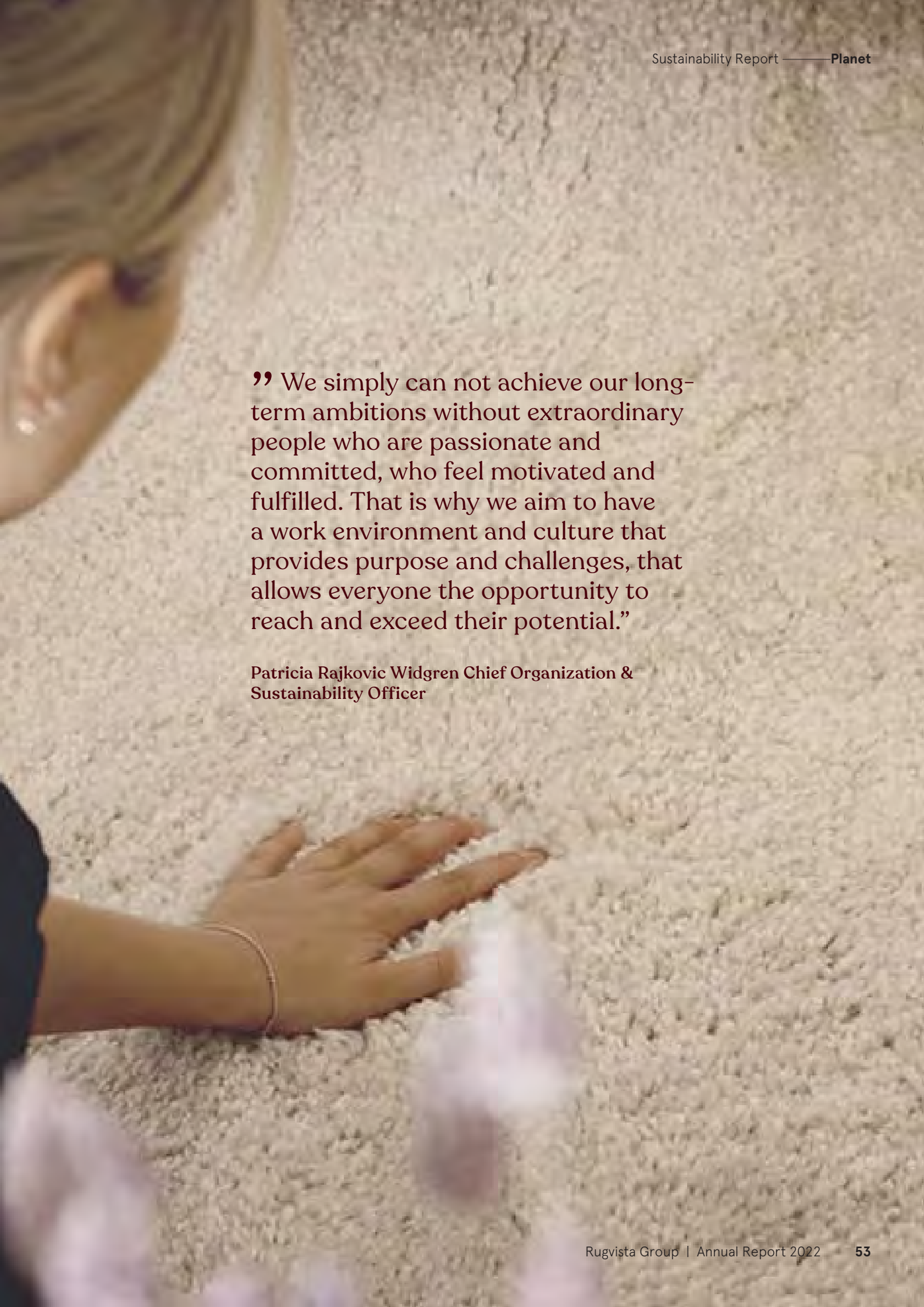
Main focus 2023

People

We will continue to work towards creating positive social impact for our employees and people throughout our value chain by providing a safe and inclusive work environment and ensuring responsible business practices. To achieve this, we plan to focus on the following in 2023:

- **Ensuring that all** new suppliers sign our contracts and code of conduct and are included in the assessment cycle for the supply chain before the first order is placed.
- **Continuing to** educate suppliers to work in accordance with best practices for social and environmental issues.
- **Ensuring that any** violations of Rugvista's code of conduct and policies are investigated.
- **Attracting, motivating,** and retaining employees by developing and refining the framework for feedback, competence development, and compensation.
- **Conducting regular** employee surveys as well as organizational and social work environment surveys.
- **Continuing the systematic** work towards a zero vision for health and safety by promoting a good and inclusive work environment and preventing work-related injuries.





” We simply can not achieve our long-term ambitions without extraordinary people who are passionate and committed, who feel motivated and fulfilled. That is why we aim to have a work environment and culture that provides purpose and challenges, that allows everyone the opportunity to reach and exceed their potential.”

Patricia Rajkovic Widgren Chief Organization & Sustainability Officer



Business

Being and acting as a responsible company is fundamental to us. Our code of conduct and guidelines aim to establish awareness of the importance of responsible behavior and compliance with regulations among all our employees and partners.

MAINTAINING GOOD CORPORATE GOVERNANCE AND BUSINESS ETHICS

Code of conduct and other policies

Rugvista’s code of conduct, policy documents, and other guidelines form the basis for the company’s sustainability work and related risks. Policies and guidelines are reviewed annually. Sustainability policy documents and guidelines cover:

- Rugvista’s code of conduct for employees
- Rugvista’s code of conduct for suppliers
- Rugvista’s anti-corruption policy

Compliance of rules and regulations

Compliance of rules and regulations is necessary for Rugvista and the best way to prevent the business from being used for corruption and fraud.

Rugvista requires that the company’s board, management, and all employees comply with Rugvista’s code of conduct, policies, guidelines, as well as applicable legislation and other relevant regulations. All employees must sign the company’s code of conduct upon employment, and it is mandatory for all suppliers to sign the code of conduct for suppliers.

Prevention of corruption

Corruption is a risk in the regions where Rugvista’s suppliers

operate. Ethical behavior, with respect and integrity, is a fundamental rule within the company and is a part of our values. Our personnel policy and our code of conduct describe the expectations of employees and suppliers, and that we have zero tolerance for all forms of corruption. The company regularly trains relevant personnel in how corruption is prevented and handled.

Continuous development of the supply chain

Transparency in the supply chain is more than knowing where in the world our rugs are produced – it means that we know who the suppliers are, who their subcontractors are, how they work, and how we can best support them to work in a responsible and efficient manner.

Our network of suppliers and manufacturers extends across several countries and includes around 20 suppliers, mainly located in Asia and Europe. Our focus is to build long-term relationships with key partners in the supply chain, where together we develop successful and sustainable businesses. Before we start a relationship with a potential new supplier, we conduct an assessment to identify and act on potential risks to human rights and environmental risks. During the onboarding phase, we require our suppliers to disclose their production facilities and subcontractors. Our long-term ambition is a fully transparent supply chain, beyond tier 1 and tier 2. 92% of the rugs stored in our warehouses are manufactured in India and Turkey. Rugs made in Persia, Afghanistan, China, Belgium, and Pakistan are purchased from European wholesalers. All production facilities are covered by our auditing systems; amfori BSCI or Label STEP.

Objective	Goal		Results	
	2030	2025	2022	2021
Signed supplier’s Code of Conduct	100%	100%	100%	100%
Mapped tier 2 suppliers (as % of RugVista purchase value)	100%	100%	67%	72%
Number of corruption incidents reported	Detect all incidents	Detect all incidents	0	0

Main focus 2023

Business

Our long-term focus is to maintain good governance and responsible business practices.

- **Continuing to map our** sub-suppliers and their suppliers
- **Ensuring the implementation** of our/amfori BSCI's code of conduct for our tier 2 suppliers
- **Implementing our** external whistleblower system in the supply chain
- **Providing anti-corruption training** for key personnel.
- **Engaging** current and potential investors in our sustainability ambitions and progress.



Sustainability risks

Sustainability risks refer to risks directly or indirectly associated with environmental risks, climate change, codes of conduct, and liability risks.



Our work is focused on identifying and evaluating Rugvista's most important sustainability risks. These are reviewed regularly, and we identify which systems, methods, and controls already exist or need to be implemented to minimize the potential consequences of the risks.

Most of the risks can be managed through internal routines and controls, while some risks are more challenging and complex, such as political, cultural, or risks that require profound changes across the entire industry. We see long-term partnerships and collaborations with suppliers as important keys to reducing these risks. We have identified and are working with the sustainability risks below that we consider as some of the most important:

Violation of fundamental labor rights

Risk: Throughout the supply chain, in most of our production countries, there is a risk of violations of fundamental labor rights. These violations primarily concern the right to freedom of association and collective bargaining, excessive overtime, unhealthy and unsafe working conditions, child labor, and illegal and insecure employment. The problems vary depending on the production country. While the risk of excessive overtime and illegal workers is higher in Turkey, the risk of unsafe working conditions is higher in India. The risk of child labor in our supply chain is no longer considered significant, and no such cases have been reported with our suppliers during the past year. The occurrence of child labor is a zero-tolerance violation.

Risk reduction plan:

Our code of conduct for business partners includes all the fundamental labor rights mentioned above. We manage these risks through our external audit system and by conducting regular follow-ups on the code of conduct. This includes finding out if there is a well-functioning complaint mechanism with our suppliers. Regarding findings or problems identified through audits, we collaborate

with our suppliers, either directly or through non-profit organizations, to develop a corrective action plan that we follow up on to ensure progress is being made. Although some of these risks, as far as we know, have not been realized, we have been able to identify potential problems through our risk-reducing efforts and, together with the supplier, improve production conditions and working conditions, such as reducing the number of overtime hours with suppliers in Turkey.

Climate change

Risk: Textile production has a significant negative environmental impact, such as greenhouse gas emissions, primarily due to enteric fermentation, being large in wool manufacturing. Also, consumption of water, chemicals, and energy is high throughout the production process. Without proper prevention work, there is a significant environmental impact. As a company, we depend on a well-functioning supply chain, and climate change also risks disrupting our production. Climate change affects all parts of the world, but some countries and regions are at higher risk, such as India and Pakistan. These are also countries we buy from. **Risk reduction plan:** A cornerstone of our sustainability strategy is to reduce our environmental impact, which we are working on at several different levels. For example, we have committed to the Science-Based Target initiative as another step to accelerate our work in reducing our climate footprint. We have during 2022 conducted a life cycle analysis of our five largest materials, and the results will help us and our suppliers in the work of reducing the environmental impact of each material and choosing more sustainably produced materials.

Resource scarcity

Risk: Currently, the dominant linear production model that we rely on is a major threat due to the increasing depletion of the world's natural resources. This entails a loss of



biodiversity, which has a negative Impact on climate and food scarcity is expected to have a significant effect on the world's GDP. With a business model that currently relies primarily on new raw materials, the consequences could be significant if they are not managed. Risk reduction plan: One of the cornerstones of Rugvista's sustainability strategy is to develop and continuously increase the circular elements of the business model. This will enable us to contribute to a positive development for the world, but also to better release our economic performance from the use of new raw materials so that we are resilient for the future. The result depends on our success in implementing the sustainability strategy and our ability to develop an even more sustainable customer offering.

Product safety

Risk: Customers must be able to trust the safety of our products when using our rugs. We have identified that the biggest product safety risk for rugs is related to the product's chemical content. Risk reduction plan: All our suppliers sign a commitment to follow the Chemical Group's chemical restriction list, which follows EU legislation (REACH, BPR, and EU waste legislation) and international chemical legislation (POPs). Chemical analysis of the products are regularly performed by both the suppliers and Rugvista.

Unethical business behavior

Risk: Production in developing countries with widespread poverty and unstable political situations entails a corruption risk. Corruption can manifest itself in various ways throughout the supply chain, such as in the form of bribes. Risk reduction plan: Our code of conduct has zero tolerance for all types of corruption, and we regularly review suppliers against the code. This includes finding out if there is a well-functioning complaint mechanism with our suppliers. In 2022, we took another step by introducing a global whistleblowing channel that can also be used by people in

our supply chain to inform Rugvista directly if there is reason to suspect, for example, unethical business behavior in Rugvista's supply chain. In 2023, the implementation of the whistleblowing channel will be intensified through work to raise awareness of the channel.

Political and social instability and external factors in production and supply markets

Risk: Rugvista offers rugs manufactured in several countries, some of which are classified as high-risk countries. Uncertainty in geopolitics, security, and trade has a significant impact on our business. This can include trade restrictions, war, increased protective measures for national security purposes, and natural disasters. Examples that could potentially affect Rugvista are the current situations in two of our production countries; Afghanistan and Iran.

Risk reduction plan: It is of utmost importance that we constantly monitor the development in our production and procurement countries and have processes in place to maintain secure production in uncertain situations. Through our collaboration with Label STEP, which has a presence and established networks in high-risk countries, we can continue to operate according to our high standards and ensure compliance with our code of conduct if the situation allows, both from a legal and ethical perspective but also in terms of security. We see operating in high-risk countries as an opportunity to have a positive impact on development. Currently, we achieve this through capacity building with our suppliers and by contributing to training programs for weavers in these countries in cooperation with organizations like Label STEP. Another important measure to manage and reduce this risk is the work we do to spread production across different countries and suppliers.



Collaborations

Collaboration and partnerships are an important part of our sustainability strategy as we need a diversity of perspectives to develop new solutions to the sustainability challenges we face. All partnerships bring unique expertise, skills, and resources, and when such a collaboration is well-organized, it has the potential to address systemic challenges. Therefore, we build partnerships with non-profit organizations and other stakeholders that enable us to raise the bar beyond organizational boundaries and contribute to sustainable development in the rug industry.

Amfori BSCI

Rugvista is a member of amfori BSCI, a global initiative for companies that want to improve working conditions in the global supply chain. BSCI brings together more than 2400 companies around a common code of conduct, and their main task is to support the network in the work of creating sustainable and ethical supply chains.

Label STEP

To manage the complexity of audits of rugs woven and knotted by home weavers, Rugvista has been a certified Label STEP Fair Trade partner since 2019. Label STEP is a non-profit organization that engages in the living conditions and well-

being of rug weavers in the handmade rug industry. Label STEP actively works for long-term improvements in the rug industry while providing rug weavers with opportunities for education in human rights, health and safety, and economics.

Care & Fair

Since 2018, we have had a close collaboration with Care & Fair, a non-profit organization that aims to enable regular schooling for rug knoter's children, give women the opportunity to learn to read and write, and provide free healthcare to the entire family. Currently, Care & Fair operates 10 schools, 6 adult education centers, and 3 clinics in India and Pakistan.

UN Global Compact initiative

We have been members of the UN Global Compact initiative (UNGC) since 2020. UNGC is a strategic policy initiative for companies that want to align their operations and strategies with 10 universally accepted principles in human rights, labor, environment, and anti-corruption. Our code of conduct includes UNGC's ten principles, and we embody the fundamental concepts of fairness, transparency, and respect for people and the environment affected by our operations.



” All collaborations bring unique expertise, skills, and resources...”

RISE Chemical Group

Since 2019, we have been members of the Chemical Group, a part of Sweden's research institute (RISE). It is a platform for knowledge about chemicals in the textile production chain and communication of chemical requirements to our suppliers. Through collaboration with the RISE Chemical Group, we try to stay updated on legislation and regulations related to chemicals.

GIAB

Since 2018, we have been collaborating with GIAB, whose business idea to facilitate reuse is based on reselling leftover or defective products to consumers. Through the collaboration with GIAB, defective rugs can be used instead of being destroyed.

Swedish Trade (Svenk Handel)

Rugvista is a member of the Swedish Trade, the employer organization that serves the entire retail sector. The association represents retail companies on employment and economic policy issues. The Swedish Trade has the task of creating the best possible conditions for both large and small retail companies.

Science Based Targets initiative (SBTi)

The Science Based Targets initiative (SBTi) promotes ambitious climate action in the private sector by enabling companies to set scientifically based climate goals that are compatible with the goals of the Paris Agreement. In 2021, Rugvista's climate goals were approved by the Science-Based Targets initiative, ensuring that greenhouse gas reduction targets are consistent with the levels required to achieve the Paris Agreement's objectives.












Tradera












Together with Tradera, Rugvista launched a circular platform in 2022 where customers can extend the lifespan of their Rugvista rugs by reselling them to other individuals.

Textile Exchange

Rugvista is a member of Textile Exchange, a global non-profit organization that provides knowledge and tools to make significant improvements in three core areas: fibers and materials, integrity and standards, and supply chains.

Sustainability management

Global goals (SDGs)	Topics	Management/policies	2022 activities	Review and follow up
	Financial performance.	Internal financial goals.	To ensure a financially sustainable business over time and that the business delivers according to goals and expectations of owners, board, and management OKR's and forecasts.	Monthly reports to owners and management board.
 	Increased proportion of recycled/sustainable materials.	LEAD.CHANGE strategy.	To ensure that the materials chosen contribute to our goal of increasing the proportion of recycled, reused or naturally sourced materials to 80% by 2030. Start selling printed rugs made of 80% recycled cotton.	Quarterly analysis of materials in stock.
   	Reduced environmental impact.	LEAD.CHANGE strategy, suppliers' Code of Conduct.	Work to reduce truck transports. Encouraging suppliers to use renewable energy sources, such as solar panels. Continuous reviews through Amfori, BSCI and Label STEP and ongoing communication with suppliers, where we strive to reward good environmental initiatives. Switching to renewable electricity at headquarters and our warehouses. Implementation of sustainability ambassadors and committees at employee level, contributing to greater engagement in reducing environmental impact.	Annual review of energy consumption. The reasons for any increases in truck shipments must be explained. Increases in energy use must be explained and corrective action must be taken as soon as possible. If discovered that our environmental requirements are systematically not met from a business partner, cooperation with the supplier/forwarder in question will be suspended.
 	Product safety.	Updated Supplier's agreement, Chemical Restriction List	We aim to ensure all products are safe to use, and meet our customers' expectations and statutory requirements	If prohibited chemical substances/contents are discovered, the products will be stopped if no other option is possible.
 	Good working conditions and occupational health and safety (own operations and supply chain).	Supplier Code of Conduct Collective agreements, systematic work environment management	Employees in good health and spirits contribute to a profitable company, benefit society and are important from the perspective of personal development. Preventive measures for health and safety – at the warehouses and headquarters. Offering company healthcare, massage, yoga and wellness subsidies. Safety training and safety rounds. Continuous reviews through Amfori, BSCI and Label STEP and ongoing communication with suppliers about the importance of good working conditions.	Regular third-party audits. Accident and incident reporting. Follow-up talks with employees. Monthly employee surveys.

Global goals (SDGs)	Topics	Management/policies	2022 activities	Review and follow up
  	Ensuring human rights throughout the value chain.	Supplier Code of Conduct.	The purpose is to strive for a safe and secure working environment and for suppliers to respect human rights. Audits through amfori BSCI and Label STEP. Ongoing communication with the suppliers.	Amfori BSCI and Label STEP audits, ongoing communication with suppliers. Training through amfori BSCI education system.
 	Good business ethics	Supplier Code of Conduct.	The purpose is to strive for a safe and secure working environment and for suppliers to respect human rights. Audits through amfori BSCI and Label STEP. Ongoing communication with the suppliers.	Audits through amfori BSCI and Label STEP. Ongoing communication with the suppliers.
 	A healthy and inclusive corporate culture including non-discrimination, diversity, and gender equality.	Codes of conduct for Rugvista's suppliers and employees, supplier agreements, personnel policies and the company's values.	The goal is good compliance with regulations and to prevent the business from being used for corruption and fraud to the best of our ability. Education on anti-corruption.	Internal educations, implementation of the company's values.
 	Skills development and career opportunities for employees.	Rugvista People, Evaluation & Development process.	We strive to attract the stars of the upcoming generation. This work is part of our value proposition as an employer and aims to ensure that we have the right competence to achieve our strategic goals. Performance reviews with a personal development plan.	Manager's regular coaching and follow up.
 	Preventing corruption and bribery.	Internal anti-corruption policy, Code of Conduct for Rugvista employees and guidelines.	All the relationships Rugvista is engaged in, will be characterized by good business ethics. General anti-corruption information communicated to key employees.	Rugvista's whistleblowing system.

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of RugVista Group AB (publ), corporate identity number 559037-7882

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2022 on pages 26-76 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit

conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Malmö April 13 2023
Ernst & Young AB

MARTIN HENRIKSSON

Authorized Public Accountant



Corporate governance report

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Corporate governance report

Corporate governance

RugVista Group AB (publ) is a Swedish public limited liability company listed on Nasdaq First North Premier Growth Market since March 2021. "Rugvista Group" or the "Company" refer to, depending on the context, RugVista Group AB (publ) (registration number 559037-7882) or the group of companies in which RugVista Group AB (publ) is the parent company. The purpose of corporate governance in Rugvista Group is to create good conditions for active and responsible ownership, clear division of responsibilities between the corporate bodies, and to prevent conflicts of interest. Proper corporate governance practices are fundamental to maintaining the market's confidence in the Company and creating added value for the Company's stakeholders. The Company's corporate governance model apply to all companies in the group, currently consisting of the Company and its wholly owned subsidiary Rugvista AB (registration number 556458-9207). This corporate governance report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish corporate governance code (the "Code") and have been reviewed by the Company's auditor.

Corporate governance model

The Company's corporate governance model is primarily based on the rules of the Swedish Companies Act (2005:551), the Swedish Annual Accounts Act (1995:1554), the Company's articles of association,

code of conduct and other internal steering documents. In addition to the above the Company also applies the Nasdaq First North Premiers Rulebook for Issuers, the Code and other applicable laws and regulations. Furthermore, the culture, work practices and values of the Company also constitute a fundamental part of the Company's corporate governance. Information regarding Rugvista Group's corporate governance model can also be found on the Company's website www.rugvistagroup.com.

SWEDISH CORPORATE GOVERNANCE CODE

The Code is part of the self-regulation of the corporate sector and provides norms for good corporate governance practices. Companies whose shares are listed on a regulated market in Sweden shall apply the Code. The Code shall also be applied by companies whose shares are listed on Nasdaq First North Premier Growth Market. The, at each given time, applicable Code is available on the website of the Swedish Corporate Governance Board www.bolagsstyrning.se. The Code is based on the "comply or explain principle" meaning that a company applying the Code may deviate from rules in specific cases if other solutions are deemed better suited considering the company's circumstances in a particular case. Deviations from the Code is subject to disclosure in the Corporate Governance Report. Such disclosure shall include an explanation describing the reasons for the deviation and the alternative solution chosen. The instances where the Company deviates from the Code are presented below.

Code rule	Deviation and explanation/comment
7.1 regarding board committees in general.	The Board of Directors have resolved to not establish special committees. The entire Board of Directors perform the tasks of such committees. For a further description of the option chosen by the Company please see the section regarding board committees.
7.2 regarding audit committee.	The Board of Directors have resolved to not establish an audit committee. The entire Board of Directors perform the tasks of such a committee. For a further description of the option chosen by the Company please see the section regarding board committees.
7.3 "For companies that do not have a separate internal audit function, the board of directors is to evaluate the need for such a function annually and to explain its decision in its report on internal controls in the company's corporate governance report."	The Board of Directors have resolved to not establish a separate internal audit function. The Board of Directors evaluates the need for such a function annually. For a further description of the option chosen by the Company please see the section regarding internal audit and the description of Rugvista's framework for internal control and risk management.
9.1-9.3 regarding remuneration committee.	The Board of Directors have resolved to not establish a remuneration committee. The entire Board of Directors perform the tasks of such a committee. For a further description of the option chosen by the Company please see the section regarding board committees.

The share and largest shareholders

The first trading day for the RugVista Group AB (publ) share on Nasdaq First North Premier Growth Market was March 18, 2021. The ISIN code of the share: SE0015659834. The Company's share register is maintained by Euroclear Sweden AB. On December 31, 2022, the

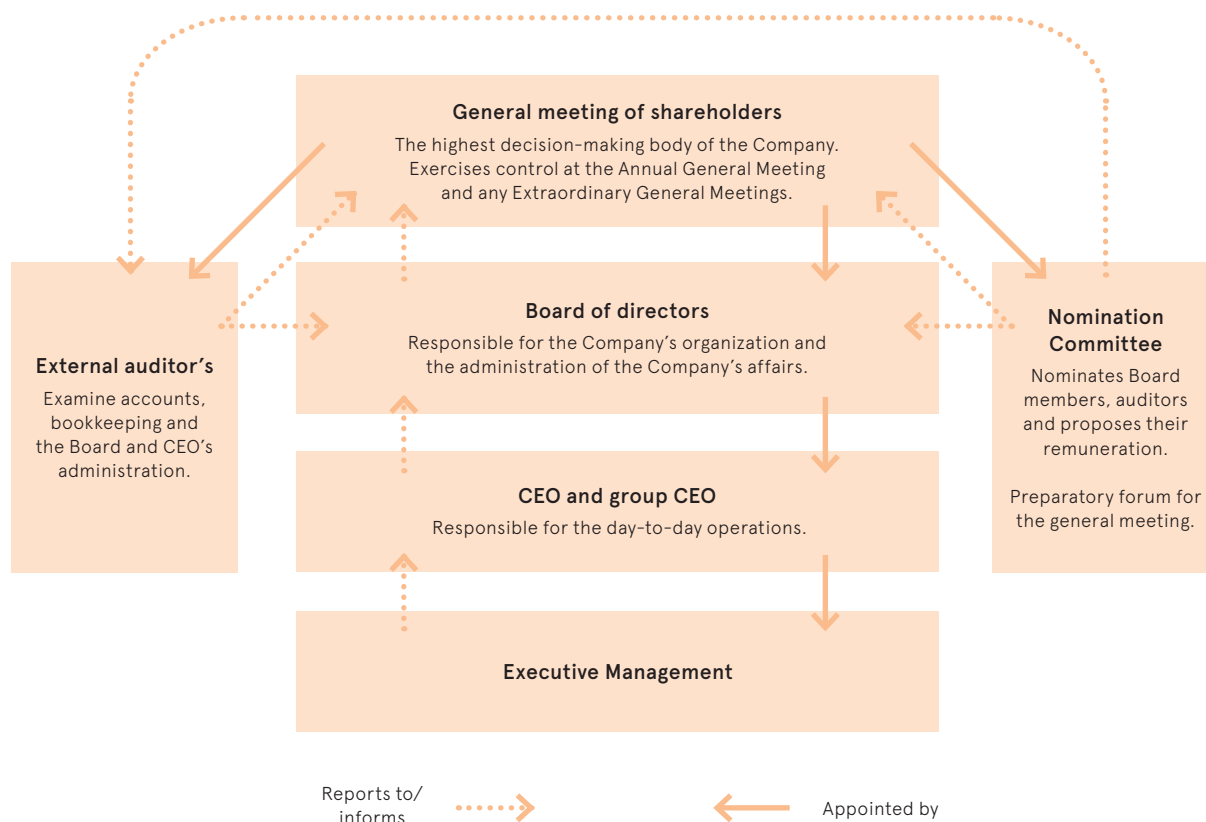
Company had a total of 20 785 140 shares and each share represents one (1) vote.

The 10 largest shareholders as of December 30, 2022 are listed in the table below.

Owner	Number of shares	Share of capital	Share of votes
Madhat AB	2,505,874	12.1%	12.1%
Futur Pension	1,903,356	9.2%	9.2%
Bank Julius Baer & Co Ltd	1,902,323	9.2%	9.2%
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%
MediumInvest	998,944	4.8%	4.8%
Litorina IV L.P.	913,587	4.4%	4.4%
RBC Investor Services	910,468	4.4%	4.4%
Goldman Sachs International	815,000	3.9%	3.9%
Total the ten largest shareholders	14,185,329	68.2%	68.2%
Total number of outstanding shares	20,785,140	100.0%	100.0%

Source: Euroclear extract per December 30th, 2022.

Rugvista's corporate governance structure



General meeting

The General Meeting of shareholders is the Company's highest decision-making body and the forum where the shareholders exercise control and voting rights. The Annual General Meeting ("AGM") of Rugvista Group is held annually within six (6) months from the end of the financial year. In addition to the AGM, Extraordinary General Meetings may be convened if needed. Notice convening a General Meeting shall, according to the Company's articles of association, be issued through announcement in the Swedish Official Gazette as well as at the Company's website. Announcement to the effect that notice convening a General Meeting has been issued shall also be made in Dagens Industri. Before a General Meeting the Company publishes a press release with the full notice. General Meetings are, pursuant to the Company's articles of association, held in Malmö municipality where the Company has its registered head office, or in Stockholm.

At the AGM the shareholders resolve on matters such as, the adoption of income statements and balance sheets, allocation of the Company's results, discharging the Board and CEO from liability, the composition of the Nomination Committee, election of Board members (including the Chairperson) and auditor, remuneration to the Board members and auditor, guidelines for remuneration to the CEO and other senior executives. The General Meeting of shareholders may also resolve on other matters of importance to the Company, for example any changes to the Articles of Association.

Any shareholder of the Company who wishes to have a matter dealt with at a General Meeting must submit a written request to the Board of Directors to that effect. Such request must normally have been received by the Board no later than seven weeks prior to the General Meeting. The Company's articles of association do not include any specific stipulations concerning the election or dismissal of Board members, limitations to sales of shares or amendments to the articles of association. The articles of association are available on the Company's website www.rugvistagroup.com. Guidelines regarding remuneration to senior executives are established at least every fourth year. To this date there is no authorisation to the Board from the General Meeting to resolve on an issue of new shares.

Annual general meeting (AGM) 2022

The Annual general meeting was held on May 3, 2022. Resolutions passed included:

- Adoption of income statement and balance sheet, and consolidated income statement and consolidated balance sheet
- Approval of the Board of Directors' report regarding remuneration pursuant to Chapter 8, Section 53 a of the Swedish Companies Act
- Resolution on the allocation of the Company's profit, entailing dividend resolution of SEK 2.50 per share, with the record date May 24, 2022
- Resolution on discharge from liability for the Board of Directors and the CEO
- Determination of fees for the Board of Directors and auditor
- Re-election of board members Erik Lindgren, Eva Boding, Magnus Dimert, Ludvig Friberger and Paul Steene and election of Hanna Graflund Sleyman as new Board member for the period until the end of the next AGM. Erik Lindgren was re-elected as Chairperson of the Board
- Election of auditor
- Implementation of a long-term share based incentive plan, LTIP 2022

The Company's next AGM will be held on May 25, 2023. The AGM will be conducted with the possibility of postal voting. For further information regarding 2023 AGM, please see the Company's website www.rugvistagroup.com.

Extraordinary general meetings 2022

No extraordinary general meetings were held during 2022.

Right to attend general meetings

All shareholders who, on the record date six banking days ahead of the General Meeting, are directly recorded in the Company's share register maintained by Euroclear Sweden and have notified the Company of their intention to attend the General Meeting no later than the date specified in the convening notice, have the right to participate in the General Meeting and vote for the shares they hold. The articles of associations of the Company contains no limitations in respect of the number of votes that a shareholder can cast at a General Meeting.

Shareholders whose shares are nominee registered through a bank or other nominee must, in addition to giving notice of participation, request that their shares be temporarily registered in their own name in the share register kept by Euroclear Sweden (so called voting right registration) in order to be entitled to participate at the General Meeting. For more information please see the Company's website.

Nomination Committee

The work of the Nomination Committee

The Nomination Committee represents the shareholders of the Company and has the task to prepare and present proposals for resolutions regarding i.a., number of board members, election of board members, chairperson, and remuneration to board members. The Nomination Committee also prepares proposal for resolution regarding election of auditor, remuneration to the auditor and, if deemed necessary, proposal for changes to the instructions for the Nomination Committee. Shareholders may submit proposals to the Nomination Committee in accordance with the instructions provided on the Company's website.

Composition of the Nomination Committee

The Nomination Committee shall consist of the chairperson of the Board of Directors and one representative of each of the two largest shareholders in RugVista Group AB (publ) in terms of votes based on the share register kept by Euroclear Sweden as of the last banking day in September each year or other reliable ownership information at such time.

The chairperson of the Nomination Committee shall be the member who has been appointed by the largest shareholder in terms of votes, unless the Nomination Committee unanimously appoints another member. The composition of the Nomination Committee, stating which shareholder has appointed each member, shall be announced on the Company's website no later than six months before the Annual General Meeting. The term of office for the Nomination Committee shall be the period until a new Nomination Committee has been appointed. In the event of changes to the composition of the Nomination Committee that has been presented, such changes will be immediately disclosed. For further information about the Nomination Committee please see the Company's website.

Nomination Committee for the 2023 AGM

The Nomination Committee for the 2023 AGM has been formed in accordance with the Company's instructions for the Nomination Committee, as described above and has consisted of Gunnar Mattsson appointed by the Company's largest shareholder madHat AB, and thereby also chairperson of the Nomination Committee, Klara Hanzon appointed by TIN Ny Teknik, and Erik Lindgren chairperson of the Board of Directors of the Company.

The Company applies item 4.1 of the Code as its diversity policy. The Nomination Committee shall apply this and strive for a composition of competencies and experiences that correspond to the requirements of the Board of Directors of the Company as a whole. The Nomination Committee attaches great importance to the matter of diversity and actively works to seek an even gender distribution. The Nomination Committee's proposals to the AGM are published in the notice and available on the Company's website, and in the event of proposal regarding board member election, in a press release once the proposal has been concluded.

The Board of Directors

Following the General Meeting of shareholders, the Board, is the highest decision-making body of the Company and its highest executive body. The tasks of the Board are primarily governed by the Swedish Companies Act, the articles of association of the Company and the Code. In addition to the above the work of the Board is also governed by the rules of procedure established annually by the Board. The rules of procedure govern matters such as delegation of tasks and responsibilities between the Board members, chairperson and the CEO and includes the process for financial reporting from the CEO. Currently applicable rules of procedure was established May 20, 2022.

The Board is responsible for Rugvista Group's organization and the management of the Company's affairs. The Board's tasks include establishing strategies, targets, business plans, budget, interim reports, financial statements, and adoption of steering documents. The Board also monitors the financial performance of the Company and ensures that the Company has good internal control and routines to ensure that controls in respect of the financial reporting are followed and that the financial reporting is prepared in accordance with law and applicable accounting standards and requirements. In addition, the Board shall ensure sufficient control of the Company's compliance with laws and regulations applicable to its operations and the Company's internal steering documents. The Board evaluates the business and performance based on targets set by the Board. Identifying the sustainability impact on risks and possibilities of the Company is also part of the task of the Board, including to establish appropriate guidelines for the Company's conduct in society to ensure long term value creation by the Company. The Board is also responsible for continuously evaluating the work of the CEO. In addition, the Board decides on major investments and organizational and operational changes. The chairperson of the Board leads and structures the work of the Board to monitor that the Board fulfils its tasks and that the decisions of the board are executed. The chairperson is responsible for the annual evaluation of the board's work. The evaluation has been made by way of a questionnaire. The results from the questionnaire, strengths and areas with improvement potential, have been discussed by the Board with the purpose of improving the board's work. The results of the

evaluation also constitutes the basis for the Nomination Committee in its work of assessing the composition of the Board.

Board Committees

The Board's overall responsibility for matters that can be prepared by board committees can never be delegated. The Board has decided to not establish an audit committee or a remuneration committee but to have the Board in its entirety conduct the tasks of such committees. The Board believes that this works well and that it results in the entire Board taking active part and having full insight in these important areas.

Consequently, it is the Board that during 2022 has assessed the routines for internal controls regarding financial reporting. The Board continuously monitors the Company's accounting and financial reporting and have evaluated the Company's accounting and financial reporting routines. The Board has also monitored and evaluated the work and independence of the external auditor. The Board monitors and evaluates the application of the Company's guidelines for remuneration to senior executives and remuneration structures and levels in the Company. CEO and senior executives are not present when the Board manages and resolves on remuneration related matters to the extent they are affected.

Board Composition

The Company applies Code item 4.1 as its diversity policy. This entails that the Board's composition shall be appropriate to the Company's operations, phase of development, other relevant circumstances, and shall consist of members with different background, competencies and experiences, and that gender balance shall be sought. According to the Company's articles of association the Board shall consist of no less than three (3) and no more than ten (10) board members. Currently the Board consists of six (6) members of which two women (33,3%).

The table below sets out overall board composition, including attendance on board meetings. For a more detailed presentation of the Board members please see page 72 f. and the Company's website www.rugvistagroup.com. For information regarding remuneration to Board members please see Note 7 "Salaries and remuneration to employees".

TABLE 1A. BOARD COMPOSITION – INDEPENDENCE, ATTENDANCE AND HOLDINGS

Name/Year of birth	Assignment	Elected	Independent (Company and management)	Independent (larger shareholders)	Attendance/ board meetings	Holdings shares (own and closely related parties)	Holdings warrants (own and closely related parties)
Erik Lindgren 1967	Chairperson	2019	Yes	Yes	19/19	268,080	12,500 (LTIP 2021/2024)
Eva Boding 1973	Member	2021	Yes	Yes	19/19	1,200	-
Magnus Dimert 1970	Member	2018	Yes	Yes	19/19	162,060	-
Ludvig Friberger 1979	Member	2016	No	No	19/19	947,977	20,000 (LTIP 2021/2024)
Paul Steene 1973	Member	2015	Yes	No	19/19	-	-
Hanna Graflund Sleyman ¹ 1978	Member	2022	Yes	Yes	11/19	-	-
John Womack ² 1966	Member	2016	Yes	Yes	8/19	-	-

¹ Hanna Graflund Sleyman was elected as a new member of the Board of Directors in May 2022 and have attended all meetings of the Board of Directors thereafter.

² John Womack resigned as member of the Board of Directors in May 2022 on the AGM. John Womack attended all meetings of the Board of Directors up until the 2022 AGM. Holdings of shares and warrants per December 31, 2022 are consequently not reported.

The Board's work in 2022

During the financial year 2022 the Board held 19 meetings, including inaugural, regular, extraordinary and per capsulam meetings. Regular meetings were held according to a pre-determined annual board calendar and in accordance with the rules and procedures. In addition to the Board meetings the chairperson of the Board and the CEO has a close continuous dialogue regarding the business and management of the company's affairs.

Main items for the Board during the financial year 2022 have included, development of the IT platform, integration of a new freight booking platform, work related to new trademark positioning, continuous monitoring of the Company's earnings, financial condition and reporting, and strategy, business plans, budget, and organization/governance matters.

Auditors

Ernst & Young AB (Box 4279 Nordenskiöldsgatan 24, 203 14, Malmö, Sweden) has served as external auditor of the Company since 2015, with Martin Henriksson, authorized public accountant and a member of FAR (the institute for the accountancy profession in Sweden) as the auditor in charge since 2015.

For the financial year 2022 the Company's auditor has made an overview review of the Q3 report and audited the annual report and the group reporting. The Company's auditor further issues statements regarding the corporate governance report and whether a sustainability report has been prepared and issues a specific statement whether

the Company has adhered to the guidelines for remuneration to senior executives. The Company's auditor reports its observations to the shareholders by way of the auditor's reports presented at the AGM. The auditor has participated on one board meeting during 2022 during which the annual report for 2021 was presented. For the financial year 2022 Ernst & Young has only conducted very limited non-audit services to the Company. The Board monitors the independence of the auditor and evaluates the work of the auditors at least annually.

CEO and executive management

CEO is appointed by and subordinate to the Board of Directors. The CEO is responsible for the Company's operational management and shall perform his tasks in accordance with applicable law, the articles of association, the Board's rules of procedures, the CEO instruction and any other instructions or directives from the Board of Directors. The CEO is responsible for compiling and collating information from the management before Board meetings and reports to the Board on the Board meetings. The CEO shall ensure that the Board has access to sufficient information to assess the financial condition of the group. The CEO appoints the other members of the executive management.

Michael Lindskog (born 1978) is CEO of the Company since 2019. By the end of the financial year 2022 the Company's executive management team consisted of six persons in addition to the CEO. For a more detailed presentation of the CEO and the current executive management team please see page 74 f. and the Company's website.

Name	Role/Executive management team since	Holdings shares (own and closely related parties)	Holdings warrants (own and closely related parties)
Michael Lindskog	CEO 2019	287,990	240,000 (LTIP 2021/2024) 15,000 (LTIP 2022/2025)
Joakim Tuvner ¹	CFO 2023		
Carin Terins	CDPO 2018	112,601	5,000 (LTIP 2022/2025)
Patricia Rajkovic Widgren	COSO 2018	25,120	25,000 (LTIP 2021/2024) 5,000 (2022/2025)
Anders Matthiesen	COO 2021	-	30,000 (LTIP 2021/2024)
Ulrika Klinkert	CMO 2017	75,900	5,000 (LTIP 2022/2025)
Peter Rosenfors	CTO 2021	7,730	15,000 (LTIP 2021/2024)
Abdullatef Almalouhi ²	Director of Performance Marketing 2023		
Maria Tholin	CLO 2021	6,008	7,500 (LTIP 2021/2024) 10,000 (LTIP 2022/2025)
Henrik Bo Joergensen ³	Fd CFO 2021		

¹ Assumed the role as CFO January 2023. Holdings of shares and warrants as of December 31, 2022 consequently not reported.

² Assumed the role as Director of Performance Marketing April 2023. Holdings of shares and warrants as of December 31, 2022 consequently not reported.

³ Resigned during 2022. Holdings of shares and warrants as of December 31, 2022 consequently not reported.

Remuneration to senior executives

The Company's guidelines for remuneration to senior executives were adopted on the extraordinary General Meeting held on February 11, 2021. The guidelines are available on the Company's website. Senior executives of Rugvista Group consist of individuals who from time to time are part of the Company's executive management. To the extent that a member of the Board of Directors performs work for the Company in addition to the Board assignment, these guidelines shall also apply and any remuneration and other terms for such work shall

be resolved on by the Board of Directors. The guidelines do not apply to any remuneration decided or approved by the General Meeting. The Board of Directors have proposed that the 2023 AGM resolve on changes to the guidelines for remuneration to senior executives. The proposed revised guidelines are included in the Director's report.

Other details regarding remuneration that the Company provides are presented in Note 7 "Salaries and remuneration to employees" and in the Company's Remuneration Report available on the Company's website.

Rugvista's framework for internal control and risk management

The work with internal control is an important part of the Company's ongoing work with corporate governance matters. The Company continuously works with establishing a, for the Company appropriate and effective framework, for internal control including management of risks that arises in the business. A clear division of work and responsibilities both between the Board and the CEO, and within the organization is an important part of internal control within the Company. Responsibility for internal control in the business is delegated to appointed co-workers with functional responsibility for each area. Key elements of the Company's risk management are identification, evaluation, planning of risk response and monitoring. Documentation of incidents, risks that have materialised, is also a part of the Company's framework for internal control and risk management as they point out where internal controls may be lacking or are insufficient. Incidents thereby help to prevent recurring incidents. The CEO reports on material risks to the Board and the Board's monitoring of risks also includes potential observations from the Company's auditors.

The Board has established a number of policies that together with applicable external regulations form the overarching framework for the governance and control of the business. In addition to policies the Company's internal framework also consist of additional guidelines and process descriptions/instructions. Furthermore, the Company considers its corporate culture and values to be a central part of shaping a responsible business. The starting point is that operational controls and guidelines for risk management shall be anchored in the targets and requirements of the Company's values (Focus on Impact, Stay True, Be Entrepreneurs), and its code of conduct.

Internal control regarding financial reporting

The key elements of the Company's process to ensure quality in its financial reporting are described below:

FRAMEWORK FOR INTERNAL CONTROL

The Company's overarching framework for internal control with a clear division of work and responsibility both between the Board and the CEO and within the organization is an important part of internal control within the Company. The need for policies and guidelines is continuously evaluated by management and the Board. Steering documents together with process descriptions for the financial reporting are available to and known by relevant co-workers.

RISK ASSESSMENT AND INTERNAL CONTROLS

Risk assessment includes identification and analysis of material risks that affect internal control regarding the financial reporting. Controls are both of a preventive nature, meaning that they are measures intended to prevent losses or misstatements in the reporting, and of a detective nature. Furthermore, the controls shall ensure that any misstatements are corrected. The Finance function, which compiles the reports, works in accordance with carefully prepared accounts and standardized working procedures with controls to ensure that the financial reporting is in accordance with law, applicable accounting standards and other applicable requirements. The Company's control measures include the involvement of the Board, management, and other co-workers. The Board receives information regarding the Company's financial condition prior to each regular Board meeting.

INFORMATION AND COMMUNICATION

Information to and involvement of executive management is ensured inter alia in connection with regular management meetings. The Board is regularly updated with reports regarding financial outcome with CEO and managements comments to the business. Findings and observations from the auditors are also shared with the Board through audit reports. In addition to the reports the Company's auditors participates on at least one Board meeting per year where the Board has the opportunity to ask questions to the auditors.

REVIEW AND FOLLOW UP

The Company continuously evaluates its internal control regarding financial reporting and effective reporting to the Board. The Board annually review significant risk areas and evaluates the internal control.

Internal audit

The Company has a non-complex legal and operational structure. CEO and co-workers with functional responsibilities are responsible for internal control for their respective areas. The Board follows up on and evaluates the Company's assessment of internal control inter alia by the Company's reporting of significant risks and via observations and reports from the Company's auditors. The Board has chosen to not establish a separate internal audit function. The need for such a function is evaluated annually.

Board of directors



Erik Lindgren

CHAIRPERSON

Education, previous assignments and experience: Entrepreneur and CEO within online sales. Previous assignments and experience include founder and CEO Discshop Svenska näthandel AB, CEO Babyland Online Nordic AB, co-founder Apotea AB, Senior Advisor EQT Partners, chairperson Apotea AB, E-handelsgruppen i Sverige AB, Apotea holding AB and David Andersson Sweden AB. Board member Eton Group AB, RESIA Travel Group AB, Granngården AB, GG Holding AB, Earl Holding III AB, House of Flowers Sweden AB, IVC Evidensia Ltd, Musti Group Oyj and Top Toy A/S.

Other current material assignments: Chairperson ArtGlass i Malmö AB and Riddermark Bil AB.



Eva Boding

MEMBER

Education, previous assignments and experience: MBA, Stockholm University, Lund University and University of Groningen. Previous assignments and experience include executive roles at Gant, Filippa K and L'Oréal, CEO Kasthall Group AB, board member Nordic Nest Group AB, House of Dagmar AB, and Association of Swedish Fashion Brands ekonomisk förening.

Other current material assignments: CEO Edblad & Co AB.



Magnus Dimert

MEMBER

Education, previous assignments and experience: MBA Gothenburg University School of Business. Previous assignments and experience include operational roles within online sales and as co-founder within the sector. CEO and co-founder Adlibris, Evidensa utveckling AB and co-founder Addnature and Eero Aarnio Originals, board member Pierce Holding AB, LGT Group AB, ArtGlass i Malmö AB, RVRC Holding AB and deputy board member Vilppu Holding AB.

Other current material assignments: Board member Best Transport Holding AB, board member and CEO Evidensa utveckling AB, board member NOD Group AB.



Ludvig Friberger

MEMBER

Education, previous assignments and experience: Professional experience in programming, software development, web design and IT architecture. Previous assignments and experience include Chairperson and CEO SolNord AB. Board member ArtGlass i Malmö AB. CEO and CTO Rugvista.

Other current material assignments: Board member IFSEK – Institutet för solenergi-kvalitet AB, board member and CEO Cutting Edge Construction AB, board member Transistormedia AB, Solelgrossisten Sverige AB, Care of Carl Holding AB, and RECOMA AB.



Paul Steene

MEMBER

Education, previous assignments and experience: M.Sc. mechanical engineering, Lund University. Previous assignments and experience include board member Coromatic, Textilia, Pax, Fractal Design and LGT Logistics.

Other current material assignments: Partner and board member Litorina Capital Advisors AB, board member Embellence Group AB (publ), Layer Group AB, and chairperson Northern Environmental and Water Solutions AB.



Hanna Graflund Sleyman

MEMBER

Education, previous assignments and experience: M.Sc. Economics and Business Administration, Stockholm School of Economics, Industrial Management studies, Royal Institute of Technology Stockholm (KTH). Previous assignments and experience include board member Atrium Ljungberg AB, Brothers AB, Commercial manager/Head of Vendor Management Amazon Sweden, Executive Director Daniel Wellington APAC, and CEO Departments & Stores AB.

Other current material assignments: CEO Kicks Group, and board member Embellence Group AB (publ).

Senior executives



Michael Lindskog

CEO

Education: MBA, Stockholm School of Economics, M.Sc. in marketing, Western Kentucky University.

Previous assignments and experience: Head of Nordics Zalando. Founder, board member & CEO Waizer AB. Managing Director Fashion Connectivity Technologies GmbH. Engagement manager McKinsey & Company.

Other current material assignments:-



Joakim Tuvner

CFO

Education: B.Sc. In Business Administration, Lund University.

Previous assignments and experience: Head of Finance Latin America / Asia Oriflame, CFO & deputy CEO Pågen, CFO Bona, VP Finance EMEA Oatly.

Other current material assignments:-



Carin Terins

CDPO

Education: Product development within the garment industry, Borås University. Digital Marketing, IHM Business School Stockholm.

Previous assignments and experience: Design and purchasing manager Flash AB.

Other current material assignments:-



Ulrika Klinkert

CMO

Education: M.Sc. in Engineering, marketing, economics and management studies, Lund University, Karlsruhe Institute of Technology, and Australian National University.

Previous assignments and experience: Marketing Director Hilding Anders International AB, Head of Marketing Betsson Group AB, and Market Manager Kjell & Company.

Other current material assignments:-



Patricia Rajkovic Widgren

COSO

Education: Market economist, IHM Business School Stockholm.

Previous assignments and experience: Consultant within recruitment and headhunting at Prawia AB and Appointed Sverige AB, CEO Biltema Sweden AB and Century Europe AB.

Other current material assignments: Board member Amfori BSCI.



Anders Matthiesen

COO

Education: Economics and Business Administration, and Supply Chain Management, Copenhagen Business School.

Previous assignments and experience: Management consultant Implement Consulting Group, Director POSM Pandora.

Other current material assignments:-



Peter Rosenfors

CMO

Education: M.Sc in Engineering, Luleå University.

Previous assignments and experience: CTO CDON AB, Engineering Manager Axis Communications, Head of R&D Palette Software, and Head of Development FordonsData Nordic AB.

Other current material assignments:-



Abdullatef Almalouhi

DIRECTOR OF PERFORMANCE MARKETING

Education: Master of Business Administration, University of Northampton, B.A English Literature, Albaath University.

Previous assignments and experience: Head of Digital Marketing Pets Deli, Head of SEA Rakuten, performance marketing roles at Watchmaster, Peak Ace and Account Director Nithar Creative Agency.

Other current material assignments:-



Maria Tholin

CLO

Education: Master of Laws LL.M, Lund University.

Previous assignments and experience: Legal Counsel Ikano Bank, Senior Associate Mannheimer Swartling law firm.

Other current material assignments:-

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of RugVista Group AB (publ), corporate identity number 559037-7882

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2022 on pages 78-92 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in

Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts

Act. Malmö 13 April 2023

Ernst & Young AB

MARTIN HENRIKSSON

Authorized Public Accountant



Director's Report

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Director's Report

The board and the CEO hereby submit the Director's report for the year 2022.

Information about the business

Rugvista Group, operating through its subsidiary Rugvista AB, sells rugs online under the Rugvista and Carpetvita brands and is one of Europe's leading direct-to-consumer (D2C) e-commerce retailers in the rug category. The company was founded in 2005 and offers a wide and relevant range of high-quality design- and traditional rugs. The majority of the assortment consists of self-developed or carefully selected products that can only be purchased from the company. Rugvista Group offers free shipping and returns to customers within the EU. Rugvista Group has divided its business into three business segments: Private Individuals, Business-to-business, and Marketplaces & Other. Private individuals represent the consumer market and are RugVista Group's main segment.

RugVista Group AB (publ) is listed on Nasdaq First North Premier Growth since March 18, 2021.

Employees

At the end of 2022, the business had 91 employees (84). The number of full-time employees during the period January-December amounted to 92.5 (81.7), and the proportion of women amounted to 42.2% (44.5%).

Business development for the Group as a whole

Net revenue

The Group's net revenue for the period amounted to SEK 639.3 million (705.0 million), which corresponds to a decrease of -9.3% (25.5%). The turbulent macroeconomic climate, with decreased purchasing power due to increasing inflation, geopolitical uncertainty, and lower consumer confidence, has negatively affected consumer demand in most of Europe during the period. Organic net revenue growth was -13.1% (34.0%) and was mainly affected by the euro's appreciation against the krona.

Net revenue within the Private Individuals segment (B2C), the Group's largest, amounted to SEK 554.8 million (622.1 million), corresponding to a decrease of -10.8% (29.8%). The decreased net revenue within the segment was primarily driven by lower sales in the DACH and Nordic regions with a growth rate of -14.6% (42.8%) and -23.9% (18.8%), respectively. Net revenue within the Business-to-business segment (B2B) amounted to SEK 68.9 million (63.9 million), corresponding to an increase of 7.9% (28.6%). Demand within the B2B segment has been more robust compared to the B2C segment during the period. The customer group interior architects drove the demand. Net revenue within the Marketplaces & Other segment (MPO) amounted to SEK 15.5 million (19.0 million), corresponding to a decrease of -18.4% (48.1%). As for the B2C segment, demand within the MPO segment was negatively affected by the macroeconomic climate and the profitability measures taken during the second half of the year.

Profits and margins

The gross margin amounted to 62.0% (64.6%). The decrease was driven by higher product costs as a percentage of net revenue and increased costs for customer deliveries. The increase in product costs as a percentage of net revenue was driven by category mix effects, higher discount levels, and higher costs for product purchases in USD. The increased costs for customer deliveries were due to investments in the choice of shipping company to ensure high customer satisfaction, as well as fuel surcharges and high season surcharges during the fourth quarter.

Other external costs as a percentage of net revenue amounted to 37.0% (35.9%). The increase was mainly driven by increased marketing investments in all segments. The high marketing investment was driven by an overall intense activity from market players despite a decrease in customer demand during the period. Costs related to recruitment of personnel and preparations for the company's first public annual general meeting also contributed to the increase in other external costs.

Personnel costs as a percentage of net revenue amounted to 10.9% (9.0%), and the increase was driven by a higher number of employees, negative scale effects, and personnel changes. Other operating costs amounted to MSEK -3.7 (-2.9). The item consists of the impact of currency exchange rate changes on transactions and the revaluation of assets and liabilities in foreign currency. The cost increase is a result of currency exchange rate changes for mainly supplier debts in foreign currency.

Depreciation and amortization amounted to MSEK -11.0 (-8.4) and mainly consists of depreciation of right-of-use assets. The increase compared to the previous year was driven by investments in additional right-of-use assets for our warehouses and investments in our premises during the second half of 2021.

Operating profit (EBIT) amounted to MSEK 74.9 (127.7), which corresponds to an operating margin of 11.7% (18.1%). The decrease in operating margin was driven by the lower gross margin, higher external costs, and negative scale effects related to the lower net revenue.

Adjusted operating profit (adjusted EBIT) amounted to MSEK 74.9 (137.6), which corresponds to an adjusted operating margin of 11.7% (19.5%). Net financial items amounted to MSEK -0.6 (-0.9). Taxes for the period amounted to MSEK -15.5 (-26.9).

The period's result amounted to MSEK 58.9 (99.9) and the period's margin amounted to 9.2% (14.2%).

Cash flow

The cash flow from operating activities amounted to MSEK -11.7 (104.8) during the year. The lower cash flow is a result of the lower operating profit and a change in working capital.

The cash flow from investing activities amounted to MSEK -9.9 (-2.4) during the period, and the increase mainly relates to investments in intangible fixed assets. The cash flow from financing activities amounted to MSEK -61.2 (-23.8) during the period. The cash outflow was mainly driven by the dividend to shareholders of MSEK 52.0 (0.0).

MULTI-YEAR OVERVIEW

SEK thousand if not stated otherwise	2022	2021	2020	2019	2019-2022 CAGR
Total revenue	640,958	706,527	564,045	425,283	14.7%
Net revenue	639,273	704,984	561,883	422,479	14.8%
Net revenue, excluding divested operations	639,273	704,984	541,712	407,292	16.2%
Gross profit	396,145	455,698	346,950	253,190	16.1%
Gross margin %	62.0%	64.6%	61.7%	59.9%	
Operating profit (EBIT)	74,919	127,658	104,153	46,908	16.9%
EBIT-margin %	11.7%	18.1%	18.5%	11.1%	
Adjusted EBIT-margin % ¹⁾	11.7%	19.5%	19.4%	12.0%	
Profit for the period	58,872	99,851	79,983	33,757	20.4%
Profit margin %	9.2%	14.1%	14.2%	7.9%	
Solvency, % ¹⁾	71.2%	69.3%	69.8%	62.8%	
Return on equity, % ¹⁾	14.8%	25.5%	24.3%	12.9%	
Cash flow from operating activities	-11,744	104,806	185,356	47,340	
Cash and cash equivalents	139,978	218,116	139,508	45,582	
Average FTEs	92	82	69	68	

¹⁾ See page 120 for definitions and justifications for KPIs

Other Key Performance Indicators (KPIs)	2022	2021	change
Number of website visits, million	31.9	39.8	-19.9%
Number of orders, thousand	252.9	273.0	-7.4%
Number of new customers, thousand	179.8	197.2	-8.8%
Average order value, SEK	3,569	3,636	-1.8%
Average NPS value	68	67	1.5%
Average TrustPilot Value	4.8	4.8	0.1%
Average return rate	15.5%	16.0%	-0.5pp

Financial Position and Liquidity

The inventory value at the end of the period amounted to SEK 174.3 million (146.6 million), and the inventory value as a percentage of net revenue over the last twelve months (LTM) amounted to 27.3% (20.8%). To ensure delivery capability to the end customer in an uncertain environment, the inventory value percentage is higher than the target range of 17.5% to 22.5%. The current inventory position means that we are well-equipped for the high season in Q1. The nature of the products results in low inventory risk, which is also reflected in the company's historical write-down needs.

Net indebtedness amounted to SEK -111.8 million (-189.6 million), where the decrease of SEK -77.8 million is primarily attributable to the shareholder dividend of SEK 52.0 million (0.0) during the second quarter of 2022.

The available cash and cash equivalents amounted to SEK 140.0 million (218.1 million).

Other Key Performance Indicators (KPIs)

The NPS value was 68 (67), and the TrustPilot value was 4.8 (4.8), which is evidence that our continued high focus on ensuring a world-class customer experience has been successful.

The number of website visits was 31.9 million (39.8 million), representing a decrease of -19.9% (19.1%). The decrease is attributable to the macroeconomic climate with reduced demand in the B2C segment, primarily, as well as the focus on profitability.

The number of orders was 252.9 thousand (273.0 thousand), representing a decrease of -7.4% (32.5%). The number of new customers acquired was 179.8 thousand (197.2 thousand), representing a decrease of -11.5% (32.1%).

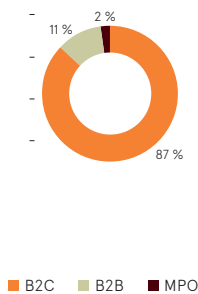
The average order value was SEK 3,569 (3,636), representing a decrease of -1.8% (-3.2%), attributable to changes in purchasing patterns within the design assortment, as well as higher discount rates.

Segment Reporting

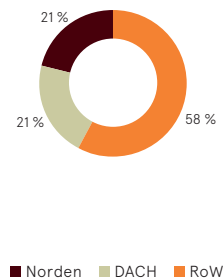
NET REVENUE BY SEGMENT

Rugvista's operations are divided into three segments, Private individuals (B2C), Business-to-business (B2B), and Marketplaces and Other (MPO). Private individuals represent the consumer market and are Rugvista's main segment, accounting for 88% of net revenue in 2022.

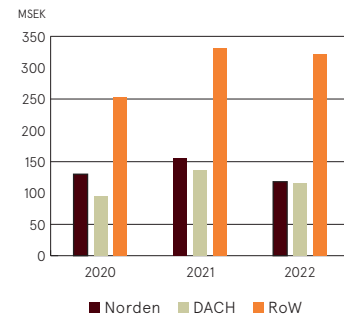
NET REVENUE PER SEGMENT



NET REVENUE PER REGION (B2C)



NET REVENUE PER REGION (B2C)



Private individuals segment (B2C)

Net revenue for the Private Individuals (B2C) segment during the period were MSEK 554.8 (622.1), which corresponds to a decrease of -10.8% (29.8%). The decreased net revenue within the segment were primarily driven by the DACH and Nordic regions with a growth rate of -14.6% (42.8%) and -23.9% (18.8%), respectively. The challenging macroeconomic climate, which had a negative impact on customer demand, was driving the decrease in net revenue for most of the period.

Gross profit amounted to MSEK 340.3 (399.1), corresponding to a decrease of -14.7% (34.0%), and the gross margin was 61.3% (64.1%). The decrease in gross margin was driven by higher product costs as a percentage of net revenue and increased costs for customer deliveries.

Marketing costs as a percentage of net revenue amounted to 34.3% (32.0%). The increase compared to last year was driven by continued intense activity from most of the players in the market, despite lower customer demand, as well as testing of new marketing activities.

The segment result amounted to MSEK 150.3 (200.2), corresponding to a decrease of -24.9% (27.4%), and the segment margin was 27.1% (32.2%), where the decrease in segment margin was driven by both the decreased gross margin and the increased marketing costs as a percentage of net revenue.

Business-to-business (B2B)

The net revenue for the Business-to-business segment during the full year 2022 was MSEK 68.9 (63.9), which corresponds to an increase of 7.9% (28.6%). Demand within the B2B segment has been more robust during the period compared to the B2C segment. The customer group interior designers were driving the demand.

The gross profit amounted to MSEK 44.5 (42.4), which corresponds to an increase of 5.0% (32.4%), and the gross margin amounted to 64.6% (66.4%). The decrease in gross margin was driven by higher product costs as a percentage of net revenue and increased costs for customer deliveries.

Marketing costs as a percentage of net revenue amounted to 14.1% (13.4%), where the increase in marketing costs was driven by the same factors as in the B2C segment.

The segment result amounted to MSEK 34.8 (33.8), which corresponds to an increase of 3.0% (34.2%), and the segment margin amounted to 50.5% (52.9%), where the decrease was driven by lower gross margin and increased marketing costs.

Marketplaces & Other (MPO)

The Marketplaces & Other (MPO) segment's net revenue amounted to MSEK 15.5 (19.0), corresponding to a decrease of -18.4% (48.1%). As for the B2C segment, demand within the MPO segment was negatively impacted by the macroeconomic climate for the main part of the period, as the major part of sales occur through Amazon's European marketplaces to private individuals. The focus on profitability during the second half of the year also negatively impacted growth.

The gross profit amounted to MSEK 9.6 (12.7), corresponding to a decrease of -24.4% (52.7%), and the gross margin amounted to 61.9% (66.8%). The decrease in gross margin was driven by higher product costs as a percentage of net revenue and increased costs for customer deliveries. The increase in costs for customer deliveries particularly negatively impacted the MPO segment due to the geographic sales mix.

Marketing costs as a percentage of net revenue amounted to 35.7% (27.6%), where the increase in marketing costs was driven by similar factors as in the B2C segment.

The segment result amounted to MSEK 4.1 (7.4), corresponding to a decrease of -45.4% (39.7%), and the segment margin amounted to 26.2% (39.2%), where the decrease was driven by the lower gross margin and increased marketing costs.

Significant events during the financial year 2022

Dividend 2022

The Annual General Meeting on May 20, 2022, in accordance with the Board's proposal, decided on a shareholder dividend of SEK 2.50 per share (SEK 52.0 million) corresponding to 53% of the group's profit for 2021.

Changes in the Board of Directors

At the Annual General Meeting on May 20, 2022, in accordance with the Nominating Committee's proposal, re-election was decided for Board members Erik Lindgren, Eva Boding, Magnus Dimert, Ludvig Friberger, and Paul Steene. Hanna Graf Lund Sleyman was elected as a new Board member. Erik Lindgren was re-elected as Chairman of the Board.

Rugvista's Nominating Committee appointed in November 2022

The Nominating Committee appointed for the 2023 Annual General Meeting of RugVista Group AB (publ) was constituted in accordance with the company's instructions. The nomination committee for the 2023 annual meeting consists of Gunnar Mattsson (representative of madHat AB and chairman of the nomination committee), Klara Hanzon (representative of TIN Fonder), and Erik Lindgren (chairman of Rugvista's board).

Changes in the management team

Henrik Bo Jørgensen resigned from his position as CFO of Rugvista in June 2022.

Incentive program ("LTIP")

At the annual meeting on May 20, 2022, it was decided, in accordance with the Board's proposal, to establish a long-term stock-based incentive program, LTIP 2022, for senior executives and key personnel within the group. The group has subsequently issued warrants as part of the 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 of June 1 - September 1, 2025.

In 2022, 40,000 warrants under the LTIP2022 program have been sold to senior executives within the group.

Liquidity provider

Carnegie Investment Bank AB (publ) ("Carnegie") has been appointed as the liquidity provider for the company's shares. Carnegie's assignment began on October 10, 2022, and is carried out within the framework of Nasdaq Stockholm's regulations regarding liquidity providers.

D-Award

We were nominated for "E-retailer of the Year 2022", also known as "D-Award 2022". Since 2019, Svensk Handel has annually nominated three companies that have contributed the most to driving digital commerce development during the year. Rugvista, Inet, and Djerf Avenue were nominated for the 2022 award. Inet won the vote, and we congratulate them on a well-deserved victory.

Russia's invasion of Ukraine

On February 24, 2022, Russia launched an invasion of Ukraine. In the days following the invasion, Rugvista shut down its online stores in Russia (Rugvista and Carpetvista). The order volume from the online stores was limited, and the decision has not had a significant impact on Rugvista Group's financial results.

Rugvista has been monitoring and analyzing the situation and its potential effects on the business and continues to do so. Indirect consequences of Russia's invasion have included increased costs for electricity, fuel, and transportation, among others. The war has likely contributed to a more uncertain international economy with decreased demand for discretionary goods from consumers.

Significant events after the reporting period

Turkey was hit by several earthquakes and aftershocks on February 6, 2023. The epicenter of the earthquakes was near an important production area for the company. Rugvista is monitoring and evaluating the situation and its potential effects on the business. Rugvista believes that any potential negative impact on the production capacity of the company's partners in the region and supply chains will not materially affect the company's financial results.

Joakim Tuvner joined the company as CFO in January 2023. Joakim comes from the position of Vice President Finance, EMEA at Oatly. He has many years of experience in senior positions in finance and accounting at growth companies and consumer-related companies.

Parent company

RugVista Group AB (publ), with registration number 559037-7882, is the parent company of the group consisting of the operating company Rugvista AB. RugVista Group AB (publ) is formed and registered in Sweden.

RugVista Group AB (publ) is listed on Nasdaq First North Premier Growth Market since March 18, 2021. The parent company's net revenue during the year amounted to SEK 15.6 million (12.1). The parent company's revenue consists of invoiced fees for management services to the subsidiary, in accordance with the intra-group agreement. The parent company's costs mainly consist of salaries for parts of the management, remuneration to the board of directors, and costs related to the company's shares being listed on Nasdaq. The result for the period amounted to SEK 36.6 million (62.1). The parent company has an intra-group receivable from the subsidiary, which, together with shares in the subsidiary Rugvista AB and equity, constitute the majority of the company's financial assets.

Risk Factors

Rugvista Group is exposed to a number of risks related to the business and the implementation of its strategy. The risk factors that are currently considered to be most significant for Rugvista Group are described below without ranking. The significance of the risk factors has been assessed based on the likelihood of their occurrence and the expected extent of their negative impact.

Macroeconomic and Geopolitical Risks

The demand for the products that the company offers depends on various factors that are affected by the macroeconomic climate and consumers' disposable income and spending power, such as market interest rates, tax levels, employment rates, and other macroeconomic factors. Carpets as non-essential goods are examples of products that consumers may choose to forego during an economic downturn that leads to actual or perceived declines in disposable income and spending power. Therefore, a recession or general decline in economic activity in one or more of Rugvista's markets may have a significant negative effect on demand for the products Rugvista offers as well as on the ability to maintain profitable pricing.

The global economy is also negatively affected by tariffs and other trade-restrictive measures implemented by the US, EU, and China. A large part of the carpets in Rugvista's range originate from countries with increased geopolitical risk such as Turkey, Iran, and Afghanistan. This means that Rugvista Group is subject to risks related to geopolitical uncertainty in the Middle East, as seen most recently in connection with the Taliban's takeover in Afghanistan, which has not yet resulted in disruptions in the supply from the country. Such uncertainty could, for example, entail risks related to Rugvista Group's access to carpets if the supply from the wholesalers that the company buys carpets from were to decrease or run out, if the factories where Rugvista Group's carpets are manufactured were to experience production disruptions, or if trade sanctions were imposed against any jurisdiction. Negative geopolitical developments can thus have a significant negative impact on Rugvista Group's operations and operating results.

The uncertainty in the macroeconomic outlook due to the current energy crisis in Europe, increasing cost inflation, and continued interest rate hikes from central banks in the US and Europe, as well as the war in Ukraine, is expected to affect and result in lower consumer confidence and hence decreased consumption. Depending

on how long the uncertainties in the international economy continue and how they develop, it may lead to continued deterioration in household purchasing power and thus have a negative impact on Rugvista Group's operations and operating results. Macro-economic prospects with high inflation and interest rate hikes may also lead to higher commodity and product prices.

Variations in seasonality

The Group's sales typically vary throughout the seasons, with the fourth and first quarters tending to be the strongest.

Risks related to brand, reputation and competition

The company's reputation and brand are crucial to its ability to attract potential and retain existing customers, employees, and partners. Customer satisfaction is therefore the company's top priority, and something the company measures and follows continuously. Approach and customer service are crucial to maintaining the company's reputation. Negative customer reviews that spread to existing and potential customers could cause significant harm to the company's reputation, demand for the company's carpets, and ultimately its market position and competitiveness. Rugvista Group's competitors consist primarily of traditional carpet retailers, multi-channel home decor retailers, online department stores, and online carpet specialists. Key competitive factors in online carpet sales include product price and quality, the ability to attract current customer and market preferences with design and material choices, delivery and payment terms (including customer return terms), and website usability. Companies that currently focus on other types of products, services, customer segments, or geographic markets or traditional physical carpet retailers may begin to increase or initiate online sales of carpets to Rugvista Group's target audience. In addition, wholesalers, from whom Rugvista Group purchases carpets, may begin selling carpets directly to end customers. There is therefore a risk that Rugvista Group will face new competitors, such as those who may have greater financial resources and who may benefit from economies of scale to a greater extent than the company. There is thus a risk that such players will be more successful in meeting customer preferences than the company. Increased competition can lead to Rugvista Group losing market share and result in decreased net revenue. To meet increased competition, Rugvista Group may, for example, be forced to lower product prices and/or increase investments in marketing measures, which risks leading to lower margins and/or increased costs for the company.

Risks related to sustainability and the environment

Rugvista Group strives to have a leading role in sustainability, and the company's ability to conduct long-term profitable business is highly dependent on Rugvista Group's success in managing the sustainability-related risks to which the company is exposed through its operations. For a detailed description of risks related to sustainability factors such as human rights, working conditions, environment, bribery, and corruption, see the risk section in the sustainability report.

Risks related to suppliers and business partners

Rugvista Group depends on purchases from wholesalers within the EU (primarily for traditional carpets) or suppliers in India and Turkey for manufacturing and delivery of carpets. Rugvista Group is thus subject to risks associated with, among other things, changes in production prices, increased transportation costs, and insufficient production/delivery capacity as well as production quality.

The company also collaborates with payment service providers, staffing agencies, transport and logistics companies for shipping products to and from customers, and other external parties within

the framework of its business. The company depends on external parties fulfilling their contractual obligations regarding quality and delivery time and complying with Rugvista's guidelines and other industry standards regarding the environment, occupational health and safety, anti-corruption, human rights, and business ethics. There is a risk that such parties, if affected by financial difficulties, will not deliver on time or in accordance with the cost structure or quality they have committed to, or that they will not comply with applicable guidelines and industry standards. The suppliers' ability to fulfill their obligations may also be affected by external circumstances such as natural disasters and epidemics.

Risks related to the company's handling centers

Rugvista Group has two handling centers in Malmö that store and handle the company's carpets. Rugvista Group's operations are dependent on efficient handling of purchased products, packaging, outgoing shipping and receipt handling, control and management of returns, as well as high functionality in the company's handling system. Events such as sabotage, fire, and natural disasters could cause damage to the handling centers and the products in Rugvista Group's inventory. Although such damages would be covered by insurance, extensive damage to the company's handling centers and inventory could have resulted in a re-acquisition time for the products in question and could thereby have resulted in the company failing to fulfill its obligations to its customers in a timely manner, and ultimately not having enough products for the company's offering to customers.

IT and Cybersecurity

Rugvista Group's sales are online-based and almost exclusively take place through Rugvista Group's web stores. Therefore, Rugvista Group's ability to continue its operations and maintain and increase its customer base and sales volumes is largely dependent on the continuous development, effective functioning, and high availability of the company's technology platform.

There is a risk that the company's technology platform and IT systems may prove to be undersized or malfunction, particularly if the traffic on the company's websites were to increase faster than the company had foreseen. Rugvista Group is primarily dependent on high availability of systems that ensure that the web stores are continuously available to potential customers. Thus, Rugvista Group is subject to risks related to interruptions and disruptions in its technical infrastructure, which can be caused by computer viruses, power outages, sabotage, as well as human or technical errors. IT attacks, errors and damage to IT systems, operational disruptions, and faulty or inadequate delivery of IT services from IT suppliers, such as Amazon Web Services, can lead to extensive interruptions or disruptions in the company's web stores and other IT systems, which can in turn negatively affect Rugvista Group's operations, profitability, and financial position.

Cybersecurity risks within Rugvista Group's operations arise mainly in relation to critical and sensitive information that the company possesses, such as product information, customer records, data used to generate demand forecasts, marketing and customer engagement, as well as data used to understand how Rugvista Group's customers use the company's web stores and to analyze customer behavior.

Financial risks

The following financial risks have been identified and further described in note 16 of the financial reporting:

- Liquidity and financing risks
- Currency risks
- Risk of amortization of goodwill
- Interest rate risks

The share

The RugVista Group AB (publ) share is listed on Nasdaq First North Premier Growth under the ticker code RUG and ISIN code SE0015659834. The market value on the last trading day of the fourth quarter of 2022 (December 30) was SEK 919 million with a closing price of SEK 44.20 per share.

In 2021, the company issued 860,000 warrants, of which 436,981 were sold to key personnel within the group. In the second quarter of 2022, the company issued 300,000 warrants, of which 40,000 were sold to senior executives within the group.

For more detailed information on incentive programs, see Note 22 in the financial reporting.

THE TEN LARGEST SHAREHOLDERS AS OF DECEMBER 30, 2022

Owner	Number of shares	Share of capital	Share of votes
Madhat AB	2,505,874	12.1%	12.1%
Futur Pension	1,903,356	9.2%	9.2%
Bank Julius Baer & Co Ltd	1,902,323	9.2%	9.2%
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%
MediumInvest	998,944	4.8%	4.8%
Litorina IV L.P.	913,587	4.4%	4.4%
RBC Investor Services	910,468	4.4%	4.4%
Goldman Sachs International	815,000	3.9%	3.9%
Total the ten largest shareholders	14,185,329	68.2%	68.2%
Total number of outstanding shares	20,785,140	100.0%	100.0%

Source: Euroclear extract per December 30th, 2022.

Guidelines for remuneration to senior executives

The board of directors of the company proposes that the 2023 annual general meeting approves revised guidelines for remuneration to senior executives. See note 7 "Salaries and compensation to employees".

THE BOARD OF DIRECTOR'S PROPOSAL FOR NEW GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The Board of Directors proposes that the Annual General Meeting resolves to adopt the following guidelines for remuneration and other terms of employment for senior executives in Rugvista Group.

Senior executives of RugVista Group, which consists of individuals who from time to time are part of the company's executive management, fall within the provisions of these guidelines. The guidelines are forward-looking, i.e., they are applicable to remuneration agreed, and amendments to remuneration already agreed, after the guidelines have become effective in accordance with the General Meeting's resolution. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

Employment conditions of a member of the executive management subject to other rules than Swedish, may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

To the extent that a member of the Board of Directors performs work for the company in addition to the Board assignment, these guidelines shall also apply to any other eventual remuneration (e.g., consultancy fees) for such work.

The guidelines' promotion of the company's business strategy, long-term interests, and sustainability

The company's business vision is to become the center of gravity for the European rug industry. A prerequisite for a successful implementation of the company's business strategy and safeguarding of the company's long-term interests, including its sustainability is that

the company is able to recruit and retain qualified co-workers. The company's people vision is to attract, motivate, and retain extraordinary people which also constitutes the basis for ensuring that the company's most important asset, its employees, are motivated and happy to be a part of the organization. This requires that the company is able to offer competitive remuneration. These guidelines enable the company to offer its senior executives a total remuneration that is competitive.

Share-based incentive plans based on warrants have previously been implemented by the company. The plans have been resolved by the General Meeting and are therefore excluded from these guidelines. For the same reason the long term incentive plan based on warrants, proposed by the Board of Directors and submitted to the 2023 Annual General Meeting for approval, will be excluded from the guidelines. The plans include Rugvista Group's executive management and other key employees within Rugvista Group. The purpose of the share-based plans is to offer the participants the opportunity to receive remuneration that is related to and dependent on the long-term value growth for Rugvista Group's shareholders that the participants help to create. The outcome of the plans is linked to the development of the company's share price on Nasdaq First North Premier Growth Market and participation in the plans requires a personal investment and a holding period of several years. For further information about the plans please see Rugvista Group's website, <https://www.rugvistagroup.com/en/>. Any future share-based incentive plans will be decided by the General Meeting.

Variable cash remuneration that is subject to these guidelines shall promote implementation of the company's business strategy, the company's long-term interests, including its sustainability.

Types of remuneration, etc.

The remuneration shall be on market conditions and may consist of fixed cash remuneration, variable cash remuneration (bonus), pension benefits and other benefits. Additionally and irrespective of these guidelines the General Meeting may resolve on, amongst other things, share- or share-price related remuneration.

FIXED REMUNERATION

Fixed cash remuneration shall be on market conditions and determined based on the responsibility, mandate, competence and experience of each member of the executive management.

VARIABLE REMUNERATION

In addition to fixed cash remuneration variable cash remuneration may be part of the remuneration to senior executives. Resolution regarding variable cash remuneration as part of total remuneration shall be made by the Board of Directors.

Variable cash remuneration under these guidelines shall be linked to one or more predetermined and measurable criteria designed to promote the company's strategy, long-term interests including sustainability, or the senior executive's long-term development. The criteria can be financial, non-financial, individual and/or joint, qualitative and/or quantitative. Variable cash remuneration may amount to a maximum of 50 percent of the yearly fixed cash remuneration.

Satisfaction of the criteria for awarding variable cash remuneration shall be measurable for a measurement period of one year. When the measurement period for satisfaction of the criteria for payment of variable cash remuneration has come to an end the Board of Directors shall evaluate the extent to which the criteria have been satisfied.

Variable cash remuneration can be paid after the measurement period has ended or be subject to deferred payment.

EXTRAORDINARY REMUNERATION

Additional cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 per cent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors.

PENSION BENEFITS

Pension benefits, including health insurance, for the CEO shall be premium based and the pension premiums shall amount to a maximum of 30 percent of the CEO's fixed annual cash salary. Other senior executives shall be covered by ITP1 in accordance with the applicable collective agreement, or similar pension benefit. For executives covered by ITP1, the insurance premium shall be based on each member's yearly fixed base salary and other pensionable covered income in accordance with ITP1. ITP1 means that the company pays a premium of 4.5 percent of the executive's pensionable covered income up to 7.5 income base amounts and 30 percent over 7.5 income base amounts. In addition, other senior executives may receive an additional premium based pension provision in the form of a fixed monthly amount, which can amount to a maximum of 6 percent of the current fixed monthly cash salary when determining such provision for pension.

OTHER BENEFITS

Other benefits may include, for example, life insurance, medical insurance, and company cars. Such benefits may not exceed more than 15 per cent of the fixed annual cash salary.

REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS

In the event a member of the Board of Directors performs services for the company in addition to the Board assignment, specific remuneration (e.g. consultancy fees) can be awarded for such services provided that such services contribute to the implementation of the company's business strategy, safeguarding of the company's long-term interests, including its sustainability. The annual consultancy fee must be on market conditions and be put in relation to the benefit it brings to the company, and may never, for each member of the Board, exceed three times the applicable board remuneration.

Remuneration to a member of the Board of Directors, and other terms, shall be resolved on by the Board of Directors.

Termination of employment

Upon termination of employment, the notice period may not exceed six months, unless otherwise is provided by mandatory law or collective agreement. Fixed cash salary during the notice period and severance pay may together not exceed an amount equivalent to the fixed cash salary for fifteen months. If notice of termination is made by a senior executive, the notice period may not exceed six months, with no right to severance pay.

Additionally, compensation may be paid for non-compete undertakings. Such compensation shall compensate for loss of income and shall only be paid in so far as the senior executive is not entitled to severance pay. Such compensation shall amount to not more than 60 percent of the fixed cash salary at the time of termination, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking is applicable, at longest for twelve months.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of Rugvista Group have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Board of Directors shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

Description of material changes of the guidelines and how the views of shareholders' have been taken into consideration

The current guidelines for remuneration to senior executives were adopted on a General Meeting held February 11, 2021. These guidelines, which are proposed for the 2023 Annual General Meeting, correspond to a large extent with the guidelines resolved upon by the General Meeting held February 11, 2021. However, includes (i) an option of variable cash remuneration as per and under the conditions stated above in these guidelines, and (ii) that employment conditions of executive management members subject to other rules than Swedish, may be duly adjusted for compliance with mandatory rules or established local practice.

No comments or questions on the remuneration guidelines have emerged in connection with general meeting proceedings.

Sustainability Report

See separate sustainability report on pages 26–61.

Corporate governance report

See separate corporate governance report on pages 64–75.

Dividend

Rugvista Group is investing its resources in growth and business development. In addition, RugVista Group aims to distribute up to 50% of the year's profit to shareholders.

The Board of Directors proposes a cash dividend of SEK 1.50 (2.50) per share, corresponding to MSEK 31.2 (52.0). The proposed date for the right to receive the dividend is May 29, 2023. Assuming that the shareholders' meeting approves the dividend proposal, the expected payment date for the dividend is June 1, 2023.

Proposed appropriation of profits

The Board of Directors proposes that the profits at the disposal of the Annual General Meeting:

Retained earnings	318,964,524
Profit for the period	36,596,437
Total	355,560,961

be appropriated as follows:

Dividend 1,50 kr per share to the shareholders	31,177,710
be carried forward, SEK	324,383,251
Total	355,560,961

The parent company's and the group's income statement and balance sheets will be subject to approval at the Annual General Meeting on May 25, 2023.

Financial Reporting

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Consolidated Income statement

KSEK	Note	1 Jan 2022 31 Dec 2022	1 Jan 2021 31 Dec 2021
Net revenue	3.4	639,273	704,984
Other operating income	5	1,685	1,543
Total operating income		640,958	706,527
Goods for resale	3.4.15	-244,813	-250,829
Other external expenses	6	-236,847	-253,178
Personnel expenses	7	-69,711	-63,566
Amortization & Depreciation	11.13.14	-10,992	-8,360
Other operating expenses	5	-3,676	-2,936
Total operating expenses		-566,039	-578,868
Operating profit (EBIT)		74,919	127,658
<i>Financial income and expenses</i>			
Financial income	8	519	-
Financial expenses	8	-1,101	-910
Net financial items		-582	-910
Profit/loss after financial items		74,336	126,749
INCOME TAX	9	-15,464	-26,898
Profit for the year, SEK		58,872	99,851
Attributable to			
Parent company's shareholders		58,872	99,851
Earnings per share before dilution, SEK	10	2.83	4.80
Earnings per share after dilution, SEK	10	2.83	4.80

Consolidated Statement of other comprehensive income

KSEK	Note	1 Jan 2022 31 Dec 2022	1 Jan 2021 31 Dec 2021
Profit for the year, SEK		58,872	99,851
<i>Items that can later be reclassified to the income statement</i>			
Translation differences		-	-
Other comprehensive income		-	-
Total comprehensive profit/loss for the year		58,872	99,851
Attributable to			
Parent company's shareholders		58,872	99,851

Consolidated Statement of financial position

KSEK	Note	2022-12-31	2021-12-31
ASSETS			
<i>Non-current assets</i>			
Goodwill	12	299,949	299,949
INTANGIBLE ASSETS	11	9,064	-
Tangible assets	13	3,540	4,150
RIGHT-OF-USE ASSETS	14	26,828	27,533
Deferred tax assets	9	311	236
Total non-current assets		339,693	331,868
<i>Current assets</i>			
INVENTORY	15	174,259	146,559
Accounts receivables		142	148
Other receivables	16	51,439	19,772
Prepaid expenses	18	1,465	921
Cash and cash equivalents	17	139,978	218,116
Total current assets		367,283	385,516
TOTAL ASSETS		706,975	717,384
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	21	1,039	1,039
Other contributed capital		227,627	227,784
Retained earnings, including profit for the year		274,985	268,076
Equity attributable to the parent company's shareholders		503,651	496,899
<i>Non-current liabilities</i>			
Deferred tax liabilities	9	90	107
Leasing debt	14	17,249	20,070
Total non-current liabilities		17,338	20,177
<i>Current liabilities</i>			
Accounts payable	16	76,963	95,334
Current tax liabilities	9	41,556	48,126
Other current liabilities		44,429	33,505
Leasing debt	14	10,919	8,419
Prepaid income and accrued expenses	20	12,118	14,924
Total current liabilities		185,986	200,308
TOTAL EQUITY AND LIABILITIES		706,975	717,384

Consolidated Statement of changes in equity

KSEK	Note	Share capital	Other contri- buted capital	Retained earnings, in- cluding profit for the year	Total equity
Opening balance, 1 Jan 2021	21, 22	1,014	244,229	168,225	413,468
Profit for the year, SEK				99,851	99,851
Other comprehensive income				-	-
Total comprehensive profit for the year		0	0	99,851	99,851
Transactions with shareholders					
Warrants, issue			10,201		10,201
Warrants, repurchase			-38,069		-38,069
New share issue		25	11,423		11,449
Closing balance, 31 Dec 2021		1,039	227,784	268,076	496,899
Opening balance, 1 Jan 2022		1,039	227,784	268,076	496,899
Profit for the year, SEK				58,872	58,872
Other comprehensive income				-	-
Total comprehensive profit for the year		0	0	58,872	58,872
Transactions with shareholders					
Paid dividend				-51,963	-51,963
Warrants			469		469
Warrants, repurchase			-626		-626
Closing balance, 31 Dec 2022	21.22	1,039	227,627	274,985	503,651

Consolidated Statement of cash flows

KSEK	Note	1 Jan 2022 31 Dec 2022	1 Jan 2021 31 Dec 2021
Operating activities			
Operating profit (EBIT)		74,919	127,658
Adjustments for items not included in cash flow			
Unrealized exchange rate difference		-4,657	-
Amortization & Depreciation	11.13.14	10,992	8,360
Interest received	8	519	-
Interest paid	8	-1,101	-910
Income tax paid		-22,126	-8,767
Cash flow from operating activities before changes in working capital		58,546	126,342
Changes in working capital			
Change in inventory		-27,699	-55,562
Change in operating receivables		-31,792	9,560
Change in operating liabilities		-10,799	24,466
Cash flow from operating activities		-11,744	104,806
Investing activities			
Investment in intangible assets	11	-9,064	-
Acquisition of tangible assets	13	-1,018	-2,358
Sales of tangible assets	13	136	-
Cash flow from investing activities		-9,946	-2,358
Financing activities			
New share issue	21	-	11,449
Warrants	22	469	10,201
Warrants, repurchase	22	-626	-38,069
Amortization of leasing debt	16	-9,116	-7,422
Paid dividend	21	-51,963	-
Cash flow from financing activities		-61,236	-23,841
Cash flow for the year		-82,927	78,607
Cash and cash equivalents at start of year	17	218,116	139,508
Exchange rate differences in liquidity		4,789	-
Cash and cash equivalents at year-end	17	139,978	218,116

Notes

Note 1

Company information

RugVista Group AB is a limited liability company with its registered office in Malmö. The company is the parent company of a Group that includes 100% of RugVista AB, 556458-9207 (Malmö). The Group sells rugs and carpets via online stores under the RugVista and CarpetVista brand names.

The Group's company address is: RugVista Group AB, Ringugnsgatan 11, 216 16 Limhamn, Sweden.

Note 2

Basic accounting principles

Regulations applied

The consolidated financial statements of RugVista Group AB have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The Swedish Annual Accounts Act and RFR 1 'Supplementary accounting rules for Groups' have also been applied.

Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with the purchase method for subsidiaries.

Preparing financial statements in compliance with IFRS requires that management make some estimates for accounting purposes. The areas that involve a high level of assessment, that are complex or where the assumptions and estimates are of material importance to the consolidated financial statements are indicated under the summary of important accounting policies. These estimates and assumptions are based on historical experience and other factors deemed reasonable under the circumstances. Actual outcomes may differ from estimates made if estimates made change or other conditions exist.

Gross accounting is consistently applied to the recognition of assets and liabilities except where both a receivable and a liability exist for the same counterparty and they can be legally offset, and it is intended to do so. Gross accounting is also applied to income and expenses unless stated otherwise.

Classification of assets and liabilities

Non-current assets, long-term liabilities and provisions are expected to be recovered or be due for payment later than twelve months after the balance sheet date. Current assets and current liabilities are expected to be recovered or be due for payment within less than twelve months after the balance sheet date.

Summary of important accounting policies

CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

Subsidiaries are companies in which the Group is entitled to a variable return on its holding and has the opportunity to influence the return in a manner usually associated with a shareholding of more than 50% of the voting rights. Subsidiaries are consolidated from the date on which controlling influence is achieved and are deconsolidated from the date on which the controlling influence ceases.

Acquisition of subsidiaries/business combinations

Business combinations are recognised in accordance with the purchase method. The purchase price represents the fair value of the assets and liabilities transferred and shares issued. The purchase price also includes the fair value of any assets or liabilities resulting from the agreed contingent consideration. Expenses relating to acquisitions are expensed as they are incurred. Identifiable assets acquired and liabilities taken over are initially measured at fair value on the acquisition date. The excess of the purchase price, any non-controlling interests and the fair value of previous shareholdings over the fair value of the Group's interest in identifiable net assets acquired is recognised as goodwill. Goodwill is not amortized. It is tested for impairment at least annually.

Intra-Group transactions, balance sheet items and unrealised gains and losses on transactions between Group companies are eliminated.

Translation of foreign currency

FUNCTIONAL AND REPORTING CURRENCIES

The financial statements of the individual entities in the Group are measured using the currency that is predominantly used in the economic area in which the entity operates (functional currency). Foreign currency is a currency other than the functional currency of the entity concerned. The consolidated financial statements are prepared in SEK, which is both the functional currency and the presentation currency of the parent company. The Group's subsidiaries have SEK as their functional currency.

TRANSACTIONS AND BALANCE SHEET ITEMS

Transactions in foreign currency are translated to the functional currency at the rate on the transaction date. Foreign exchange gains or losses resulting from the translation of monetary items denominated in foreign currency at the closing day rate are recognised in other operating expenses or other operating income.

Tangible assets

Tangible assets are recognised at cost less accumulated depreciation and any impairment. Tangible assets are measured at cost and depreciated on a straight-line basis over their estimated useful lives.

Tangible assets are derecognised from the balance sheet when they are disposed of or if they are not expected to generate future economic benefits from either use or sale. Gain and loss are calculated as the difference between the sales price and the carrying amount of the asset. Gains or losses are recognised in the income statement

in the accounting period in which the asset is disposed of as other expenses or other income.

The residual value, useful life and depreciation method of assets are reviewed at the end of each financial year and adjusted, if necessary, on a future-oriented basis at the end of each accounting period. Normal maintenance and repair expenses are expensed as they are incurred, but expenditure on major renewals and improvements is recognised in the balance sheet and amortized over the remaining useful life of the underlying asset.

Depreciations calculated as follows:	Number of years
Equipment, tools, fixtures and fittings	3 – 10 years

Intangible assets

GOODWILL

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment or when there is an indication that an impairment may be required. Goodwill represents the difference between cost and fair value of assets acquired, liabilities assumed and any contingent liabilities. The factors that make up the goodwill recognised are mainly various forms of synergies, employees, know-how, customer contacts of strategic importance and market leadership positions in selected markets.

CAPITALIZED 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. Amortization begins when the asset is put into operation and can be used in the way that management intends. Amortization is carried out in a systematic way over the useful period. Capitalized development expenses are mainly related to software and software platforms.

AMORTIZATION PRINCIPLES

Amortization is recognised in the profit for the year on a straight-line basis over the estimated useful lives of amortizable intangible assets unless such useful lives cannot be determined. Goodwill has an indeterminable useful life and is tested for impairment annually or as soon as there are indications that the asset in question has declined in value. Intangible assets with determinable useful lives are amortized from the date on which they are available for use.

Amortization calculated as follows:	Number of years
Capitalized development expenses	5 years

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with indeterminable useful lives are not amortized. They are tested for impairment annually. The assets are allocated to identified cash-generating units and their value in use is calculated and compared with their carrying amounts. Assets that are continuously amortized must be tested for impairment whenever events or changes in conditions indicate that the carrying amount may not be recoverable.

An impairment is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value, less any selling expenses, and its value in use. For the purpose of evaluation of impairment, assets are grouped on the basis of the lowest level on which there are separate identifiable cash flows (cash-generating units). Assets other than financial assets and goodwill, which were previously impaired are tested at

every balance sheet date to determine whether the impairment should be reversed.

Inventory

Inventory is valued at the lower of acquisition cost and net realisable value with acquisition cost being calculated in accordance with the FIFO (first-in, first-out) principle. The net realisable value is defined as the sales price less selling expenses. Adjustment to net realisable value includes assessments of obsolescence.

Financial instruments

A financial instrument is any form of contract that gives rise to a financial asset in one company and a financial liability or an equity instrument in another company. Recognition depends on how the financial instruments have been classified.

A financial asset or a financial liability is recognised in the balance sheet when RugVista becomes a party to a contract. Receivables are recognised in the balance sheet when a customer has chosen to use a payment intermediary and the company's right to payment is unconditional. See also the section on revenue recognition principles. A liability is recognised when the counterparty has completed its undertaking and a contractual obligation to pay exists, even if no invoice has yet been received. Accounts payable are recognised when the invoice has been received.

A financial asset, or part of a financial asset, is derecognised from the balance sheet when the rights are realised or expire or the Group loses control over them. A financial liability, or part of a financial liability, is derecognised from the balance sheet when the obligation is fulfilled or is extinguished in some other way. A financial asset and a financial liability are only offset and recognised at a net amount in the balance sheet when the company is legally entitled to offset their amounts and the company intends to settle the items with a net amount or simultaneously realise the asset and settle the liability.

Gains and losses from derecognition from the balance sheet and modification are recognised in profit or loss.

Financial assets

Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for management of assets and the nature of the asset's contractual cash flows.

Instruments are classified at: accrued acquisition value. Financial assets that are debt instruments consist of accounts receivable, other receivables and cash and cash equivalents. These assets are classified at accrued acquisition value and recognised net of gross value and provisions for bad debts. Changes in the provisions for bad debts are recognised in profit or loss.

Financial assets classified at accrued acquisition value are initially measured at fair value plus transaction costs. Other receivables are initially recognised at invoiced value. After initial recognition, the assets are measured according to the effective interest method. Assets classified at accrued acquisition value are held according to the business model to cash in contractual cash flows that are only payments of principal and interest on the outstanding principal.

The Group does not hold any financial assets that are debt instruments measured at fair value through other comprehensive income, nor any debt instruments measured at fair value through profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

The Group's financial assets are subject to impairment for expected credit losses. Impairment for credit losses in accordance with IFRS 9 is forward-looking, and a provision for bad debts is made when there is exposure to credit risk. Expected credit losses reflects the present value of all deficits in cash flows attributable to default either for the next 12 months or for the expected remaining term of the financial instrument, depending on the asset type and on credit deterioration since initial recognition. See also Note 16.

Note 2 Basic accounting principles (cont.)

Financial liabilities

Financial liabilities are classified at accrued acquisition value. Financial liabilities recognised at accrued acquisition value are initially measured at fair value, including transaction costs. After initial recognition, they are measured at accrued acquisition value according to the effective interest method. The Group has other current liabilities, accounts payable and accrued expenses which are recognised at accrued acquisition value, and previously also a credit to a credit institution.

Employee benefits

PENSIONS

Employee benefits consist of salaries, pensions and other benefits. With regard to pensions, the Group has defined contribution pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all benefits to employees relating to employee service in the current or prior periods. The Group's contributions to defined contribution pension plans are charged to the income statement in the year to which they relate.

Leases

AMELIORATION RULES

The Group has chosen not to apply the amelioration rules for short-term leases and low-value leases and not to segregate non-lease components.

The group as lessee

When entering into a contract, the Group establishes whether it is or contains a lease, based on the substance of the contract. A contract is or contains a lease if it transfers a right, during a specific term, to determine the use of an identified asset in exchange for payment.

Right-of-use assets

The Group recognises right-of-use assets in the statement of financial position at the date of commencement of the lease (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost less accumulated depreciations and any impairment and adjusted for remeasurement of the lease liability. The cost of right-of-use assets includes the initial value that is recognised for the attributable lease liability, initial direct expenses and any advance payments made at or before the date of commencement of the lease, less any discounts, etc. received in connection with signing the lease. Provided that the Group is not reasonably certain that it will assume the title to the underlying asset at the end of the lease term, the right-of-use asset is amortized on a straight-line basis over the lease term. The Group's lease portfolio consists of premises, trucks and other Cars. Premises are depreciated in accordance with the current lease over 3 – 6 years. Cars and trucks are depreciated in accordance with the current lease over 3 – 5 years.

Leasing debt

At the date of commencement of a lease, the Group recognises a leasing debt equivalent to the present value of the lease payments to be made during the lease term. The lease term is defined as the non-terminable period plus periods for renewing or terminating the lease if the Group is reasonably certain to exercise the options. The lease payments include fixed payments (less any discounts, etc. to be received in connection with signing the lease), variable lease payments based on an index or a price and amounts that are expected to be paid under residual value guarantees. The lease payments also

include the exercise price for an option to buy the underlying asset or penalties paid on termination in accordance with a termination option, if the Group is reasonably certain to exercise such options. Variable lease payments that are not based on an index or a price are recognised as an expense in the period to which they are attributable.

To calculate the present value of lease payments, the Group uses the implicit interest rate in the lease if it can easily be determined, and the Group's marginal borrowing rate at the date of commencement of the lease is used in other cases. After the date of commencement of a lease, the leasing debt increases to reflect the interest on the leasing debt and decreases as lease payments are made. The value of the leasing debt is also remeasured as a consequence of modifications, changes in the lease term, changes in lease payments or changes in an assessment to buy the underlying asset.

Revenue

The Group sells goods via websites to both consumers and businesses. The terms of the contracts are similar, whether the end customer is a consumer or a business. Revenue from contracts with customers is recognised when control over the product has been transferred to the customer in an amount that reflects the payment to which the Group expects to be entitled in exchange for the goods. Payment is made when ordering goods via the website. Payment is made directly via card payment or bank transfer, or the customer uses the option to pay via payment intermediaries who also offer financing. The receivables arising are therefore from the payment intermediaries with which the Group works. The average maturity of receivables from payment intermediaries is 3 – 5 days. Incoming payments from payment intermediaries are reduced by the payment provider's fees, which are recognised as part of the selling expenses.

The Group identifies a performance obligation in its contracts with customers, which consists of the sale of goods. Income is recognised when control of the goods has been transferred to the relevant freight company, which has thus assumed the risk of delivery to the customer as agreed. Revenue is recognised at the fair value of what was received or will be received. The Group's policy is to sell goods to end customers with a right of return. The right of return applies for 100 days. The right of return is taken into account when determining the transaction price, and revenue is reduced by the sales price of the products expected to be returned and recognised as a refund liability. A right-of-return asset is recognised, corresponding to the right to recover the product from the customer. Historical data is used as a starting point to assess the risk of returns at the time of sale. The return risk reserve is calculated so that there is no material risk of reversal of the revenue recognised in the subsequent accounting period, based on an average of actual returns during the 12 months prior to the current accounting period.

Income tax

Tax expenses for the period comprise current and deferred tax.

CURRENT INCOME TAX

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the Swedish Tax Agency. The tax rates and tax laws used to calculate the amount are those enacted or advised at the balance sheet date. Current income tax attributable to items/transactions recognised in equity and in other comprehensive income is recognised in equity and in other comprehensive income and not in the income statement.

DEFERRED INCOME TAX

Deferred tax is recognised at the balance sheet date in accordance with the balance sheet method for temporary differences between the tax bases of assets and liabilities and their carrying amounts for

accounting purposes. However, if the deferred tax arises as a consequence of a transaction that represents initial recognition of an asset or liability, that is not a business combination and that, at the time of the transaction, had no impact on either net profit or taxable profit, it is not recognised.

Deferred tax liabilities in the Group mainly relate to estimated tax on untaxed reserves in the subsidiary. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences may be used. The value of deferred tax assets is assessed at each balance sheet date and adjusted to the extent that it is no longer probable that sufficient profits will be generated to allow all or part of the deferred tax asset to be used. Deferred tax assets and liabilities are measured at the tax rates that apply to the period in which the asset is realised or the liability is settled, based on tax rates (and legislation) that have been enacted or advised at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset if there is a legal right to offset current tax assets against current tax liabilities and the deferred tax is attributable to the same entity in the Group and the same tax authority.

Dividend

Dividends paid to the company's shareholders are classified as a liability from the date on which the dividend is adopted at the Annual General Meeting.

New and future standards

NEW AND AMENDED STANDARDS

None of the new and amended standards and interpretations to be applied from 1 January 2023 have had a material impact on the Group's or parent company's financial statements.

No new or amended IFRS were applied prematurely.

FUTURE STANDARDS

A number of new and amended IFRS have not yet entered into force and were not applied prematurely in the preparation of the Group's and parent company's financial statements. No new or amended standards or interpretations published by the IASB are expected to have any impact on the Group's or parent company's financial statements.

Significant accounting assessments, estimates and assumptions

The preparation of financial statements in conformity with accounting policies requires the Board of Directors and the CEO to make certain estimates and assumptions that affect the carrying amount of assets, liabilities, income and expenses. The areas in which estimates and assumptions are highly significant to the Group and may affect the income statement and balance sheet, if changed, are described below:

IMPAIRMENT TESTING OF GOODWILL

The sources of uncertainty in estimates that entail a significant risk that the value of assets or liabilities may need to be adjusted materially during the next financial year are impairment testing of goodwill. When testing goodwill for impairment, a number of key assumptions and assessments need to be considered to calculate the value in use of the cash-generating unit. These assumptions and assessments relate to expected future discounted cash flows. Forecasts of future cash flows are based on best possible assessments of future income and operating expenses based on historical performance, general market conditions, industry trends and forecasts, and other available information. The assumptions are made by management and reviewed by the Board of Directors. For more information on the impairment testing of goodwill, see note 12 Goodwill.

MEASUREMENT OF INVENTORY

Inventory is valued at the lower of acquisition cost and net realisable value with acquisition cost being calculated in accordance with the FIFO (first-in, first-out) principle. The net realisable value is defined as the sales price less selling expenses. Adjustment to net realisable value includes assessments of obsolescence.

PROVISIONS FOR RETURNS

A right-of-return asset is recognised corresponding to the right to recover the product from the customer. Historical data is used to assess the risk of returns at the time of sale. The provision for returns is calculated so that there is no material risk of reversal of the revenue recognized in the subsequent accounting period, based on an average of actual returns during the 12 months prior to the current accounting period.

Note 3

Net revenue

Private individuals segment (B2C)	2022	2021
Geographic area		
Sweden	44,116	57,813
Nordic region, excluding Sweden	72,022	97,151
DACH (Germany, Austria, Switzerland)	117,916	135,968
Rest of world	320,776	331,176
Total	554,831	622,109
Business customers segment (B2B)		
Revenue from agreements with customers	68,943	63,877
Marketplaces and other segment (MPO)		
Revenue from agreements with customers	15,499	18,998
Total net revenue	639,273	704,984

Note 4

Segment information

The Group reports parts of the income statement in three segments. The segmentation is driven by each segment having a different business model and generating related revenue and expenses largely independently of each other. The Group manages and monitors the performance of these three segments.

Segment: Business-to-consumer (B2C)

The B2C segment includes all revenue and expenses for goods for resale and marketing where the end customer is a physical individual. All sales take place through the Group's own web shops.

Segment: Business customers segment (B2B)

The B2B segment includes all revenue and expenses for goods for resale and marketing where the end customer has identified itself as a legal entity or closely-held company. These sales take place primarily through the Group's own web shops, but some also take place through direct contact with customers.

Note 4 Segment information (cont.)

Segment: Marketplaces & other (MPO)

The MPO segment includes all revenue and expenses for goods for resale and marketing where the Group's goods are sold through a third-party sales channel or web shop. The segment also includes sales and related expenses through other sales channels. Reporting of operating segments follows the measure reported by the Group to the chief operating decision maker. The chief operating deci-

sion maker is the CEO. Segment performance is evaluated based on segment earnings, which follow the same accounting policies as the corresponding earnings recognised in the income statement. Centrally incurred expenses are not allocated to the segments as these expenses are followed at a Group level. The same applies to financing expenses and income tax.

There are no transactions between the segments.

2022	Business customers	Private individuals	Marketplaces & Other	Segment total
Revenue				
Net revenue	68,943	554,831	15,499	639,273
Net revenue growth, %	7.9%	-10.8%	-18.4%	-9.3%
Expenses				
Goods for resale	-24,400	-214,506	-5,907	-244,813
Gross profit	44,543	340,325	9,592	394,460
Marketing costs	-9,719	-190,053	-5,531	-205,302
Segment earnings	34,824	150,272	4,061	189,158

2021	Business customers	Private individuals	Marketplaces & Other	Segment total
Revenue				
Net revenue	63,877	622,109	18,998	704,984
Net revenue growth, %	28.6%	29.8%	48.1%	25.5%
Expenses				
Goods for resale	-21,469	-223,050	-6,309	-250,829
Gross profit	42,408	399,058	12,689	454,155
Marketing costs	-8,588	-198,834	-5,249	-212,671
Segment earnings	33,821	200,224	7,440	241,484

Other information

ADJUSTMENT AND ELIMINATION

Only net revenue, goods for resale and marketing costs are allocated to the respective segments. Other income and expenses are not allocated at segment level as these items relate to Group operations.

Reconciliation of earnings	2022	2021
Segment earnings	189,158	241,484
Other operating income	1,685	1,543
Other external expenses, excluding marketing expenses	-31,544	-40,506
Personnel expenses	-69,711	-63,566
Other operating expenses	-3,676	-2,936
Amortization & Depreciation	-10,992	-8,360
Financial expenses	-582	-910
Profit/loss after financial items	74,336	126,749

Note 5**Other operating income and operating expenses**

	2022	2021
Other operating income		
Employment contribution	1,292	1,446
Other income	393	97
Total	1,685	1,543
Other operating expenses		
Exchange rate fluctuations - net	3,673	2,936
Loss on disposal of equipment	3	-
Total	3,676	2,936

Note 6**Remuneration to auditors**

Ernst & Young AB	2022	2021
Audit engagement*	765	641
Audit activities apart from audit engagement	50	50
Other services	57	22
Total	872	713

* Audit engagement refers to the audit of the annual accounts and book-keeping as well as administration for the Board of Directors and other audit tasks that are the responsibility of RugVista Group AB (publ)'s auditor.

Note 7**Salaries and remuneration to employees**

	2022	2021
Salaries and other benefits	50,126	43,226
Pension expense, defined contribution plans	5,070	4,770
Other social security expenses	16,682	15,050
Total	71,878	63,046

Average number of employees during the year

Group total	93	82
Of whom men, %	58%	56%
Total	93	82

The company hires external staff; these costs are recognised as consultancy expenses under other external expenses.

Board members and senior executives

Number of Board members at the balance sheet date	6	6
Of whom men, %	67%	83%
CEO and other senior executives at balance sheet date	7	8
Of whom men, %	43%	50%
Total	13	14

	2022		2021	
	Salaries and other benefits (of which bonuses)	Social security contributions (of which pension expenses)	Salaries and other benefits (of which bonuses)	Social security contributions (of which pension expenses)
Salaries and other remuneration to the board of directors and other employees				
Board of Directors and CEO	12,494	6,994	11,286	7,742
other senior executives	(-)	(2,320)	(-)	(2,695)
Other employees	37,632	14,758	31,941	12,078
	(-)	(2,750)	(-)	(2,075)
Group	50,126	21,752	43,226	19,820
	(-)	(5,070)	(-)	(4,770)

Salaries and other remuneration to board of directors, CEO and other senior executives

2022	Base salary/ Board fee	Variable remuneration	Other benefits	Pension expense	Total
Board of directors					
Erik Lindgren (Chair)	400				400
Magnus Dimert	175				175
Eva Boding	175				175
Paul Steene	175				175
Ludvig Friberger	175				175
Hanna Graflund Sleyman	175				175
CEO and other senior executives					
Michael Lindskog (CEO)	2,128		112	542	2,782
Other senior executives	9,247		481	1,777	11,505
Total	12,650	-	592	2,320	15,562

Note 7 Salaries and remuneration to employees (cont.)

2021	Base salary/ Board fee	Variable remuneration	Other benefits	Pension expense	Total
Board of directors					
Erik Lindgren (Chair)	400				400
Magnus Dimert	175				175
John Womack	175				175
Eva Boding	175				175
Paul Steene	175				175
CEO and other senior executives					
Michael Lindskog (CEO)	2,049		134	533	2,716
Other senior executives	8,137		175	2,162	10,475
Total	11,286	-	309	2,695	14,291

Remuneration to senior executives

PRINCIPLES

The Annual General Meeting decides on fees payable to the Chair and members of the Board of Directors.

BOARD OF DIRECTORS AND CEO

At the Annual General Meeting on 20 May 2022, it was resolved that a fee of SEK 1,275,000 would be paid to the Board of Directors for the period until the Annual General Meeting in 2023. There are no pension expenses or pension commitments for the Board of Directors. It was also decided on a retroactive fee of SEK 375,000 to the board. A total of SEK 2,128,000 in salaries and benefits was paid to the CEO of the parent company. The Board of Directors decides on the principles for remuneration of senior executives in terms of both fixed and variable remuneration in the company. Remuneration to other senior executives consists of basic salary.

SEVERANCE COMPENSATION

In the event of the termination of the CEO, the company must observe a notice period of six months and the CEO a notice period of six months. In the event of termination by the company, the CEO may be placed on garden leave.

Guidelines for remuneration to senior executives

At an extra shareholder meeting in February 2021 the General Meeting resolved to adopt the following guidelines for remuneration to senior executives in RugVista Group.

Senior executives of RugVista Group, which consists of individuals who from time to time are part of the company's executive management, fall within the provisions of these guidelines. The guidelines are forward-looking, i.e., they are applicable to remuneration agreed, and amendments to remuneration already agreed, after the guidelines have become effective in accordance with the General Meeting's resolution. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

To the extent that a member of the Board of Directors performs work for the company in addition to the Board assignment, these guidelines shall also apply to any other eventual remuneration (e.g., consultancy fees) for such work.

The guidelines' promotion of the company's business strategy, long-term interests, and sustainability

The company's business vision is to become the center of gravity of the European rug industry. This vision will be achieved by offering potential customers Europe's best online shopping experience for rugs and closely related products. A prerequisite for a successful

implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability work, is that the company can recruit and retain qualified personnel. The company's employer vision is to "attract, motivate and retain exceptional individuals" and constitutes the platform for keeping the company's most important asset, its employees, motivated and happy to be part of the organization. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

Share-related incentive plans based on warrants have previously been implemented in the company. Such plans have been resolved by the General Meeting and are therefore excluded from these guidelines. Any future share-related incentive plans will be resolved by the General Meeting.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed remuneration, pension benefits and other benefits. Additionally, the General Meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

FIXED REMUNERATION

Fixed cash salary shall be based on market level conditions and shall be determined with regard to the individual executive's responsibility, authority, competence and experience.

PENSION BENEFITS

Pension benefits, including health insurance, for the CEO shall be premium defined and the pension premiums shall amount to a maximum of 30 percent of the CEO's fixed annual cash salary. Other senior executives shall be covered by ITP1 in accordance with the applicable collective agreement, or similar pension benefit. For executives covered by ITP1, the insurance premiums shall be based on executives fixed annual cash salary and other pensionable covered income in accordance with ITP1. ITP1 means that the company pays a premium of 4.5 percent of the executive's pensionable covered income up to 7.5 income base amounts and 30 percent over 7.5 income base amounts. In addition, other senior executives may receive an additional premium defined pension provision in the form of a fixed monthly amount, which can amount to a maximum of 6 percent of the current fixed monthly cash salary when determining such provision for pension.

OTHER BENEFITS

Other benefits may include, for example, life insurance, medical insurance, and company cars. Such benefits may not exceed more than 15 per cent of the fixed annual cash salary.

EXTRAORDINARY REMUNERATION

Additional cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 per cent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors.

REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS

In cases where a member of the Board of Directors performs services for the company in addition to the Board assignment, a special remuneration may be paid for this (consultancy fee) provided that such services contribute to the implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability. The annual consulting fee must be on market terms and be put in relation to the benefit it brings to the company and may never exceed three times the applicable Board remuneration for each member of the Board of Directors. Remuneration to a member of the Board of Directors, as well as other conditions, is decided by the Board of Directors.

Termination of employment

Upon termination of employment, the period of notice may not exceed six months, unless otherwise is provided by mandatory law or collective agreement. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for fifteen months. The period of notice may not to exceed six months without any right to severance pay when termination is made by the executive.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall amount to not more than 60 per cent of the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies, however not for more than twelve months following termination of employment.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of RugVista Group have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Board of Directors shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

Note 8**Financial income and expenses**

Financial income	2022	2021
Interest income using the effective interest rate method	519	-
Total	519	-
All interest income relates to financial items measured at accrued acquisition value.		
Financial expenses		
Interest expenses using the effective interest rate method	-1,101	-910
Total	-1,101	-910

All financial expenses relate to financial items measured at accrued acquisition value.

Note 9**Income tax**

The main components of tax expenses for the financial year are as follows:

Consolidated income statement	2022	2021
Current tax	-15,557	-40,543
Change in deferred tax relating to temporary differences	93	13,645
Total tax recognised	-15,464	-26,898
Reconciliation of effective tax rate		
Pre-tax profit	74,336	126,749
Tax on net profit at current rate, 20.6% (20.6%)	-15,313	-26,110
Tax effect of:		
Non-taxable income	7	-
Non-deductible expenses	-202	-164
Tax adjustments	45	-
Loss carry forwards for which no deferred tax claim is reported	-	-
Effect of change in tax rate	-	-623
Tax recognised	-15,464	-26,898
Effective tax rate	-20.8%	-21.2%

Deferred income tax is attributable to:

Temporary differences	31 Dec 2022		31 Dec 2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tangible assets	311	-	236	-
Tax allocation reserves	-	90	-	107
Total	311	90	236	107

Note 9 Income tax (cont.)

Recognised as follows in the Statement of Financial Position:	2022	2021
Deferred tax assets	311	236
Deferred tax liabilities	-90	-107
Total	222	129
Reconciliation of deferred tax		
Opening balance	129	-13,516
Tax expense/income recognised in the income statement	93	13,645
Closing balance	222	129

Note 10

Earnings per share

Earnings per share before dilution are calculated by dividing the profit for the year attributable to the parent company's shareholders by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating earnings per share after dilution, the potential ordinary shares to which the outstanding warrants correspond are added to the extent that they give rise to a dilutive effect. This is the case if the issuance of the shares under the terms of the program would result in an issue at a price lower than the average price of the ordinary shares outstanding during the period.

	2022	2021
Profit for the year, SEK	58,872	99,851
Adjustments	-	-
Profit for the year for calculation before and after dilution	58,872	99,851
Average number of ordinary shares before dilution, thousand	20,785	20,785
Dilution effect, warrants	-	-
Weighted number of ordinary shares after dilution, thousand	20,785	20,785
Earnings per share before dilution, SEK	2.83	4.80
Earnings per share after dilution, SEK	2.83	4.80

Note 11

Intangible assets

Website	2022	2021
Accumulated acquisition value, opening balance	-	-
Acquisitions	9,064	-
Sale	-	-
Closing accumulated cost	9,064	-
Accumulated amortization, opening balance	-	-
Sale	-	-
Amortization for the year	-	-
Accumulated depreciation, closing balance	-	-
Closing carrying amount	9,064	-

Capitalized 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. Amortization begins when the asset is put into operation and can be used in the way that management intends. Amortization is carried out in a systematic way over the useful period. Capitalized development expenses are mainly related to software and software platforms.

Amortization principles

Amortization is recognised in the profit for the year on a straight-line basis over the estimated useful lives of amortizable intangible assets. Intangible assets with determinable useful lives are amortized from the date on which they are available for use.

Amortization calculated as follows:	Number of years
Capitalized development expenses	5 years

Note 12 Goodwill

The group carries out an impairment test of its goodwill once a year, and when there are signs of a need for impairment. As of December 31, 2022, the goodwill that was subject to annual impairment testing was as follows:

	2022	2021
Accumulated acquisition value, opening balance	299,949	299,949
Closing accumulated cost	299,949	299,949
Closing carrying amount	299,949	299,949

Goodwill

The entire group's goodwill of MSEK 299.9 is attributable to the wholly owned subsidiary RugVista AB, which is a cash-generating unit. The company was acquired in 2015 and runs the group's e-commerce operations.

The recovery value for the cash-generating unit has been determined based on the value in use according to the group's valuation model. This model is based on the discounted future cash flow with a forecast period of five years. The forecast is based on the company management's best estimate for five years, and for the period after five years, annual growth is estimated at 2%. For the present value calculation, a weighted average cost of capital (WACC) of 11% has been used. In 2022, the forecasted value exceeded the reported value and no write-down was made. Rugvista also carried out a sensitivity analysis for the key assumptions including change in revenue, gross margin development, market costs and weighted average cost of capital. None of these scenarios would give rise to an impairment requirement.

Significant assumptions used for calculation of values in use:

Constant growth rate*	2.0% (2.0)
Discount rate before tax**	11.1% (8.5)

* Growth rate used to extrapolate cash flows beyond the 5-year forecast period

** Pre-tax discount rate used in present value calculation of estimated future cash flows

Note 13 Tangible assets

Equipment	2022	2021
Accumulated acquisition value, opening balance	9,360	7,003
Acquisitions during the year	1,018	2,357
Sales/disposals	-174	-
Closing accumulated cost	10,205	9,360
Accumulated amortization, opening balance	-5,210	-4,230
Sales/disposals	38	-
Depreciation for the year	-1,493	-980
Accumulated depreciation, closing balance	-6,665	-5,210
Closing carrying amount	3,540	4,150

Tangible assets are recognised at cost less accumulated depreciation and any impairment. Tangible assets are measured at cost and depreciated on a straight-line basis over their estimated useful lives.

Depreciations calculated as follows:	Number of years
Equipment, tools, fixtures and fittings	3 – 10 years

Note 14 Leases

The Group's lease portfolio consists mainly of leases for premises. In addition, the company has leases for cars and trucks. Leases for premises generally have a lease term of between 3 and 6 years while leases for cars and trucks generally have a lease term of between 3 and 5 years.

Most of the Group's leases contain options for renewal or pre-mature termination. These options are exercised by the Group to allow flexibility in the lease portfolio and to adapt to its operations. When the Group is reasonably certain of exercising an option, this is taken into account in the calculation of the lease liability and the right-of-use asset's value.

Right-of-use assets

Depreciations calculated as follows:	Number of years
Rights of use for premises	3–6 years
Rights of use for cars	3–5 years
Rights of use for trucks	3–5 years

The table below shows the book value and depreciation of the rights of use by asset class and the additional rights of use for the financial year:

2022	Prem-ises	Cars and trucks	Total
Depreciation	-8,283	-1,215	-9,499
Closing balance, 31 December 2022	24,140	2,688	26,828

Additional right-of-use assets added during the 2022 financial year amounted to a total of SEK 8.8 million.

2021	Prem-ises	Cars and trucks	Total
Depreciation	-7,053	-327	-7,380
Closing balance, 31 December 2021	24,496	3,036	27,533

Additional right-of-use assets added during the 2021 financial year amounted to a total of SEK 6.0 million.

Leasing debt

The table below shows the amounts recognised as leasing debt in the consolidated balance sheet.

	31 Dec 2022	31 Dec 2021
Long-term leasing debt	17,249	20,070
Current leasing debt	10,919	8,419
Total	28,167	28,489

The table below presents a maturity analysis of the contractual undiscounted payments of the lease liabilities.

	31 Dec 2022	31 Dec 2021
Cash flow within 1 year	11,592	9,951
Cash flow within 2 – 5 years	15,176	26,549
Cash flow after 5 years	-	-
Total	26,769	36,500

Note 14 Leases (cont.)

Reported expenses attributable to leases

The table below shows the amounts attributable to leases recognised in the consolidated income statement during the year.

Expenses	31 Dec 2022	31 Dec 2021
Depreciation of right-of-use assets	9,499	7,380
Interest expenses on leasing debt	890	889
Total	10,388	8,269
The Group's total cash outflow for leases amounted to:	10,072	8,117

Note 15

Inventory

Inventory is measured at the lower of the acquisition value and net realizable value with acquisition value being calculated in accordance with the FIFO (first-in, first-out) principle. Purchased goods are measured at acquisition value. The net realisable value is defined as the sales price less selling expenses. Adjustment to net realisable value includes assessments of obsolescence.

The right of return is calculated when the transaction price is established, and revenue is reduced by the sales price of the products expected to be returned and recognised as a refund liability. A right of return asset is recognised corresponding to the right to recover the product from the customer. Historical data is used to assess the risk of returns at the time of sale. The return risk reserve is calculated so that there is no material risk of reversal of the revenue recognised in the subsequent accounting period, based on an average of actual returns during the 12 months prior to the current accounting period.

Note 16

Financial instruments and financial risk management

Financial assets and liabilities by category

Financial assets valued at accrued Acquisition value	31 Dec 2022	31 Dec 2021
Financial assets in the balance sheet		
Other receivables	4,791	5,057
Cash and cash equivalents	139,978	218,116
Total	144,769	223,172

The maximum credit risk of the assets consists of the carrying amounts in the table above. The Group has not received any pledged securities in respect of the financial net assets.

Other receivables consist mainly of receivables from the payment intermediaries with whom the Group co-operates to offer payment and financing solutions to end customers and various short-term receivables. The book value corresponds in all essential respects to the fair value.

Other financial liabilities valued at accrued acquisition value	31 Dec 2022	31 Dec 2021
Financial liabilities in the balance sheet		
Accounts payable	76,963	95,334
Other current liabilities	8,716	10,038
Accrued expenses	10,358	13,293
Leasing debt	28,167	28,489
Total	124,204	147,154

The fair value of financial liabilities is deemed to correspond to the carrying amount.

Financial risk management

RugVista Group AB is exposed to a number of financial risks such as currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy focuses on managing the uncertainty of the financial markets and aims to minimize potential unfavorable effects on the Group's financial results. The main financial risks are described below.

CURRENCY RISK

The Group's operations are based in Sweden and the functional currency is SEK. The majority of the Group's sales are denominated in EUR and purchases are also mainly denominated in EUR and to a lesser extent in USD. As most payment flows are in EUR, the currency risk is relatively low. The RugVista Group does not actively hedge estimated foreign currency flows.

INTEREST RATE RISK

Since the Group has repaid all its debts to credit institutions the only interest remaining is due to IFRS 16. Consequently, the interest rate risk is low.

CREDIT RISK

Credit risk is the risk of losses as a consequence of counterparties being unable to perform their contractual obligations. The Group offers its customers payment and financing solutions via payment intermediaries, the risk of which is mainly linked to receivables from these payment intermediaries. When a customer buys on credit, the Group is therefore not exposed to any credit risk. Receivables from payment intermediaries are usually settled within 3-5 days. The Group does not recognise a provision for expected credit losses as the risk is deemed to be immaterial.

LIQUIDITY RISK

The Group has some seasonal variation in cash flow. The Group forecasts cash flow to ensure a satisfactory margin of liquidity. The table below shows the contractual remaining maturities (undiscounted values) of the financial liabilities.

FINANCIAL LIABILITIES	1 year	2-5 years	After 5 years	Expected cash flow 2023
Leasing debt	11,592	15,176	-	11,592
Accounts payable	76,963	-	-	76,963
Other current liabilities	8,716	-	-	8,716
Accrued expenses	10,358	-	-	10,358
Total	107,629	15,176	-	107,629

FINANCIAL LIABILITIES	1 year	2-5 years	After 5 years	Expected cash flow 2022
Leasing debt	9,951	26,549	-	9,951
Accounts payable	95,334	-	-	95,334
Other current liabilities	10,038	-	-	10,038
Accrued expenses	13,293	-	-	13,293
Total	128,616	26,549	-	128,616

Expected cash flow includes interest and repayments of principal.

RISK MANAGEMENT OF CAPITAL

The Group's capital structure must be kept at a level that ensures the ability to continue as a going concern to generate returns for shareholders and benefits for other stakeholders, while maintaining an optimum structure to reduce the cost of capital.

Change in financial liabilities

	2022-01-01	Cash flows	Not affecting cash flow Additional lease liabilities	31 Dec 2022
Leasing debt	28,489	-9,116	8,794	28,167
Total	28,489	-9,116	8,794	28,167

	2021-01-01	Cash flows	Not affecting cash flow Additional lease liabilities	31 Dec 2021
Leasing debt	29,882	-7,422	6,029	28,489
Total	29,882	-7,422	6,029	28,489

Note 17

Cash and cash equivalents

	31 Dec 2022	31 Dec 2021
Available balances	139,978	218,116
Total	139,978	218,116

Note 18

Prepaid expenses

	31 Dec 2022	31 Dec 2021
Prepaid rental expenses	78	-
Prepaid insurance premiums	71	57
Other prepaid expenses	1,316	864
Total	1,465	921

Note 19

Assets pledged for own liabilities and contingent liabilities

Liabilities to credit institutions	31 Dec 2022	31 Dec 2021
Collateral charges	-	-
Total	-	-

Note 20

Prepaid income and accrued expenses

	31 Dec 2022	31 Dec 2021
Accrued salaries and personnel expenses	8,347	8,269
Other accrued expenses	3,771	6,656
Total	12,118	14,924

Note 21

Equity

Number of shares	31 Dec 2022	31 Dec 2021
Opening balance	20,785,140	1,014,028
Share split 1:20	-	20,280,560
New share issue	-	504,580
Closing balance	20,785,140	20,785,140
Quotient value in SEK	0.05	0.05

Dividend

At the annual general meeting on May 20, 2022, it was decided to pay a dividend to the owners of SEK 2.50 per share, corresponding to SEK 52 million.

INCENTIVE PROGRAM

Date of issuance Incentive program	Maturity	Number of warrants issued	Subscribed for	Contributed capital, KSEK
2021-03-18	2024-06-15	860,000	-	16,796
2022-06-07	2025-09-01	300,000	-	3,519
		1,160,000	-	20,315

See also notes 7 and 10

At an extraordinary General Meeting on March 18, 2021, a decision was made to implement a new warrant program LTIP TO 2021/2024. At the Annual General Meeting on May 20, 2022, a decision was made to implement another incentive program, LTIP TO 2022/2025. For further information on active warrant programs, see note 22.

Note 22

Share-based remuneration

The company had three historical warrant programs; series 2017/2022, series 2018/2023 and 2019/2024. The programs were allocated to the CEO and other senior executives. In connection with the company stock market flotation, all historical warrant programs were terminated.

LTIP 2021/2024

In 2021, the LTIP 2021/2024 warrant program consisting of a total of 860,000 warrants was implemented.

Each warrant entitles the holder to subscribe for one (1) share in the company during the exercise period at a price of SEK 162.50, which corresponds to 130% of the issue price of the share. The warrants may be exercised during the period 15 April to 15 June 2024. The warrant transfer price was determined by PricewaterhouseCoopers on the basis of an estimated market value of the warrants at the time of the transfer using the Black & Scholes valuation model.

LTIP 2022/2025

At the annual general meeting on May 20, 2022, a decision was made to implement a new warrant program LTIP 2022/2025 consisting of a total of 300,000 warrants.

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. The warrant transfer price was determined by PricewaterhouseCoopers on the basis of an estimated market value of the warrants at the time of the transfer using the Black & Scholes valuation model.

Share capital

The share capital of the parent company consists solely of fully paid-up ordinary shares with a nominal value (quotient value) of SEK 0.05 per share.

The company has 20,785,140 ordinary shares.

Other contributed capital

This category includes shareholder contributions, warrant premiums and share premium reserve. All market valuations are made according to the Black & Scholes model.

Changes in outstanding warrants during the year

	2022
Outstanding on 1 January	860,000
Share split 1:20	-
Subscribed for during the year	-
Warrants repurchased	-
Issued during the year	300,000
Outstanding on 31 December	1,160,000
Exercisable at year-end	-

Incentive program LTIP 2021/2024

	LTIP 2021/24	LTIP 2022/25
Average fair value of the share at the valuation date, SEK	135.35	68.69
Exercise price, SEK	162.5	89.61
Weighted average price at issuance, SEK	20.53	11.73
Program duration, years	3.0	3.2
Program duration until maturity, years	1.46	2.67
Expected volatility	35%	35%
Risk-free interest rate	2.09%	2.09%
Fair value on 31 December, SEK	0.01	2.17
Number of warrants outstanding	423,019	260,000
Number of warrants allocated	436,981	40,000
Total number of outstanding warrants	860,000	300,000
Fair value of warrants allocated, SEK million	0.0	0.1

The expected volatility is based on the assumption that the historical volatility over a period corresponding

Note 23**Contingent liabilities**

	31 Dec 2022	31 Dec 2021
Counter-guarantee for bank guarantee to Swedish Customs	1,305	1,305
Total	1,305	1,305

Note 24**Related party transactions**

The following business relationships were conducted subject to normal market terms and requirements ("at arm's length"), and the table below lists the companies deemed to be closely related parties:

Closely related persons:	Relationship	ownership in %
Senior executives	Senior executives	2.5%

Other closely related companies

Transistormedia AB, Cutting Edge Construction AB	Board member, partner	4.6%
Lygna AB	Board member, partner	0.8%
Storviksudden AB	Board Chairman, partner	1.3%

The following table shows the total value of the transactions entered into with closely related parties during the relevant financial year. All transactions were conducted on market terms.

	Closely related persons and other closely related companies			
	Senior executives/CEO		Other closely related companies	
	2022	2021	2022	2021
Sales to/acquisitions from related parties				
Purchases from closely related parties	-	-	-172	-213
Warrants, repurchased	-626	-10,042	-	-2,760
Warrants, new	469	7,727	-	-
New share issue	-	9,412	-	-

Purchases from related parties relate to consultancy assignments.

Note 25**Significant events after the end of the financial year****Earthquakes in Turkey**

The epicenter of the earthquakes in Turkey on February 6, 2023, was in the vicinity of an important production area for the company. Management is evaluating any potential impact on the business. There is a risk that the production capacity of the company's partners in the area and supply chains could be negatively affected by the consequences of the earthquakes.

Chief Financial Officer

Joakim Tuvner has joined as the CFO of the company.

Joakim Tuvner joins from Oatly where he has held the position Vice President Finance, EMEA. He has long experience from leadership positions within business and finance from both Swedish and international growth companies and retail businesses. Joakim holds a Degree of Master of Science in Business and Economics from the University of Lund.

Parent company

Income statement

KSEK	Note	1 Jan 2022 31 Dec 2022	1 Jan 2021 31 Dec 2021
Net revenue	30	15,595	12,088
Other external expenses	31	-5,756	-12,848
Personnel expenses	32	-10,018	-8,073
Other operating expenses		-21	-8
Operating profit (EBIT)		-200	-8,841
Financial income and expenses			
Profit from participations in Group companies	33	88	-
Financial expenses	33	-201	-15
		-113	-15
Profit/loss after financial items		-314	-8,856
Year-end appropriations			
Provision to tax allocation reserve		-	-
Reversal of tax allocation reserve		-	25,687
Group contribution received		46,455	61,700
Profit before tax		46,141	78,531
Tax	34	-9,545	-16,426
Profit for the year, SEK		36,596	62,105

The profit for the year is in line with the comprehensive income of the parent company.

Parent company

Financial position

KSEK	Note	31 Dec 2022	31 Dec 2021
ASSETS			
<i>Non-current assets</i>			
Financial assets			
Participations in Group companies	35	321,271	321,271
Long-term receivables from subsidiaries	38	3,591	-
Total non-current assets		324,862	321,271
<i>Current assets</i>			
Receivables from Group companies			
Receivables from Group companies	36	32,224	62,921
Other receivables	36	15,274	329
Prepaid expenses		156	98
		47,654	63,348
Cash and cash equivalents	36	10,983	17,437
Total current assets		58,637	80,785
TOTAL ASSETS		383,499	402,056
EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital		1,039	1,039
<i>Non-restricted equity</i>			
Accumulated profit or loss, SEK		318,965	305,303
Profit for the year, SEK		36,596	62,105
		356,600	368,448
<i>Current liabilities</i>			
Accounts payable	36	251	614
Current tax liabilities	34	24,654	30,364
Other current liabilities	36	383	502
Accrued expenses	36.37	1,611	2,128
Total current liabilities		26,898	33,608
TOTAL EQUITY AND LIABILITIES		383,499	402,056

Parent company

Changes in equity

KSEK	Restricted equity Share capital	Non-restricted equity Accumulated profit or loss	Total equity
Opening balance, 1 Jan 2021	1,014	277,084	278,098
<i>Transactions with owners:</i>			
Warrants		16,796	16,796
New share issue	25	11,423	11,449
Profit for the year, SEK		62,105	62,105
Closing balance, 31 Dec 2021	1,039	367,408	368,448
Opening balance, 1 Jan 2022	1,039	367,408	368,448
<i>Transactions with owners:</i>			
Dividend		-51,963	-51,963
Warrants		3,519	3,519
Profit for the year, SEK		36,596	36,596
Closing balance, 31 Dec 2022	1,039	355,561	356,600

Parent company

Cash flow

KSEK	Note	1 Jan 2022 31 Dec 2022	1 Jan 2021 31 Dec 2021
Operating activities			
Operating profit (EBIT)		-200	-8,841
Adjustments for items not included in cash flow			
Tax paid		-15,255	-2,383
Interest paid	33	-113	-15
Cash flow from operating activities before changes in working capital		-15,569	-11,238
Changes in working capital			
Change in operating receivables		15,694	-61,142
Change in operating liabilities		-999	-4,801
Cash flow from operating activities		-874	-77,182
Investing activities			
Loans to group companies	38	-3,591	-
Cash flow from investing activities		-3,591	-
Financing activities			
New share issue		-	11,449
Warrants		3,519	16,796
Paid dividend	41	-51,963	-
Group contribution received		46,455	61,700
Cash flow from financing activities		-1,989	89,944
Cash flow for the year		-6,454	12,763
Cash and cash equivalents at start of year	36	17,437	4,674
Cash and cash equivalents at year-end	36	10,983	17,437

Parent notes

Note 26

Company information

RugVista Group AB is the parent company of a Group that includes 100% of RugVista AB, 556458-9207. The Group sells rugs and carpets through the RugVista and CarpetVista websites. The company has its registered office in Malmö.

Note 27

Basis of preparation of the annual report rules and regulations applied

The parent's annual report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for legal entities issued by the Swedish Financial Reporting Board. This means that IFRS is applied with the exemptions and additions set out below.

Basis of preparation of the annual report

Preparing financial statements in compliance with IFRS requires that management make some estimates for accounting purposes. The areas that involve a high level of assessment, that are complex or where the assumptions and estimates are of material importance to the financial statements are indicated in Note 29. These estimates and assumptions are based on historical experience and other factors deemed reasonable under the circumstances. Actual outcomes may differ from estimates made if estimates made change or other conditions exist.

Shares in subsidiaries

Participations in subsidiaries are recognised in the parent at cost less any impairment. If the carrying amount of the participations exceeds their fair value, the value is impaired to fair value. Impairment tests are performed when there is an indication of impairment. The impairment is recognised in the income statement. Where the impairment is no longer required, the impairment is reversed through the income statement.

Financial instruments

The parent applies the exemption not to recognise financial instruments under IFRS 9 in legal entities. Financial instruments are measured in accordance with the Swedish Annual Accounts Act on the basis of cost. In the Parent, therefore, financial non-current assets are measured at cost and financial current assets at the lower of cost and net realisable value, subject to impairment for expected credit losses according to IFRS 9 for assets that are debt instruments. For other financial assets, impairment is based on market values.

Recognition of group contributions

Group contributions made or received are recognised as appropriations.

Note 28

Capital structure and management

RugVista Group AB has no specific objectives related to capital management in the parent company. All capital management is at Group level. See Note 16 in the Group.

Note 29

Significant accounting judgements, estimates and assumptions

Preparing financial statements in accordance with RFR 2 requires that management make judgments, estimates and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Subsidiaries

Participations in subsidiaries are recognised in the parent using the cost method. See Note 27 for a more detailed description.

Note 30

Revenue

The parent's revenue consists of management fees, which are services provided by the parent to RugVista AB on an ongoing basis at a fixed margin. The performance obligations in these contracts consist of the provision of administrative services. Revenue is recognised when control over the services has been transferred to RugVista AB in an amount that reflects the payment to which the parent expects to be entitled in exchange for the service. Revenue from these services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the company's performance in meeting its obligations.

Note 31

Remuneration to auditors

REMUNERATION TO AUDITORS	2022	2021
Ernst & Young AB		
Audit engagement	290	135
Audit activities apart from audit engagement	50	50
Other services	15	-15
Total	355	170

Note 32**Salaries and remuneration to employees and other fees**

	2022	2021
Salaries and other benefits	6,523	5,617
Pension expense, defined contribution plans	1,091	1,374
Other social security expenses	2,686	2,371
Total	10,301	9,362
Average number of employees during the year		
Sweden	2.8	2.6
Of whom men, %	64%	42%
Total	2.8	2.6

For information on remuneration to senior executives and gender distribution among senior executives, see Note 7 in the consolidated financials section.

Note 33**Financial income and expenses**

	2022	2021
Financial income		
Other financial income	88	-
Total	88	-
Financial expenses		
Interest expenses	-201	-15
Total	-201	-15

Note 36**Financial instruments**

31 Dec 2022	Financial assets valued at accrued acquisition value	Financial assets measured at fair value through profit for the year	Total	Fair value
Assets in the balance sheet				
Receivables from Group companies	32,224	-	32,224	32,224
Other receivables	15,274	-	15,274	15,274
Cash and cash equivalents	10,983	-	10,983	10,983
Total	58,481	-	58,481	58,481

31 Dec 2022	Financial liabilities valued at accrued acquisition value	Financial liabilities measured at fair value through profit for the year	Total	Fair value
Liabilities in the balance sheet				
Accounts payable	251	-	251	251
Accrued expenses	1,469	-	1,469	1,469
Total	1,720	-	1,720	1,720

Note 34**Income tax**

The main components of tax expenses for the financial year are as follows:

	2022	2021
Current tax on profit for the year	-9,545	-16,426
Change in deferred tax relating to loss carryforwards	-	-
Tax expenses recognised in the income statement	-9,545	-16,426
Reconciliation of effective tax rate		
Pre-tax profit	46,141	78,531
Tax on net profit at current rate 20.6% (20.6%):	-9,505	-16,177
Tax effect of:		
Non-taxable income	3	-
Non-deductible expenses	-43	-249
Tax recognised	-9,545	-16,426
Average effective tax rate	-20.7%	-20.9%

Note 35**Participations in group companies**

	31 Dec 2022	31 Dec 2021
Opening cost	321,271	321,271
Closing accumulated cost	321,271	321,271
Sales/disposals	-	-
Closing carrying amount	321,271	321,271

Subsidiaries within the Group are listed in the table below

Subsidiaries	Share of equity	Share of voting power	Number of participations	Book value
RugVista AB	100%	100%	105,000	321,271

Note 36 Financial instruments (cont.)

31 Dec 2021 Assets in the balance sheet	Financial assets valued at accrued acquisition value	Financial assets measured at fair value through profit for the year	Total	Fair value
Receivables from Group companies	62,921	-	62,921	62,921
Other receivables	329	-	329	329
Cash and cash equivalents	17,437	-	17,437	17,437
Total	80,688	-	80,688	80,688

31 Dec 2021 Liabilities in the balance sheet	Financial liabilities valued at accrued acquisition value	Financial liabilities mea- sured at fair value through profit for the year	Total	Fair value
Accounts payable	614	-	614	614
Accrued expenses	2,012	-	2,012	2,012
Total	2,625	-	2,625	2,625

Note 37

Accrued expenses

	31 Dec 2022	31 Dec 2021
Accrued salaries and personnel expenses	1,571	1,933
Other accrued expenses	40	195
Total	1,611	2,128

Note 38

Long-term receivables from subsidiaries

	31 Dec 2022	31 Dec 2021
Loans to subsidiaries	3,591	-
Total	3,591	-

Note 39

Pledged assets and contingent liabilities

Assets pledged for liabilities to credit institutions	31 Dec 2022	31 Dec 2021
Participations in Group companies	-	-
Total	-	-

Contingent liabilities

There are no known contingent liabilities in the parent.

Note 40

Significant events after the end of the financial year

Earthquakes in Turkey

The epicenter of the earthquakes in Turkey on February 6, 2023, was in the vicinity of an important production area for the company. Management is evaluating any potential impact on the business. There is a risk that the production capacity of the company's partners in the area and supply chains could be negatively affected by the consequences of the earthquakes.

Chief Financial Officer

Joakim Tuvner has joined as the CFO of the company.

Joakim Tuvner joins from Oatly where he has held the position Vice President Finance, EMEA. He has long experience from leadership positions within business and finance from both Swedish and international growth companies and retail businesses. Joakim holds a Degree of Master of Science in Business and Economics from the University of Lund.

Note 41

Proposed appropriation of profit

The following funds are at the disposal of the Annual General Meeting:

	31 Dec 2022
Accumulated profit or loss	318,964,524
Profit for the year, SEK	36,596,437
Total	355,560,961
The Board of Directors proposes that:	
A dividend of 1:50 per share be paid to shareholders, SEK	31,177,710
be carried forward, SEK	324,383,251
Total	355,560,961



The board of directors' reasoned statement regarding proposed allocation of profits

The Board of Directors has proposed that the 2023 Annual General Meeting resolve on an appropriation of profits under which the shareholders will receive a dividend of SEK 1.50 per share. The dividend corresponds to a total of SEK 31 177 710. The proposal for distribution of profits has been prepared based on the Company's goal to, in addition to investing resources into growth and developing the business, pay out up to 50 percent of annual net profits in dividends to shareholders.

The Board of Directors of RugVista Group AB (publ) hereby makes the following statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act regarding why the proposed dividend is justifiable under Chapter 17, Section 3, second and third paragraph of the Swedish Companies Act. Provided that the 2023 Annual General Meeting approves the Board of Director's proposed allocation of profits, SEK 324 383 251 will be carried forward. The Board of Directors notes that the Company's restricted equity thereby will be fully covered following the distribution of the dividend, and that the Company's and the Group's liquidity position will remain healthy following the distribution of the proposed dividend. The Company's and the Group's financial condition remains strong following the proposed distribution of dividend, and it is the Board of Directors' assessment that the equity of the Company and the Group, after the distribution of the dividend, will be sufficient in relation to the nature, scope and risks of the business. The Board of Directors has also considered the Company's and the Group's financial position and the Company's and

the Group's prospects of fulfilling their commitments in the short and long term, and the Board of Directors' assessment is that the equity will be sufficient to ensure the Company's and the Group's ability to meet their obligations as well as make possible necessary investments. In this context, the Board of Directors has considered factors such as the Company's and Group's historical development, budgeted development and the market- and cyclical situation. The Board of Directors further believes that the Company and the Group, also after the dividend, will be in a good position to meet future business risks as well as withstand possible losses, and are well prepared to respond to any changes in liquidity as well as unexpected events. In addition to the above the Board of Directors has considered other known circumstances that may materially affect the Company and the Group's financial condition. No circumstance has arisen that makes the proposed distribution appear unjustifiable. With reference to the above, the Board of Directors is of the opinion that the proposed dividend is justifiable considering the requirements that the nature, scope and risks of the operations impose on the size of the Company's and the Group's equity as well as the Company's and the Group's consolidation requirements, liquidity and position in general.

Limhamn April 13, 2023

RugVista Group AB (publ)

The Board of Directors

Signatures

The Board of Directors and the CEO certify that the consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's and Parent Company's financial position and results. In addition, the Directors' Report provides a fair review of the Group's and Parent Company's operations, financial positions and results, and describes significant risks and uncertainty factors that the Group and Parent Company face.

Limhamn April 13, 2023

Erik Lindgren
Board chairman

Eva Boding

Magnus Dimert
Board member

Paul Steene
Board member

Hanna Graflund Sleyman
Board member

Ludvig Friberger
Board member

Michael Lindskog
CEO

Our audit report was submitted on April 13, 2023.

Ernst & Young AB

Martin Henriksson
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of RugVista Group AB (publ), corporate identity number 559037-7882

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of RugVista Group AB (publ) except for the corporate governance statement on pages 64–75 and the statutory sustainability report on pages 26–61 for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 78–117 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 78–92 and the statutory sustainability report on pages 26–76. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company, and the income statement and statement of financial position for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–25, 26–61 and pages 120–124. The other information also includes the remuneration report and were obtained before the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning

this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].
- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related

to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of RugVista Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's

type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Malmö April 13 2023
Ernst & Young AB

Martin Henriksson
Authorized Public Accountant

Definitions of metrics and key performance indicators

Measure	Definition	Explanation
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.
Return on equity	Profit after financial items as a percentage of average adjusted equity (equity and untaxed reserves less deferred tax)	A measure that shows the business' "return" during the year on the owners' invested capital and can be compared with the current bank interest rate or return from alternative investments.
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.
Average NPS value	The average value for customer responses on the NPS (Net Promotor Score) questionnaire 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.
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.
Adjusted EBIT margin	Adjusted EBIT divided by net revenue.	A measure that demonstrates the operational profits excluding effects from non-recurring items.
Adjusted EBIT	Operating income less operating costs adjusted for non-recurring items before net financial income and taxes.	A measure that demonstrates the profitability for the operations excluding effects from non-recurring items.
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.
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.	The costs for marketing activities carried out during the period, divided by net revenue during the period.
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.
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 theoretically settled all interest-bearing liabilities; be it current or non-current.

Measure	Definition	Explanation
Organic net revenue growth	A measure that displays the cash and cash equivalent available after having theoretically settled all interest-bearing liabilities; be it current or non-current.	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.
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.
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.
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.
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.
Solvency, %	Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of total assets	A measure that shows the extent to which the Group's assets are financed by capital owned by the Group's shareholders

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

NET FINANCIAL INDEBTEDNESS

KSEK	1 Jan 2022 31 Dec 2022	1 Jan 2021 31 Dec 2021
Total operating income (A)	640,958	706,527
Goods for resale (B)	-244,813	-250,829
Gross profit (A) + (B)	396,145	455,698
Net revenue (C)	639,273	704,984
Gross margin, % ((A) + (B)) / (C)	61.97%	64.60%
Operating profit (EBIT) (A)	74,919	127,658
Items affecting comparability (B)	-	9,900
Adjusted EBIT (A) + (B)	74,919	137,558
Net revenue (C)	639,273	704,984
Adjusted EBIT margin, % ((A) + (B)) / (C)	11.72%	19.50%
Inventory (A)	174,259	146,559
Net revenue, last twelve months (LTM) (B)	639,273	704,984
Inventory as % of LTM net revenue (A) / (B)	27.26%	20.80%
Cash and cash equivalents (A)	-139,978	-218,116
Interest bearing liabilities (current and non-current) (B)	-	-
Interest bearing lease liabilities (current and non-current) (C)	28,167	28,489
Net financial indebtedness (+) / net cash (-) (A) + (B) + (C)	-111,810	-189,627

ORGANIC NET REVENUE GROWTH, %

KSEK	1 Jan 2022 31 Dec 2022	1 Jan 2021 31 Dec 2021
Last year's net revenue (A)	704,984	561,883
Net revenue divested operations (B)	-	20,172
Last year's net revenue, excluding divested operations (A)-(B)=(C)	704,984	541,712
Net revenue (D)	639,273	704,984
Net revenue divested operations (E)	-	-
Net revenue, excluding divested operations (D)-(E)=(F)	639,273	704,984
FX impact on this year's net revenue (G)	26,942	-21,082
Net revenue, excluding divested operations and FX impact (F)-(G)=(H)	612,331	726,066
Organic net revenue growth % (H)/(C)-1	-13.1%	34.0%



Rugvista's board and management team. Back row from the left: Joakim Tuvner, Hanna Graflund Sleyman, Carin Terins, Eva Boding, Paul Steene, Erik Lindgren, Peter Rosenfors and Patricia Rajkovic Widgren. Front row from the left: Magnus Dimert, Ludvig Friberger, Michael Lindskog, Ulrika Klinkert, Maria Tholin and Anders Matthiesen. Abdullatef Almalouhi joined the management team on April 3, 2023 and is missing in the picture.



RUGVISTA

RugVista Group AB (publ)

Ringugnsgatan 11 | 216 16 Limhamn | Sverige
+46 40 66 88 104 | info@rugvista.com

www.rugvistagroup.com