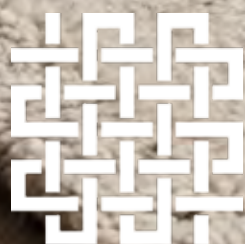


Rugvista Group AB (publ)

Annual Report and Sustainability Report 2023



RUGVISTA

A world-class customer experience

Rugvista is one of Europe’s leading direct to consumer (D2C) e-commerce companies and sells rugs and carpets. The company has since the start focused on delivering a digital customer experience in world-class and high customer satisfaction levels.

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 Rugvista.



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 SUSTAINABILITY GOALS

By 2030, Rugvista’s goals are to

- increase the share of recycled, re-used, recyclable, or certified materials to 80%.
- reduce emissions within scope 3 by 50% per square meter rug sold (2021 base year).
- in addition to our tier 1 suppliers, include at least 50% tier 2 suppliers in our work with social audits for improved working conditions.

20+

localized web shops
focusing on the European
markets

STRATEGIC INITIATIVES



Win the key European
markets



Showcase our
assortment



Be world-class in
everything we do



Capture selected
marketplace opportunities

OUR FINANCIAL GOALS

- Organically grow net revenues by approximately 20 percent per year.
- Maintain an EBIT margin of at least 15 percent.
- Rugvista Group targets to invest resources into growth and organizational development. In addition, Rugvista Group aims to pay out up to 50 percent of annual net profits in dividends to shareholders.

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The year in numbers

"I am proud that we for 2023 once again delivered profitable organic growth despite a macro economically challenging climate and that we made significant progress toward the vision of being the center of gravity for the European rug industry."

Michael Lindskog, CEO

702 million

Net revenue for 2023

85 million

EBIT for 2023

186 million

Net cash position

29 million

Web shop visits

66

Average NPS-value

216 thousand

New customers

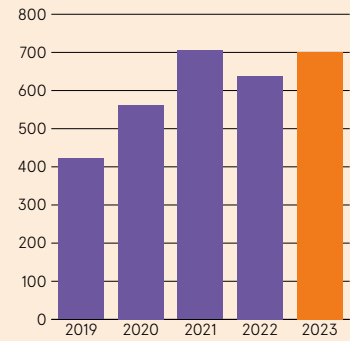
Selected KPIs

(See page 114 for definitions and justifications for KPIs)

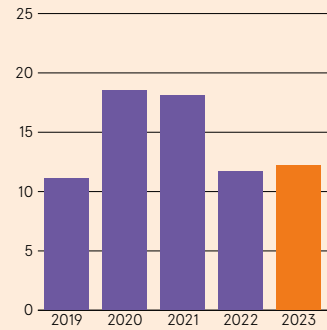
SEK thousand if not stated otherwise	January - December	
	2023	2022
Net revenue	702,203	639,273
Net revenue growth, %	9.8%	-9.3%
Organic net revenue growth, %	2.8%	-13.1%
Gross profit	435,571	396,145
Gross margin %	62.0%	62.0%
EBIT	85,403	74,919
EBIT-margin %	12.2%	11.7%
Profit for the period	69,962	58,872
Profit margin %	10.0%	9.2%
Earnings per share before dilution, SEK	3.37	2.83
Number of website visits, million	28.9	31.9
Average order value, SEK	3,355	3,569
Average return rate	14.9%	15.5%



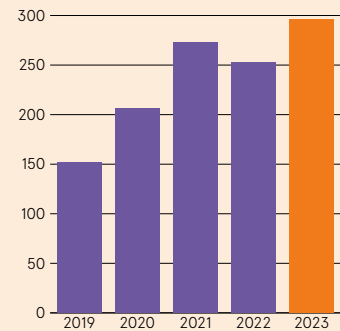
Net revenue
SEK million



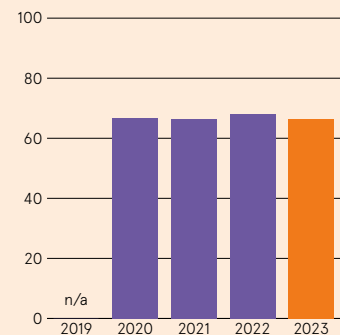
EBIT margin
Percent



Number of orders
Thousand



Customer satisfaction index
Average NPS-value



2023 highlights



New e-commerce platform introduced in 20+ European markets

We introduced the first version of our new in-house developed e-commerce platform during the second quarter. The roll-out to additional countries occurred during the rest of 2023 and the improved buying experience that the web-shop offers is now available in more than 20 European markets. The new e-commerce platform is the foundation for several of our strategic initiatives and the launch is therefore an important milestone for us.



Promising start for investments into content marketing

To continuously create and offer content that informs, helps, inspires, and engages our web-shop visitors is a part of our goal to deliver a world-class customer experience. During 2023, we have gradually increased the material and content that is available in our web-shops and the ambition is to continue the journey during 2024. Our new e-commerce platform has also enabled our content to be indexed by the global search engines which has already improved our organic search ranking.



A year with several records

2023 was a macro economically challenging year with continued lower purchasing power among the European households. Despite this we managed to beat several records during the year. Net revenue during the fourth quarter was an all-time high and we also achieved a record number of orders as well as new customers. The fact that we achieved a record number of orders with improved efficiency in our warehouse operations we see as evidence of our operational capabilities. Our increasing customer base of satisfied customer we see as an asset for future profitable growth.



Enhanced assortment contributed to growth

We continue to develop and improve our product offering to ensure that we have a relevant and attractive assortment for our target audiences. During 2023 we expanded the selection within two large rug sub-types where we saw opportunities to improve our assortment. The extended selection of rugs for outdoor environments and kids rooms contributed to the year’s revenue growth and enabled us to reach new customer segments.



Rugvista’s brand journey

At the start of the year we presented Rugvista’s new communication platform “set the scene” and an updated visual identity. During 2023 we executed a number of successful activities with the purpose to long-term increase the awareness of our brand. We look forward to continuing our brand journey with additional efforts during 2024.

Future solution for warehouse and office

By entering into an agreement for a new warehouse, logistics, and office building in Malmo, we gather our entire Malmo organization under one roof. With the new facility we future proof our ability to cost efficiently increase the number of orders we sell per year so that we can continue our profitable growth journey. The opening of an office in Berlin enables the possibility to attract future talent in one of the European hubs for excellence within e-commerce and software development especially.

Solid outcome despite a macroeconomically challenging year

Dear shareholders,

2023 was another geopolitically and macro-economically challenging year with continued low purchasing power among the European households. I am pleased that we, despite the year's challenges, once again can deliver organic profitable growth. In addition to effectively navigating the market conditions, we made significant progress on our long-term strategic initiatives which enhance our customer proposition as well as our short- and long-term possibilities for profitable growth.

Net revenue for the year was SEK 702.2 (639.9) million representing an increase of 9.8% (-9.3%). The organic net revenue growth was 2.8% (-13.1%). The net revenue growth was primarily driven by the B2C segment where the Nordic region performed well.

The gross margin for the year was 62.0% (62.0%). During the first half of the year, the gross margin was positively impacted by category mix effects and the price adjustments made in the beginning of the third quarter 2022. During the second half of the year, the gross margin was negatively impacted primarily by the increasingly price sensitive customers across most of Europe.

Marketing cost as a share of net revenue for the year was 31.4% (32.1%) which represents a decrease by -0.7 percentage points. The advertising climate was intense during most of the year, but especially during the fourth quarter. Our work to increase the share of organic traffic contributed to the improved marketing spend efficiency for the year.

EBIT for the year was SEK 85.4 (74.9) million representing an increase of 14.0% (-41.3%) and the EBIT margin for the year was 12.2% (11.7%). The higher EBIT margin was positively affected by the improved marketing spend efficiency and scale effects from the higher net revenue.

In addition to investing in growth and organizational development Rugvista has, as its dividend policy, the ambition to pay out up to 50% of net profits to its shareholders. For 2023, the Board of Directors proposes a dividend of SEK 1.80 (1.50) per share which totals SEK 37.4 (31.2) million. We close the year with a net cash position of SEK 186 million which is evidence of our financial strength and ability to continue to invest in developing our customer offering and organization.

2023 was a year where we made significant progress toward the vision of being the center of gravity for the European rug industry. The first version of our new e-commerce platform was introduced in over 20 European markets and it will constitute the backbone for many of our long-term strategic initiatives. Several enhancements to our assortment were introduced and the wider selection of outdoor and kids rugs especially contributed to the year's net revenue growth. We initiated our brand journey and executed multiple initiatives with the purpose to long-term increase the Rugvista brand awareness. During the year, we have made a solid effort to obtain even better insights on the impact Rugvista has from a sustainability perspective and we have in our updated materiality analysis identified focus areas for the continued work. Another achievement during the year was that we created possibilities for improved organic ranking on the global search engines of the content that we produce. This was enabled by the new e-commerce platform and something we already see creates value. I am pleased that we could also focus on future solutions for warehousing and office space. Entering into the agreement for a new warehouse, logistics, and office building, in addition to the opening of an office in Berlin with the purpose to increase the prospects to attract future co-workers are both important milestones for our long-term growth ambitions.

I want to take the opportunity to give a big thank you to all customers who selected Rugvista during the year, we really appreciate all the positive feedback that we receive from you. I also would like to thank all co-workers for an incredible engagement and focus during the challenges that we faced but also in the many achievements that we reached and celebrated during the year. In conclusion, I also want to thank all shareholders for the continued trust in us as an organization and belief in the vision that we are working toward.

The outlook for 2024 is uncertain even though there are indications that the economy bottomed out during 2023. Regardless of how the world around us and the economic climate develops, we look forward to meeting the new year by effectively navigating the market conditions with a continued focus on improving our possibilities for profitable growth both in the short- and long term.

With best wishes,

Michael Lindskog
CEO Rugvista Group



“I am proud that we for 2023 once again delivered profitable organic growth despite a macro economically challenging climate and that we made significant progress toward the vision of being the center of gravity for the European rug industry.”

About Rugvista

Introduction to Rugvista Group

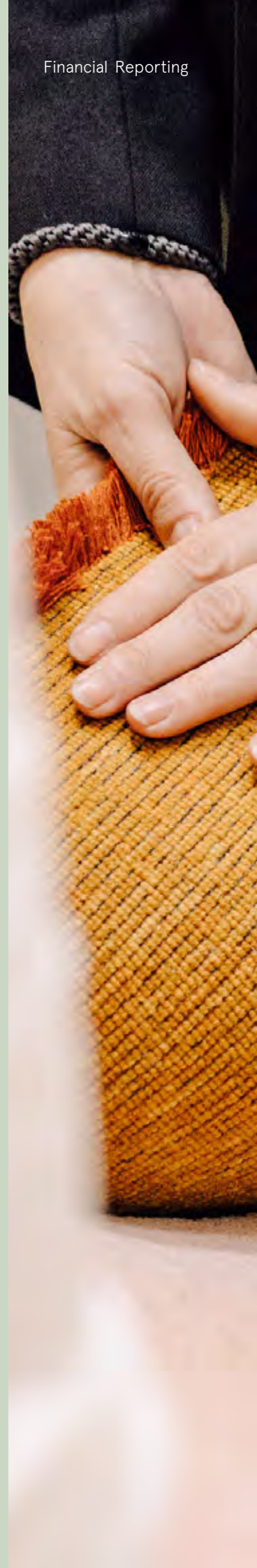
Rugvista Group sells rugs and carpets online using the brands Rugvista and Carpetvista and is one of the leading European "direct-to-consumer" (D2C) e-commerce companies. The company was founded in 2005 and has since strived to deliver a world-class digital shopping experience and achieve high customer 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 us.

The business is divided into three segments: Private Consumers (B2C), Business Customers (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 consumers. Within the B2B segment, the company focuses on small and medium-sized businesses and specifically on the customer groups interior designers and hotels. The MPO segment focuses on selling Rugvista's assortment through rapidly growing and large third-party marketplaces. During the last few years the segment primarily consists of Amazon's European platforms where Rugvista is working on developing and growing the sales. Since the end of 2022, Rugvista also offers circular trade of rugs through the RUGVISTA RE.USE concept which is also a part of the MPO segment.

During 2023, Rugvista Group had an average of 90.2 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 (D2C) business model which means that unnecessary intermediaries in the value chain are eliminated. For us the D2C model entails that we have internal design and product development and cooperate directly with producers to manufacture our in-house developed products. The products are then sold directly to end-customers through our own web-shops.

The business model enables us to offer high-quality rugs at competitive prices while we at the same time can, to a larger degree, maintain a good gross margin. The ambition is that our web-shops should offer a world-class customer experience and that the experience is continuously optimized to meet the customer needs and expectations as they evolve.

To ensure operational efficiency and the best possible customer experience, our internal processes, systems, and infrastructure is adapted and optimized as our business evolves. Another advantage of the D2C business model is that it is scalable and only requires moderate investments in fixed assets and personnel. Instead of owning and operating our own production facilities, we collaborate with leading producers mainly in India and Turkey. We work closely with our producers both when it comes to product topics as well as our common efforts to ensure progress when it comes to social and environmental sustainability in the supply chain. We have the possibility to adjust which and the number of producers

we cooperate with based on our needs. The business model, in combination with the fact that we are one of the leading European rugs and carpets e-commerce companies, provides scale advantages when it comes to favorable purchasing conditions, more efficient marketing investments, operational efficiencies, 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. 2023 was a geopolitically and macro economically challenging year where the European households were strained by high degree of uncertainty, inflation, and interest rates. We successfully navigated the challenging market conditions and delivered organic net revenue growth, improved profitability, and positive cash flow from the ongoing operations.

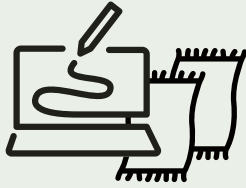
An explanation for our history of profitable growth is our strengths and competitive advantages. They form the starting point for the visions we work toward in everything we do, i.e., to be the center of gravity for the European rug industry, to lead the rug industry towards a socially and environmentally sustainable future, and to attract, motivate, and retain extraordinary people. Our most important strengths and competitive advantages are described in more detail below.

Value proposition

Our largest segment, and primary focus, is the consumer market (B2C). We continuously develop our value proposition based on data and evolving customer needs. Some of the most important dimensions in our current value proposition are:

- **A wide selection** of design- and traditional rugs in various categories, styles, colors, and sizes
- **High quality value-for-money** products in all price ranges
- **Convenient and seamless** digital shopping experience with focus on the 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** owing to excellent customer reviews
- **Partnership with** reputable suppliers
- **Locally relevant** and secure payment options

Rugvista's D2C – model



Self-developed assortment

- Solid and deep product and design expertise
- In-house design and product development as well as procurement
- Broad and carefully curated range of affordable and high-quality products



Customized infrastructure

- Dedicated and adapted warehouse and order management process
- Self-developed e-commerce platform and scalable technical infrastructure with "best in breed" components
- Customer-focused digital shopping experience of world-class quality optimized for the rug product category



Strong customer focus

- Locally tailored marketing strategy and communication
- Customer service with product expertise available in approximately 20 languages
- Generous customer terms such as free shipping and returns

Strong and deep product and assortment expertise

We are proud of our long experience and deep expertise both within the rugs and carpets product category as well as design. 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 advantages can be passed on to our customers and is a reason why our products offer outstanding value-for-money.

Our assortment is developed for and adapted to our target customer's 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 about the entire customer experience through a survey. 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 having made a purchase from us is our highest priority and the ultimate confirmation that we can receive. We see satisfied customers as a fundamental prerequisite for our future profitable growth.

During 2023 our customer base grew by approximately 216 thousand individuals and we have attracted almost 1 million new customers since 2020. Since most of our customers are very satisfied after having made 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 assortment, and the ability to recruit talent and to retain the most skilled employees.

Track record of profitable growth and high cash generation

We have a track record of profitable growth and between 2019 to 2023 net revenue grew at an average annual rate of 13.5% while EBIT grew at an average annual rate of 16.2%. During the same period, our average EBIT-margin was 14.5% and our operating activities generated SEK 438 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 organizational development with the purpose of further improving our long-term competitiveness and future outlook.

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

Our overall technology platform mainly consists of proprietary software combined with "best-in-breed" third party components. This strategy has enabled that we today have a technology platform which is adapted after our needs and processes. The technology platform is based on so-called "open source" technology and uses Amazon Web Services as our operating environment. Our overall technology 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 customer proposition and other commercial processes. Functionality, information security, and algorithms have been developed to automate, optimize, or support recurring internal processes resulting in efficiency, security, and quality improvements across several of the company's functions.

¹ Net Promoter Score.

The market for rugs and carpets

SIZE AND FORECAST

Rugs are part of the mega-category of home furnishing products. Last time we did an extensive study¹ to quantify the value of the market, the European home furnishing market was valued at SEK 2,170 billion for the year 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% 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, the pandemic restrictions were gradually lifted likely resulting in a decrease in the e-commerce share within the category. However, we estimate that the e-commerce share of sales within the rug category, after the pandemic, has started to normalize according to the forecast from 2019 which would mean that the e-commerce share is estimated to be approximately 21% currently.

2023 was another challenging year for the global economy with continued geopolitical uncertainty, high inflation, and central banks' interest rates at significantly higher levels compared to the last 10-years. These macro-economic factors continued to negatively impact consumer confidence and the purchasing power among the majority of the European households. Our assessment is that these factors had a negative impact on the market for rugs during most of 2023. This makes us estimate that the value of the European market for rugs and carpets was relatively unchanged during the year.

The outlook for 2024 is uncertain but we are convinced that the low e-commerce share within the market for rugs², in combination with fundamental market trends within the home interior category, continue to entail good growth opportunities in the medium- to long-term.

¹ The market study conducted by Technavio in 2020 and ordered by Rugvista.

² More mature e-commerce categories such as fashion have an estimated e-commerce share of approximately 30%.





MARKET TRENDS

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

STRUCTURAL TRENDS IN THE EUROPEAN MARKET FOR RUGS AND CARPETS

We are convinced that certain structural macro trends 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 offer a more accessible and convenient shopping experience compared to shopping in a physical store.

Factors that make digital commerce more accessible include customers being able to purchase products and services at all times of the day, wherever they are, and from various types of digital devices (such as mobile phones and laptops).

Convenience factors include the better possibility to organize and visualize a large product selection digitally, customers being able to easily search for products or services that meet their needs, access to fast and often free deliveries, secure payment methods, and smooth return procedures often without extra cost to the customer. Digital commerce also means that customers can make purchases without physically going to the store and handling the product. This is particularly valuable for relatively bulky and heavy items such as rugs. Rugs are also a product that very rarely gets damaged during delivery, making it possible to distribute the products in good condition directly to the end customer's home.

Selection

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

An advantage for the rug category compared to many other product categories is that rugs do not deteriorate when stored for a longer period, and their trend sensitivity is lower than, for example, fashion items. Therefore, online retailers of rugs can stock a wide range of products without incurring high inventory risk.

Compared to physical stores, online retailers can also quickly optimize their assortment based on customer demand and preferences by using data to identify consumer behaviors and offer customers a more relevant range.

Demographic factors

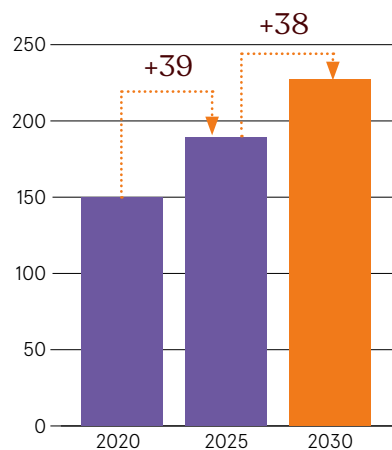
We assess that younger consumers (Generation Millennials and later - see fact box) generally have a higher propensity to shop online compared to older consumers. This customer group is likely to contribute to an increasing share of e-commerce in the total market as they establish themselves in the job market, increase their disposable incomes, and start moving into their own homes.

Therefore, we believe that a larger proportion of rugs in the future will be purchased from online stores due to a greater portion of the market having established behavior of buying products and services from digital stores.

We also see that middle-aged and older consumers are becoming increasingly willing and accustomed to e-commerce. This trend was accelerated by the Covid-19 pandemic when a large portion of Europe's physical store networks were closed for periods. The fact that even older consumers have become more accustomed to shopping from digital stores is expected to result in a broader target audience for online stores in general.

Number of people in Europe 25 years or older, millennials and later generations

Million



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

COMPETITION

The sales of rugs and carpets in Europe, both for physical and digital sales, is fragmented. We categorize the various types of rug retailers in the European market into four overarching types.

Traditional resellers

Traditional resellers exclusively focus on sales in physical stores and can be divided into two subtypes.

Subtype one consists of small local physical rug stores that offer only a limited selection of rugs of a certain type. A significant portion of these stores offer traditional hand-knotted rugs, but some stores focus on offering design rugs produced in larger quantities per type as well as wall-to-wall carpets. Stores offering wall-to-wall carpets often provide the option to purchase custom-sized rugs and other flooring alternatives.

Subtype two comprises local physical furniture or home decor stores. These retailers often focus on offering various types of furniture such as sofas, beds, tables, and other home decor products such as rugs. However, the selection of rugs is often limited.

Large and medium-sized home furnishing chains

Large and medium-sized home decor chains are retailers that offer a wide range of products for the home. Some of these focus on home improvement products, some on furniture, while others concentrate more on products that can be classified as home decor textiles. Some of these players offer a selection of all these product categories.

Historically, these chains have focused on sales in physical stores, but in recent times, they have also developed online stores. The Covid-19 pandemic accelerated this development in many cases. Examples of large and medium-sized home decor chains include IKEA, Mio, Jysk, and Bauhaus.

Digital department stores

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

Subtype one consists of retailers that offer a very broad range of products across several different mega-categories.

An example of a retailer of this subtype is Amazon, which offers everything from books, clothes, sports equipment, furniture, and home decor textiles including rugs.

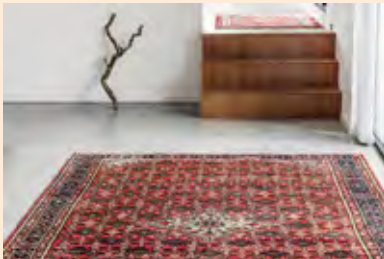
Subtype two consists of retailers that offer a wide range of product types within the mega-category of home decor. Examples of retailers of this subtype are Wayfair and Home24, both of which offer a wide range of product categories within the mega-category of home decor but no other mega-categories.

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 large and offer their assortment to a larger part of European countries. The larger players often benefit from being able to offer a wide range of different types of rugs at favorable prices. Most of them also have operations specialized for digital commerce. Examples of digital rug specialists are Rugvista and Benuta.

Rugvista’s 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 customer segmentation study in Europe during 2022. Based on the study regarding private customers, five (5) customer types were identified (see below) for whom we want to be a relevant option for future rug purchases.



The Premium Customer

Highly interested in home decor and sees the rug as an important part of the decor. Quality and exclusivity are important in product selection.



The Visual Customer

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



The Situation-Driven Customer

Interested in home decor. Views 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 such as new furniture purchases, something being worn out, or due to a relocation.



The Cautious Customer

Interested in home decor and sees the rug as a significant interior design detail. Has a lower income and therefore keen and willing to compare between different stores in the selection of 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 that is still a peripheral detail in the home. Price is the most important factor in selecting a product.

Purpose, vision, and values

Rugvista was founded in 2005 and has since its inception focused on high customer satisfaction. Delivering a customer experience beyond the ordinary remains our most important task.

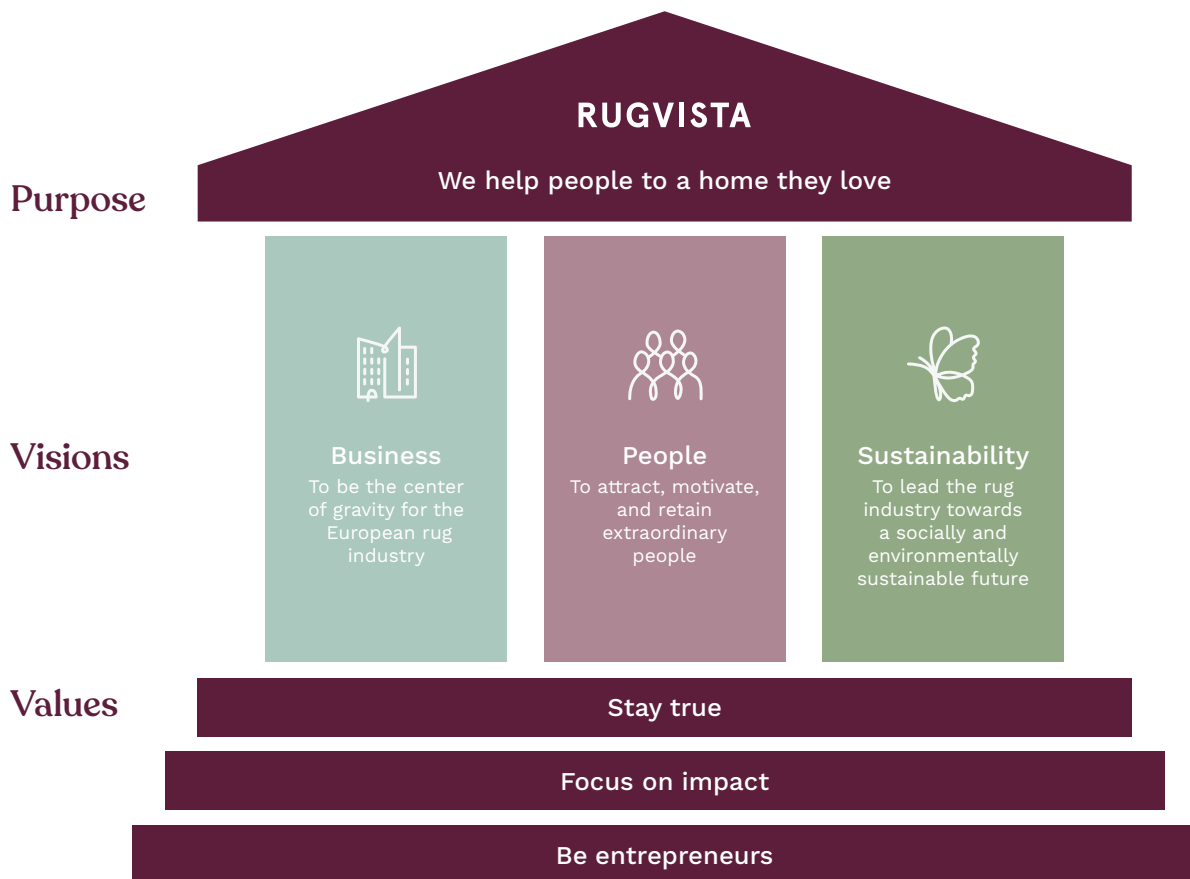
As part of developing the organization and defining long-term ambitions, we have formulated a purpose, visions, and values for Rugvista. Our purpose, visions, and values permeate and guide us in our daily work. The company's strategic initiatives, decisions, and priorities are always linked to the realization of our purpose and our visions.





“In addition to our daily focus on delivering a world-class customer experience, our purpose, our visions, and our values are something that permeates everything we do.”

Michael Lindskog
CEO Rugvista Group



Our Purpose

Our purpose is the reason why we exist as a company and forms the basis for everything we do. We have expressed our purpose as “We help people to a home they love.” The words that make up our purpose are important to us.

“We help” is what we aim to do in all aspects of the company. We see ourselves as experts in rugs and can therefore assist our customers in making the best possible choice when they want to make a rug purchase. This could involve providing inspiration in choosing a rug for a particular interior style or product recommendation when they are looking to buy an outdoor or washable rug. It could also involve telling the story of 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 anything goes wrong with the delivery or if they want to make a return. “We help” is part of our DNA. We target everyone interested in buying a rug. Our ambition is to offer a relevant assortment of rugs in different styles and types that meet the needs and preferences of almost all customer segments.

“To a home they love” reflects our starting point that the rug is the stage where life happens. A rug can make a huge difference in how a room is perceived and is therefore a crucial 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

We have three defined visions, each with a clear purpose and level of ambition.

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

Our Business vision defines how we see our role within the rug industry and is primarily directed towards our shareholders and business partners. Our Sustainability vision defines how we see our role in society at large and how we can take responsibility and be part of the solution to the social and environmental sustainability challenges the world faces. Our People vision defines the role we have towards existing and potential co-workers.

Business vision

To be the center of gravity for the European rug industry



Win the key European markets



Showcase our assortment



Be world-class in everything we do



Capture selected marketplace opportunities

Key enablers:

- Leverage data and technology to fuel the initiatives
- Continue to ensure high customer satisfaction ratings

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

Our Business vision reflects the ambition we are working towards to, in the future, be the obvious choice for all customers looking to purchase a carpet. The vision also entails our desire to be the foremost partner for leading rug producers and other third-party suppliers.

Win the key European markets

In order to be center of gravity for the European rug industry, we need to conquer major European markets such as Germany, France, and the United Kingdom. Our domestic market, Sweden, is also important to us. We also assess that if we succeed in achieving a stronger position in the major markets, we will be able to leverage that success to also be successful in the smaller markets across Europe. We have identified several strategic initiatives to achieve the goal to win the European key markets.

The first initiative involves localizing our customer offering to an even greater extent than today. Parts of how we engage with our customers such as language and currency are already tailored to the different markets, but we see opportunities to effectively reach a higher percentage of customers in the European key markets by increasing the degree of localization in all aspects of our commercial offering.

The second initiative is to build a well-known and popular brand in the European key markets. The first step in this process is to create broader awareness among potential customers about our offering. Since we already have very high customer satisfaction, we are confident that these new customers will also be satisfied with our products, the digital shopping experience, our payment and delivery options, as well as customer service.

In 2023, we made further adjustments to our marketing mix in several markets and how we reach potential customers. We also carried out several initiatives to increase awareness of Rugvista as a brand in certain key markets.

Showcase our assortment

Our extensive and carefully curated assortment has always been one of our key strengths. The majority of our products are also in-house developed. We need to leverage this advantage to a greater extent and ensure that our web shop visitors understand that the assortment we offer is in-house developed and only available for purchase from us. We expect that an increased knowledge of this will lead to greater loyalty and brand awareness over time.

Part of this strategic initiative involves further enhancing 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 provided us with insights into the product needs of different customer groups but also into how the process of finding the perfect rug differs among different customer groups.

Another part of this initiative is to provide a more inspiring and informative experience for those visiting our web shops. Our plans include offering more descriptive texts, more inspirational images, and even videos in some cases. Care instructions, product category descriptions, and advice on finding the perfect rug for a specific room are further examples of inspiring and informative material that we are producing more and more of.

Progress within this initiative in 2023 includes, among other things, an expanded range of outdoor and children's room rugs which contributed to the year's increase in net revenue. We also launched our new e-commerce platform during the year, offering a significantly richer and more inspiring shopping experience compared to the previous version.



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 tailored technical and operational platform to deliver the best overall experience for customers within our vertical. Offering the best overall experience for anyone looking to purchase a rug from a digital web store remains our top priority.

We are aware that digital commerce in the rug category, like most product categories, is constantly evolving, and we continuously strive to improve both the experience for and the offering to the customer. We anticipate that future customers will have higher demands and expectations for the shopping experience from a web store across all product categories. Therefore, we need to benchmark ourselves against and seek inspiration from world-leading e-commerce companies regardless of product category.

In 2023, the focus of this initiative has been on continuing to develop our processes for planning, execution, and control of our commercial activities. These efforts provided the foundation for our ability to return to profitable growth during the year despite a continued challenging macroeconomic climate.

Capture selected marketplace opportunities

Until we become the clear market leader in the European rug industry, we recognize that other digital platforms and marketplaces will attract customers interested in buying a rug. Amazon is currently the leading global digital marketplace and also holds a strong position in several of the European key markets we sell to.

To capture the demand on Amazon, we have chosen to actively sell our in-house developed products on a number of Amazon's European digital marketplaces. Amazon customers are often very price-focused, so we have chosen to focus our Amazon offering on a product selection that is most relevant to these customers.

In 2023, the focus of this initiative has been on optimizing the presentation of our assortment on Amazon's platform to increase our organic ranking for important search words. In conjunction with this effort, we have also increased our investments in paid marketing.

Sustainability vision

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

As one of the leading actors in the European rug industry, we see it as our responsibility to contribute to leading the industry towards a more sustainable future. It is based on this belief that we have defined our vision and our long-term goals and plans.

The work on our Sustainability vision is described in detail in this year's Sustainability Report.

People vision

To attract, motivate and retain extraordinary people

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

Our People vision stems from and is anchored in the company's three values. For each value, we have formulated behaviors that clarify what the values mean to us. The ambition is for our values to permeate decisions, priorities, and the daily work within the company, thereby forming the basis of our corporate culture.

The work on our People vision is described in detail in this year's 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.

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

Our sustainability vision is to lead the rug industry towards a socially and environmentally sustainable future.

Understanding our sustainability challenges and their impact on the planet and our business is essential for advancing Rugvista as a leader within the European rug industry. In 2023, we updated our materiality analysis to align with the GRI 2021 Standard. This update has provided us with deeper insights into Rugvista's impact and the areas of particular importance that we need to prioritize moving forward. Each material topic will be outlined under our focus areas: Planet, People, Business, thereby setting the baseline for our sustainability efforts.

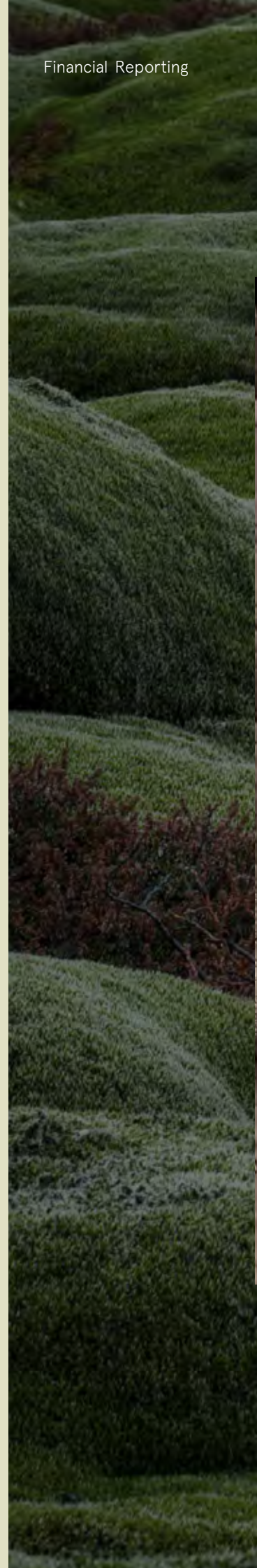
In 2024, we will leverage these insights and revise our short-term and long-term goals based on the newly identified areas, after further preparations for CSRD have been completed. By leveraging our position as one of the leading players, we aim to implement the systemic changes necessary within our company, throughout our value chain, and within the industry.

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The report is prepared in accordance with Chapter 6 of the Annual Accounts Act and in accordance with GRI 2021, published on our website rugvistagroup.com. The reporting period extends from January 1, 2023, to December 31, 2023. This report is issued annually and in conjunction with the financial reporting. Our latest sustainability report was presented in April 2023.

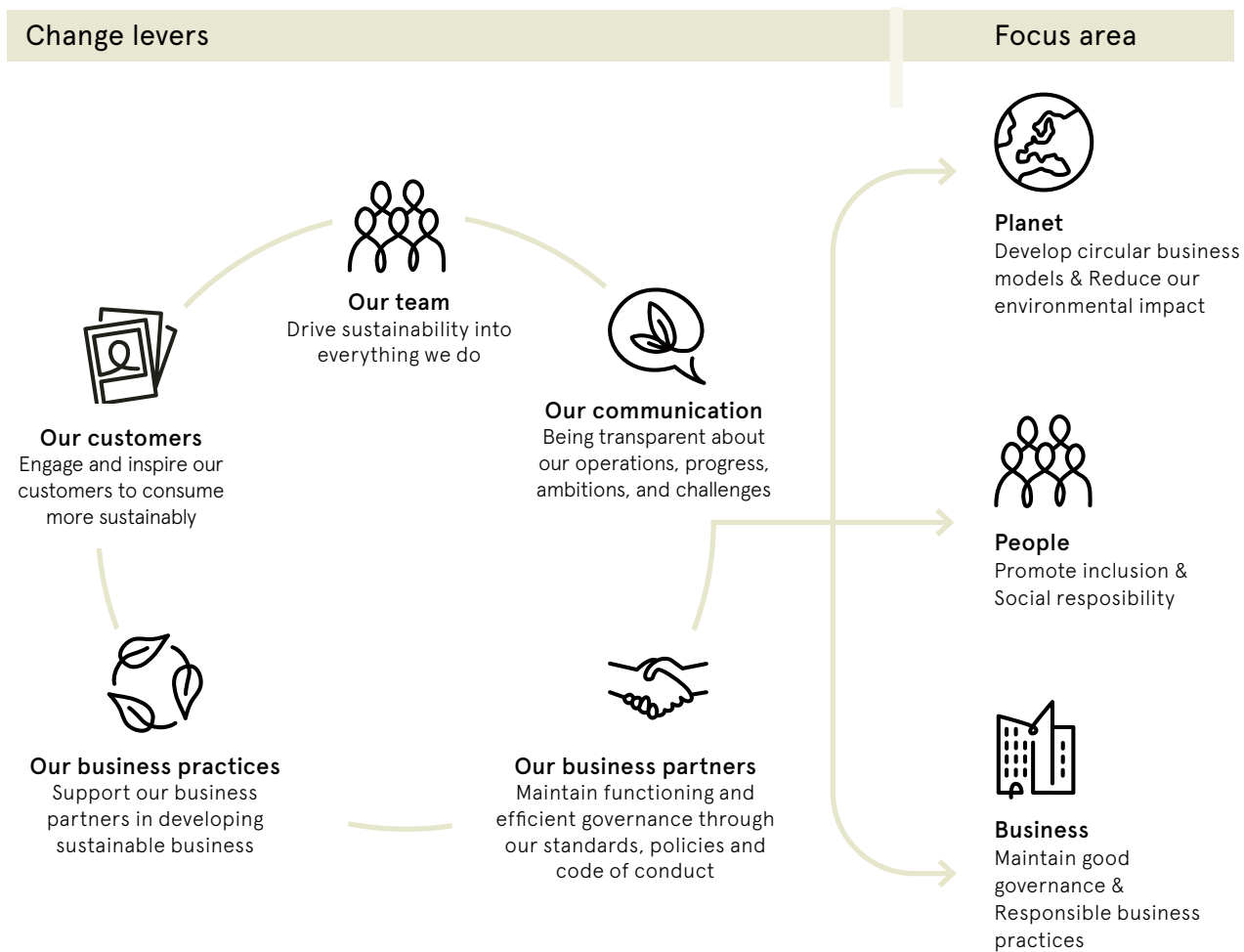




LEAD.CHANGE

- Rugvista's sustainability strategy

Our sustainability strategy, LEAD.CHANGE, encompasses three focus areas, each with specific commitments and objectives: Planet, People, Business. The purpose of LEAD.CHANGE is to evolve our business model with sustainability at its core, serving as the foundation for our 2030 sustainability ambitions. We have identified five change levers vital for achieving our sustainability goals: our team, customers, business partners, business practices, and our communication.



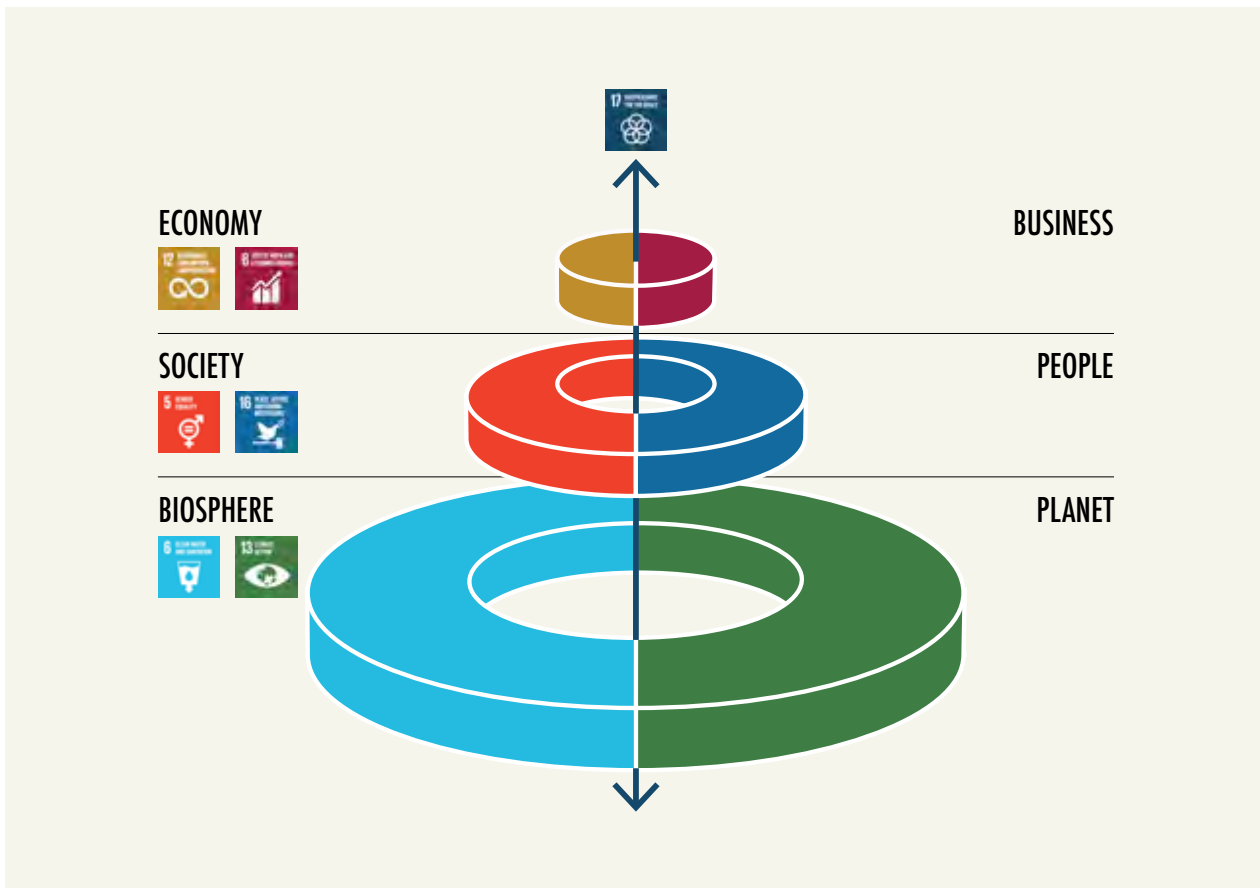
Rugvista's value chain

The illustration seeks to visualize Rugvista's value chain, and the various processes associated with materials and products. Through this visualization, we aim to showcase the lifecycle of our rugs, highlighting the complexity involved in achieving fully circular production processes, from design and sourcing of raw materials to manufacturing, utilization, and eventual recycling of the rugs.



The UN:s Global Goals for Sustainable Development

In our efforts to develop Rugvista's sustainability strategy and long-term goals, the UN Sustainable Development Goals (SDGs) play a crucial role. We focus on seven goals where we see the greatest opportunity to contribute and make a difference. Our prioritized SDGs are also highlighted in the introduction to our respective focus areas: Planet, People, and Business.



The UN's global goals are part of the 2030 Agenda for Sustainable Development. We have chosen to adopt this model called "the wedding cake" because we believe it effectively illustrates the connections between the SDGs and their role as fundamental parts of our business. We have identified goals 5, 6, 8, 12, 13, 16, and 17 as the areas where we believe we have the greatest opportunity to contribute and make a real difference.

Biosphere/Planet: The planet's boundaries are absolute and non-negotiable. We have deepened our understanding of Rugvista's environmental impact, a knowledge that is crucial because our rug production is entirely dependent on the planet's natural resources.

Society/People: This reflects our potential for positive impact through interactions with employees, customers, suppliers, subcontractors, and communities affected by our value chain.

Economy/Business: The top layer reflects the outcome of our operations. To meet the sustainability demands of our stakeholders and ensure the future viability of our business, as well as contribute to a sustainable society, requires transformation and collaboration across all parts of the model.



Sustainability Governance

Sustainability is a central part of Rugvista's operations and is governed by policies, guidelines, measurable goals, and action plans, along with codes of conduct for both employees and suppliers.



The employee code of conduct establishes explicit standards for our business conduct, based on the UN Global Compact's Ten Principles and the UN Guiding Principles on Business and Human Rights (UNGP). The supplier code of conduct is aligned with international guidelines, including the UN's Universal Declaration of Human Rights, ILO conventions, UNGP, OECD guidelines, the Precautionary principle, and the UN principles on children's rights. To assure compliance and efficiency, regular audits of our suppliers are conducted by independent third parties.

Sustainability initiatives are implemented across all parts of the organization, aligning with our ambition to adhere to both social and environmental standards. New employees members receive sustainability training as part of the onboarding process. Throughout the year, employees are

involved in sustainability efforts in their daily work, regular team meetings and educational workshops.

The company's sustainability manager has defined responsibilities within the sustainability area and operates under the leadership of the Chief Organization & Sustainability Officer (COSO). The COSO is responsible for developing and implementing the company's strategy and monitoring processes. The COSO is holding a position on the management team and is reporting directly to the CEO. Regular reports are submitted to the board, which ultimately oversees Rugvista's sustainability efforts and has approved Rugvista's sustainability strategy.

Membership, Frameworks, and Certifications

In addition to our internal procedures and policies, we conduct our operations in line with international frameworks, certification programs, and memberships in various associations. This approach ensures the quality of raw materials and production processes, aligns with our values, and helps us meet our sustainability and business goals.

OEKO-TEX®

The STANDARD 100 certification from OEKO-TEX® guarantees that the product meets strict human-ecological requirements. This means that the product does not contain harmful chemicals in quantities detrimental to health. The certification also ensures that the chemicals in the product do not exceed legally established limits and that it does not contain prohibited substances or other substances with scientifically proven harmful effects.

GRS

The Global Recycled Standard (GRS) is an international product standard that establishes requirements for third-party certification of recycled material. The certification also includes traceability, social and environmental practices, and chemical restrictions. The goal of GRS is to increase the use of recycled materials in products and reduce/eliminate the harm caused by their production.

RISE Chemical Group

Through our membership in RISE, we receive guidance on chemical and environmental matters. Our suppliers commit to adhere to the Chemical Group's restriction list, which aligns with EU legislation (REACH, BPR, and the EU's waste legislation) and international chemical regulations (POPs).

Amfori BSCI

We are members of amfori BSCI, a global business-driven initiative for companies aiming to improve working conditions in the global supply chain. BSCI brings together more than 2400 companies around a common code of conduct, and their primary task is to support the network in creating sustainable and ethical supply chains.

Amfori BEPI

In 2023, we joined Amfori Business Environmental Performance Initiative (BEPI). Utilizing the tools and resources provided by BEPI, companies can evaluate and enhance their environmental performance across the supply chain. This initiative is dedicated to encouraging sustainable use of natural resources and minimizing the adverse environmental impacts linked to production and the supply chain.

Label STEP

To manage the complexity of audits of rugs woven and knotted by home weavers, we have been a Label STEP Fair Trade partner since 2019. Label STEP is a non-profit organization committed to improving the living conditions and well-being of carpet weavers within the handmade rug industry. Label STEP actively strives for long-term improvements in the rug industry while providing rug weavers with education in human rights, health and safety, and economics.

Care & Fair

Since 2018, we have had a close partnership with Care & Fair, a non-profit organization that aims to enable regular schooling for rug knoter's children, provide women with literacy education, and provide free healthcare to entire families. Currently, Care & Fair operates 10 schools, 6 adult education centers, and 3 health centers in India and Pakistan.

UN Global Compact

We have been members of UN Global Compact (UNGC) since 2020. UNGC is the world's largest sustainability initiative for businesses and organizations, aiming to promote

sustainable business practices and social responsibility. As members, we commit to following ten principles covering human rights, labor rights, environment, and anti-corruption.

Swedish Trade (Svensk Handel)

We are members of Swedish Trade, the employer organization that serves the retail sector. The association represents retail companies on employment and economic policy issues. Swedish Trade's objective is to create the best possible conditions for both large and small retail companies.

Science Based Targets initiative (SBTi)

The Science Based Targets initiative (SBTi) enables ambitious climate action in the private sector by approving scientifically based climate targets that align with the goals of the Paris Agreement. We had our climate targets approved by SBTi in 2021, ensuring that greenhouse gas reduction targets are in line with the goals of the Paris Agreement.

Textile Exchange

We are members of Textile Exchange, a global nonprofit organization that provides knowledge and tools to make significant improvements in three core areas: fibers and materials, integrity and standards, and supply chains.

Materiality analysis

Rugvista operates within the textile industry, significantly influencing society, the environment, and the economy. Guiding our initiatives positively requires a robust interconnection among these domains. Given the complexity, it highlights the necessity to concentrate our efforts where we can make the most significant impact.

Our materiality analysis has been designed to identify the most material topics for Rugvista, where we exert the most significant impact on the economy, environment, and people, including their human rights and working conditions. Diverging from previous analyses, we have adopted the GRI 2021 standard and extensively incorporated the ESRS standard. A significant change for us has been increasing engagement with industry experts and separating the ranking of social, environmental, and governance-related topics to ensure they are not compared directly against one another. This approach has led to a notably larger set of material topics within our focus area of Planet and has also provided new insights within People and Business. By 2024, we aim to complete the analysis to fully align with the ESRS standard and subsequently update our short- and long-term sustainability goals. The process of determining material topics included the following steps:

Step 1: Understanding Rugvista's context

To comprehend our impact and the challenges we face in the surrounding world, we undertook a comprehensive analysis of our value chain. In this detailed examination, we outlined our various activities, encompassing business models, geographical locations, types of business relationships, industry context, and stakeholders affected by or interested in our operations. "Nature" has been acknowledged as a silent stakeholder.

Step 2: Identifying actual and potential Impact

To develop a preliminary list of our actual and potential impacts, we conducted a desk analysis that focused on our industry and value chain. This analysis was grounded in a comprehensive review of both internal documents and relevant external sources. In parallel, we engaged in stakeholder dialogues to assess our impact on the external environment and to determine the priorities that are most relevant to our stakeholders across three key categories: Environmental, Social, and Governance (ESG). During this process, we identified seven primary stakeholder groups:

- Customers
- Employees
- Rug suppliers and their employees
- Other suppliers (including subcontractors)
- Owners
- Industry associations and non-governmental organizations
- Financial institutions

The results of the stakeholder dialogue have been used to clarify the scope and significance of Rugvista's impact.

Step 3: Assessing impact significance

The outcomes of the stakeholder dialogues were compiled, and rankings within each sustainability category were established. In this phase, we also internally assessed the organization's positive, negative, actual, and potential impacts regarding each identified sustainability aspect. This evaluation considered the severity of each impact and, for potential impacts, the likelihood of their occurrence.

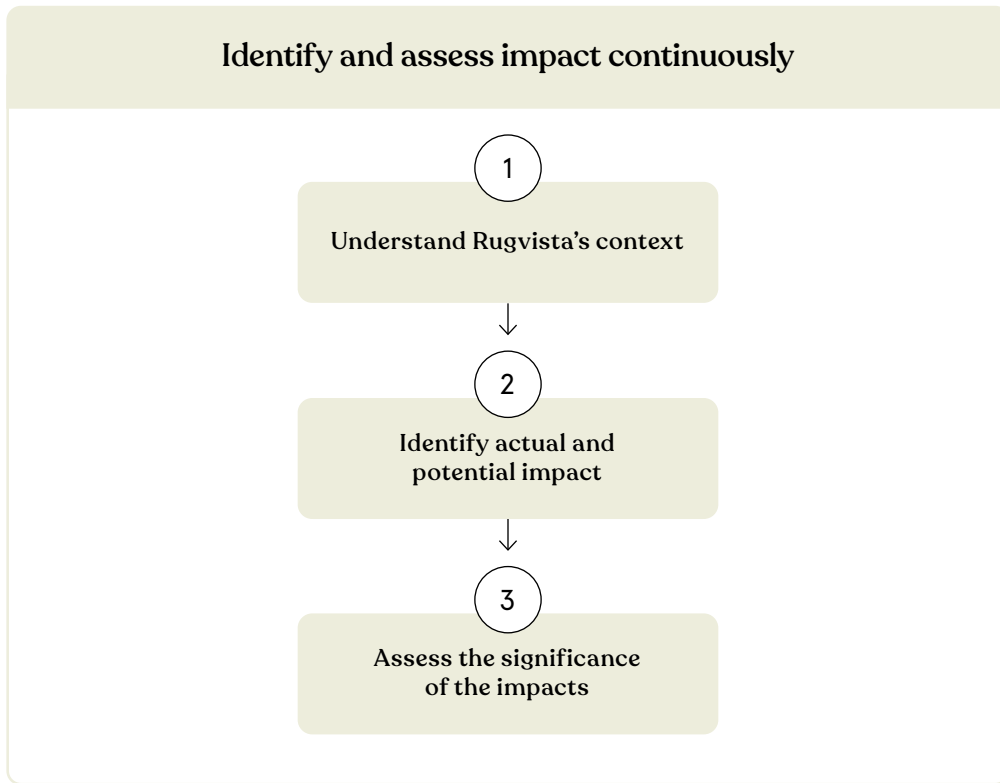
Step 4: Prioritizing significant impact areas

Based on previous steps and discussions, both internally and with external industry associations and organizations, the impact within each category (environmental, social, and governance) has been ranked from highest to lowest. Fifteen impact areas have been identified as the most significant, thus forming our material topics. These areas guide the content of our sustainability reporting.

List of material topics:

To report in accordance with GRI 2021 standards, we have updated our materiality analysis utilizing the outlined process. Differing from previous reports, the number of material topics expanded from 12 to 15. This expansion stems from an enhanced method for identifying material topics and the incorporation of new material topics that were previously grouped under broader categories. In 2024, we plan to finalize the ongoing materiality analysis in accordance with the ESRS standard, which will also take into account financial impacts. Based on the double materiality perspective, we will revise our short-term and long-term sustainability objectives to reflect the newly identified material sustainability topics.

Below are Rugvista's material topics within each focus area:





Planet



By 2030, Rugvista aims to:



1. Increase the proportion of certified, reused, recycled, or recyclable materials (purchased weight) to 50%*.
2. Reduce the company's absolute CO₂e emissions by 50% in scope 1 compared to the 2019 base year (9,7 tons).
3. Reduce the company's absolute CO₂e emissions by 50% in scope 2 compared to the 2019 base year (219 tons).
4. Reduce the company's own operations' absolute CO₂e emissions by 50% in scope 3 compared to the 2019 base year (67 tons).
5. Decrease CO₂e emissions from rug purchases by 50% per square meter of rug sold compared to the 2021 base year (56 CO₂e).
6. Use packaging made from 100% recycled or other non-fossil materials.

Objective	Goal		Result	
	2030	2025	2023	2022
Proportion of of certified, reused, recycled, or recyclable material (purchased weight)	50%	20%	13%	N/A
% change of absolute CO ₂ e emissions in scope 1 compared to the base year 2019.	-50%	-25%	-98%	-50%
% change of absolute CO ₂ e emissions in scope 2 compared to the base year 2019.	-50%	-25%	-62%	-70%
% change of absolute CO ₂ e emissions in scope 3 compared to the base year 2019.	-50%	-25%	49%	-40%
% change of CO ₂ e emissions from rug purchases, intensity target per square meter of rug sold compared to base year 2021.	-50%	-20%	-41%	-12%
Packaging made from recycled or other non-fossil materials.	100%	100%	30%	15%

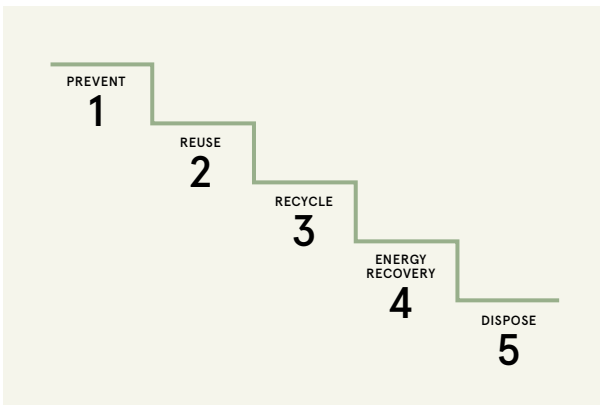
*This goal has been adjusted in 2023. Reused rugs refer to those that are at least 20 years old. Certified materials may include recycled or newly produced materials that have been reviewed and approved by a third-party, independent organization. Recyclable rugs refer to rugs that consist of only one type of material. Read more on page 33 and 39.

MATERIAL TOPIC

Circular Economy

According to the World Economic Forum, the world’s GDP is significantly or partially dependent on nature and effectively functioning ecosystems that continue to supply raw materials for our products. In the linear business models, we have traditionally operated within, resources are utilized to manufacture goods that are subsequently consumed, discarded, and transformed into waste, resulting in increasing environmental impacts and resource wastage. There is an urgent need for a shift towards more sustainable production and consumption practices. In a circular economy, products are intentionally designed to minimize environmental and climate impacts, extend their lifespan, and be repairable as required. Moreover, these products should be designed for recyclability at the end of their life cycle. Prioritizing higher levels on the waste hierarchy yields better outcomes.

The waste hierarchy, also known as the waste ladder, was established as a guideline to encourage sustainable waste management and reduce environmental impacts. This framework is integrated into several strategies within EU’s waste policy and describes various steps for waste management in a hierarchical sequence. Each step in the hierarchy represents different methods of waste management, classified according to their environmental efficiency. The hierarchy’s objective is to prioritize actions that minimize waste generation, enhance recycling activities, and reduce landfill dependency, ultimately mitigating global environmental impacts.



THREE CRUCIAL PHASES FOR A CIRCULAR BUSINESS MODEL

We have identified three key parts in the effort to create more circular products. The design phase, the user phase, and the recycling phase. These extend across our entire value chain, but the critical impact occurs early in the life cycle of the rug.

1. Design Phase

In the design phase, the future environmental impact and quality are determined by the choice of production methods and raw materials. Aspects affecting the rug’s environmental performance include material composition, such as which fibers are used and how they are combined, as well as the chemicals used in production that may hinder recycling.

2. User Phase

According to the EU’s strategy for sustainable and circular textiles, the most effective way to significantly reduce the climate and environmental impact of textile products is to extend the product’s lifespan. Circular business models, such as second hand, can make a difference, but also care instructions and the ability to repair the rug.

3. Recycling Phase

Finally, textile waste should primarily be used to create new products. Secondly, textile waste should be recycled into new fibers, which can then be used as raw material for yarn, fabric, and new textile products. The possibility of recycling should be integrated already in the design and production phase. By studying and learning more from this phase, we can directly apply the insights in the design process.

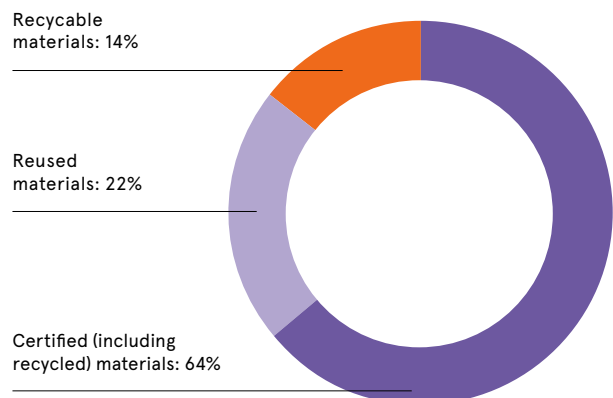
“In 2030, the textile products released on the EU market are to have a long lifespan and be recyclable, largely made from recycled fibers, free from any hazardous substances, and manufactured with respect for social rights and the environment.”

– EU’s Strategy for Sustainable and Circular Textiles

We recognize that this transition will require time, but it is essential for the long-term viability of both the planet and our business, especially as we expect the EU to introduce stricter regulations and incentives to accelerate the shift towards a circular economy.

We aim to increase the proportion of recycled, recyclable, or certified materials to 50% by 2030. In 2024, we will update our short- and long-term sustainability objectives, and more internal guidelines and KPIs will be implemented to support our design and procurement teams. Learn more about our Material Matrix on page 39.

Distribution of certified, reused, recycled, or recyclable material (relative proportion, purchased weight)



Below are the initiatives we have undertaken to foster circularity during the usage phase. This encompasses older, traditional methods that have been integral to the rug industry well before the concept of circularity was widely recognized.

Repurposing Older Rugs

Rugvista's older* rugs boast a rich history that extends across several decades. These exquisite wool rugs are collected and revitalized for renewed appreciation. We take pride in upholding this tradition of reuse within the rug industry. The restoration process employs a variety of methods:

- **Colored Vintage:** Traditional wool rugs cleaned and given new colors to give them a modern appearance.
- **Patina:** Rugs whose surface layers are carefully trimmed and recolored to highlight a beautiful, aged effect.
- **Patchwork:** Unique rugs created by combining parts from selected older rugs, which are cut and stitched together in new patterns and sizes.
- **Antique Rugs:** Special rugs between 20 to 100 years old, preserved through generations worldwide. After thorough washing, they are naturally dried in the sunshine. This category includes Herki rugs and selected Persian rugs.

*Rugvista defines older rugs as rugs that are 20 years old or older.

Rugvista RE.USE

In 2022, we launched our circular platform, Rugvista RE.USE, in partnership with Tradera. This initiative encourages our customers to make more sustainable choices by enabling them to freely sell and buy Rugvista preloved rugs, thereby prolonging the rugs' lifespan in new homes. On Rugvista RE.USE, we also offer new rugs that may have been returned

by customers, failed internal quality checks, or been used in photoshoots, yet are still in good condition and worthy of a second life. In 2023, we facilitated the sale of 238 rugs through the platform, including nine rugs listed and sold directly by our customers.

Extended Lifespan for Defective Rugs

Regarding rugs that display more significant flaws and are unsuitable for sale on Rugvista RE.USE, we have been collaborating since 2018 with Godsintösen Nordic AB (GIAB), whose business idea is based on reselling surplus or defective products to consumers. GIAB sells the rugs on returhuset.se and physically in their store Returhuset.

Recyclable Rugs

Rugs composed entirely of a single material are typically recyclable. These can include various materials like wool, cotton, or synthetic fibers, each offering unique recycling prospects. For instance, wool rugs can be repurposed by shredding them to reuse the wool in new textile products or for insulation materials. Similarly, cotton and synthetic fiber rugs can be broken down and transformed into new textiles or products. Recycling challenges arise from rugs containing multiple types of materials and the variability of local recycling capabilities. The presence of high chemical levels can further complicate recycling efforts.

As of the end of 2023, approximately 14% of our collection consisted of recyclable rugs. Our ongoing efforts in 2024 will focus on clarifying the criteria for a rug's material recyclability. Currently, we have limited this category to rugs made entirely from one type of material.



MATERIAL TOPIC

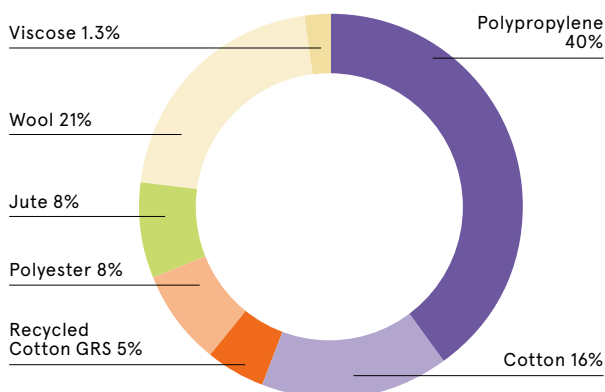
Materials

Materials constitute 94% of Rugvista’s total carbon footprint, with 80% of this impact occurring during the production stage—characterized by the use of raw materials, water, energy, and chemicals, alongside emissions generation. Clearly, our most significant impact is in this initial segment of the value chain. Following a comprehensive life cycle analysis (LCA) of our predominant materials, we have gained deeper insights and recognized the necessity for further action. Our responsibility spans from the cultivation and production of raw materials to the product’s end-of-life. The task of identifying and developing “sustainable” materials involves numerous factors. Nevertheless, we can establish the following principles:

1. All production has a negative environmental and climate impact, whether the raw materials are natural, synthetic, or recycled fibers.
2. There are no fibers that are inherently sustainable or unsustainable. It is the differences in the production of raw materials, production methods, and suppliers that ultimately determine a product’s environmental and climate impact.

For instance, viscose fiber produced through nearly complete closed-loop chemical management and powered by renewable energy sources could be a more sustainable option, while viscose produced under poor chemical management and utilizing fossil fuel energy might rank among the least sustainable choices. We rely not on our subjective judgment but on life cycle analyses backed by verified data to ascertain the true environmental impact of materials. We acknowledge the need to enhance the percentage of certified materials in our collection to effectively diminish our environmental footprint.

Main Material Purchases 2023



Material Matrix

Our evaluation of materials’ sustainability is rooted in evidence-based data. Consequently, in 2023, we developed a Material Matrix to aid our designers and purchasers in selecting more sustainable options. This matrix incorporates insights from the Higg Materials Sustainability Index (MSI) and Textile Exchange’s Preferred Fiber and Materials Matrix (PFMM), and aligns with Rugvista’s material topics identified through our latest materiality analysis.

The Higg MSI serves as a robust instrument for evaluating the environmental impacts of materials across their lifecycle, focusing on factors like global warming potential, water pollution, water scarcity, fossil fuel usage, and chemical impacts. In parallel, Textile Exchange’s PFMM extends beyond standard life cycle analysis (LCA) by addressing additional impact areas not included in the Higg MSI, such as effects on biodiversity, land use, and animal welfare during production – all pertinent to Rugvista’s material topics. Integrating these frameworks with our material topics offers a holistic view of what we classify as more sustainable materials.

The matrix was finalized in late 2023, setting the stage for 2024 when our sustainability, buying, and design teams will collaborate closely to devise and implement strategies for substituting traditional materials with certified alternatives as defined by the matrix.

The key areas identified to reducing our environmental footprint concerning materials include:

Choosing “best-in-class” fibers and materials

By the end of 2023, 13% of purchases fully met the requirements in the Material Matrix. Learn more on page 38.

Enhancing Collaboration with Top Suppliers

With the introduction of the Material Matrix, our objective is to cultivate a selection of suppliers more committed to adopting sustainable production practices. The sustainability, procurement, and design teams hold regular discussions and will further concentrate on identifying and prioritizing such suppliers throughout 2024. For more details on the criteria, we set for our suppliers, please refer to pages 40 and 46.

Increase the proportion of recycled material

Within our Material Matrix, recycled certified materials are currently highly prioritized, and we will maintain separate reporting for these materials. In 2023, 8% of recycled materials were used. However, we wish to emphasize our share of older, reused rugs, described on the previous page. Although currently not included due to the absence of certifications, these rugs are an integral part of the rug industry’s heritage.

Packaging materials

We package all our rugs to ensure their protection during transportation to customers, consistently working to maximize the use of recycled materials in our packaging to minimize negative environmental impact. Our objective is that by 2025, all our packaging will be made from circular or more sustainable materials. In 2023, we transitioned to using purchased plastic that includes 30% recycled content, thereby decreasing our usage of fossil-based plastics by 15% compared to 2022.

MATERIAL TOPIC

Emissions to Water, Air, and Soil

Through our refined analysis of critical factors and comprehensive life cycle studies of our materials, we recognize that the implications extend beyond just CO₂e emissions. Inadequate management of discharges into water, air, and soil can result in significant environmental and health impacts. Our review of the materials we utilize has uncovered pollutants in freshwater and marine environments, adversely affecting organisms and ecosystems. Additionally, it has highlighted acidification's impact on water and soil pH levels, affecting ecosystems, and emissions of particulate matter that deteriorate air quality and increase the risk of respiratory conditions and heart diseases.

Since most emissions originate from our suppliers, tracing back to the cultivation and production of raw materials, we are obligated to work with our suppliers to select more sustainable fiber options and manufacturing techniques. These alternatives should be part of a certified process throughout the material production and manufacturing stages, thereby mitigating emissions and pollutants in water, air, and soil. All certifications Rugvista emphasizes in our Material Matrix are designed to ensure controlled management of emissions into water, air, and soil. For more details, see the Material section on page 39.

Emissions into soil, air, and water from our suppliers during the production process are monitored through external audits. Additionally, 70% of our suppliers for new rug production have OEKO-TEX certification. Find further details under the Assessment of Environmental Impact of Suppliers.

MATERIAL TOPIC

Supplier environmental assessment

All newly produced rugs are manufactured by independent suppliers, mainly located in Turkey and India. During the onboarding phase, suppliers commit to comply with our Code of Conduct, Animal Welfare Policy, and the REACH regulations. New suppliers are subject to an external audit conducted by amfori BSCI or Label STEP, unless they are already participants in these initiatives. Further details can be found on pages 45–46. While BSCI audits primarily concentrate on social aspects, they also incorporate fundamental environmental protections, guaranteeing:

- Environmental permits and licenses
- Waste management to prevent environmental damage
- Water management

In 2023, amfori's Code of Conduct was updated, and the environmental aspect was expanded to include:

- Governance systems based on processes and risks
- Focus on local communities, natural resources, and climate

By following up on audit results and supporting suppliers in their continuous improvement efforts, we can gain insight into each supplier's major risks and how they are managed. Although the most significant environmental impact lies in the production of raw materials, we have a direct influence on our suppliers' impact and their potential for improvement. In 2024, we will add additional parameters to measure and monitor the environmental impact of our suppliers. For more information, see Onboarding on page 45–46.

Progress in Sustainability Initiatives - Rugvista audits two of our largest Indian suppliers with amfori BEPI

The audit results primarily highlighted a gap in knowledge or awareness regarding the establishment, measurement, and monitoring of KPIs across different environmental impact categories. While no critical environmental concerns were detected for any of the suppliers, there exists potential for enhancement across all aspects.



amfori BEPI - Business Environment Performance Initiative

The amfori Business Environmental Performance Initiative (BEPI) serves as the environmental counterpart to BSCI. BEPI's objective is to support companies in evaluating their current environmental performance and identifying opportunities for enhancement. It focuses on eight key areas of environmental performance:

1. Environmental management systems
2. Waste
3. Energy and climate
4. Chemicals
5. Water and emissions
6. Biodiversity
7. Air emissions
8. Environmental disturbances

MATERIAL TOPIC

Greenhouse Gas Emissions

In 2021, we set emission targets according to the Science Based Target initiative (SBTi) with the goal of reducing greenhouse gas emissions in Scope 1 and 2 by 46 percent by 2030 compared to 2019, and we commit to measuring and reducing our greenhouse gas emissions in Scope 3.

We calculate our carbon dioxide emissions according to the Greenhouse Gas Protocol (GHG Protocol), where the carbon footprint is calculated using documented emission factors. The emission factors we use are sourced from public databases such as UK DEFRA and Ecoinvent. We are committed to transparency in our calculation methods and will consistently refine our methodology as we assimilate new learnings and incorporate advancements in methodologies.

Scope 1 & 2

Our CO₂e footprint in Scope 1 and Scope 2 currently encompasses emissions from owned or leased vehicles, as well as electricity and heating of our facilities in Malmö, which include offices and warehouses. In 2022, our CO₂e footprint within Scope 1 and 2 saw a significant decrease compared to 2021, attributed to reduced emissions from owned or leased vehicles, electricity, and district heating. However, there was a slight increase in electricity consumption and heating at our facilities in Malmö, including offices and warehouses, in 2023. Rugvista has successfully reduced Scope 1 and 2 emissions by 64 percent since 2019, thereby achieving our goal according to SBTi. Nevertheless, we remain committed to setting new goals in 2024 and beyond.

Scope 3

We have set an ambitious target to cut our greenhouse gas emissions for purchased materials by 50 percent CO₂e/sqm of rug sold compared to 2021. This calculation includes purchased goods and services, fuel- and energy-related activities at our suppliers, as well as upstream transport and distribution. Throughout 2023, we actively enhanced the accuracy of our data, particularly in refining our method for calculating the

composition of materials in our rugs. This improvement has facilitated a more precise calculation of purchased materials. Combined with the decrease in the proportion of conventional wool, these factors are the main drivers behind the reduced CO₂e impact of the materials.

Average CO₂e per sqm of carpet sold: 32kg

Employee Commuting and Business Travel:

As travel restrictions gradually eased, our employees began returning to the office more frequently. Consequently, the number of visits to suppliers also rose in 2023 compared to the previous year. With our expansion throughout the year, CO₂e emissions increased from 31 tons to 76 tons, with emissions related to employee commuting being a significant factor. This increase is expected as the company grows, and maintaining relationships with suppliers through regular visits remains essential for long-term success. Moving forward, we will shift our reporting focus from the total of employee commuting and business travel to measuring the CO₂e impact per employee. Employee Commuting and Business Travel: 10.5 CO₂e/employee

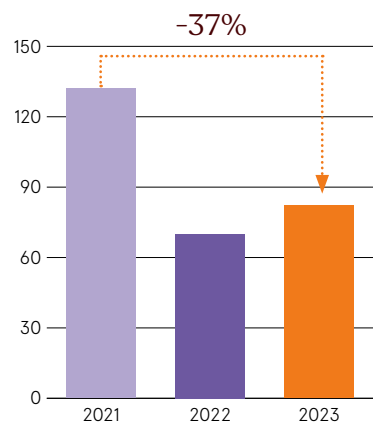
Inbound and outbound deliveries:

All transportation, both incoming and outgoing, is managed by our business partners. In 2023, our inbound and outbound transport resulted in emissions of 2400 tons of CO₂e, marking a 15% increase from the 2100 tons emitted in 2022. This rise in emissions correlates with increased sales. Consequently, we have opted to measure the transportation impact as follows: CO₂e per square meter of sold rug for incoming transport: 1642 tons CO₂e
CO₂e per square meter of sold rug for outgoing transport: 727 tons

Returns

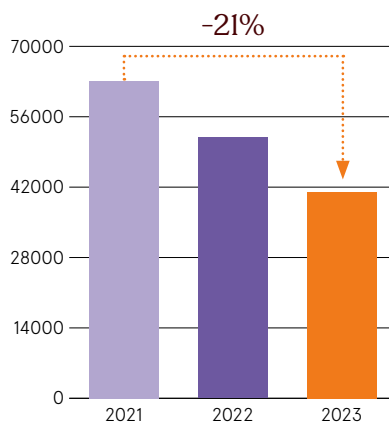
Managing returns presents a sustainability challenge for the entire e-commerce sector. We are consistently enhancing the product detail pages on our website to assist customers in making informed decisions when selecting a rug. This proactive approach helps minimize unnecessary returns, thereby enhancing the customer experience and reducing CO₂e emissions. In 2023, our average return rate was 14.9% (compared to 15.8% previously), reflecting a decrease of 0.9%.

Scope 1+2, tons of CO₂e



--- Change from 2021 to 2023

Scope 3, tons of CO₂e



--- Change from 2021 to 2023

Rugvista's emissions by reporting category

Emission source according to GHG Protocol reporting categories	Data source	Emission factor	Ton CO ₂ e 2023	Ton CO ₂ e 2022	Ton CO ₂ e 2021 (basår scope 3)	Ton CO ₂ e 2019 (basår scope 1&2)	Percentage share in 2023:
Scope 1							
Company cars	According to mileage trackers	The UK government's conversion factors for greenhouse gases	0.2	4.86	8	9.7	0.00%
Scope 2							
District heating	Invoices	Beis, 2021	82.2	65	46	219 (Reported in total)	0.20%
El (location-based)	Invoices	UN 2022, IPCC 2006	4.8	7.6	100		0.01%
El (market-based)	Invoices	UN 2022, IPCC 2006	0.2	0.2	Reported together with location-based		0.00%
Scope 3							
3.1 Purchased materials and services	Supplier questionnaire	Ecoinvent, 2022	36171	48589	60055	N/A	87.94%
3.2 Fuel and energy-related activities	Supplier questionnaire	UN 2022, IPCC 2006	2405	1089	7	N/A	5.85%
3.4 Upstream transport and distribution	Supplier questionnaire	UK DEFRA	713	689	3037	N/A	1.73%
3.6 Business travel	Employee questionnaire	UK DEFRA	23	7	4	N/A	0.06%
3.7 Employee commuting	Employee questionnaire	UK DEFRA	76	31	17	N/A	0.18%
3.9 Downstream transport and distribution	Supplier questionnaire	UK DEFRA	1660	1398	Reported together with 3.4	N/A	4.04%
Total (Market Based)			41131	51873*	63274		

*A minor error has been corrected in our Scope 3 CO₂e emissions data for 2022. This adjustment does not affect our overall sustainability goals.

MATERIAL TOPIC

Biodiversity

According to the World Economic Forum, the world's GDP is wholly or partially dependent on functioning ecosystems. Businesses globally depend on nature's services, including clean water and raw material access. In 2023, we intensified efforts to assess and mitigate our impact on biodiversity, recognizing the rug industry's notable influence, especially in raw material sourcing and manufacturing processes. By year's end, we refined our materiality analysis, identifying biodiversity as a critical area requiring increased focus and initiatives.

Our materiality analysis, concluded in late 2023, led us to prioritize the selection of raw materials and manufacturing techniques as key strategies for minimizing biodiversity impact. We have opted to partner primarily with Textile Exchange, as they prioritize biodiversity in their criteria for preferred fibers. By year's end, 8% of our material purchases complied with the standards outlined in our Material Matrix.

In 2024, we aim to extend our efforts, seeking additional methods to assess and enhance our biodiversity impact.

*Biodiversity encapsulates the variety of life forms on earth, encompassing diverse animals, plants, and microorganisms, while ecosystems describe the interactions and coexistence of these life forms within a shared environment. The health of biodiversity is measured by observing alterations (loss/growth) in ecosystem dynamics.

MATERIAL TOPIC

Water

Identifying water as a critical material topic reflects our concern over its usage within the production footprint. Significant water use is observed in the sourcing of raw materials, particularly during cotton production processes. Over 50 percent of cotton's total environmental impact is linked to water consumption.

In 2023, cotton represented around 20 percent of our total material purchases, marking a slight increase, partly due to the introduction of a new line of bathroom rugs predominantly made of cotton.

Hazardous water emissions represent a significant environmental impact associated with many conventional materials. The certifications we have selected to collaborate with typically adopt a comprehensive approach to water management, allowing us to address water-related impacts from a holistic perspective. We monitor water use and potential risk of hazardous emissions to water through supplier audits, detailed further in our Supplier Environmental Assessment on page 40. In 2023, we further investigated our suppliers' water consumption to acquire additional insights into the management and recycling of water. This primarily applies to suppliers where rug washing is part of the production process.

Our commitment to managing water use among our suppliers will continue through 2024.





People



By 2030, Rugvista aims to:



1. beyond our tier 1 suppliers, include 50% of tier 2 suppliers in our work with social audits for improved working conditions.
2. Rugvista's Employee Net Promoter Score should aim to achieve a target of 60.

KPI	Mål		Resultat		
	2030	2025	2023	2022	2021
<i>Supply Chain</i>					
Number of rug suppliers included in Rugvista's social auditing system (%)	100%	100%	100%	100%	100%
Number of tier 2 rug suppliers included in Rugvista's social auditing system (%)	50%	10%	n/a	n/a	n/a
Number of conducted audits	n/a	n/a	661	607	350
Number of Zero Tolerance cases	0	0	0	0	0
<i>Our People</i>					
Achieve an Employee Net Promoter Score (eNPS) of 80 by 2030.	80	60	31	47	44
At least one performance review per year for each employee	100%	100%	100%	100%	95%
Gender quality; proportion of women in management	40–60%	40–60%	46%	57%	50%

MATERIAL TOPIC

Workers in the value chain

(human rights, working conditions, forced labor, and freedom of association and collective bargaining)

At Rugvista, we collaborate with carefully selected suppliers for the production of our rugs. Given that a large portion of production is situated outside Europe, often in developing countries, addressing, and mitigating social risks in our supply chain is essential. We have established a systematic approach for identifying and mitigating these risks effectively. Our suppliers must adhere to our code of conduct when signing contracts, which is based on the United Nations Global Compact's ten principles. This code's requirements are consistent with the International Labour Organization's core conventions and REACH chemical standards, among others, and apply to all phases of production. It is the duty of our suppliers to communicate our standards to their subcontractors and ensure compliance.

To ensure adherence, production units within the supply chain are subject to audits according to the social standards set by amfori BSCI or LabelStep, conducted by accredited independent auditors. Any deviations from the standards are addressed through a corrective action plan, and a persistent lack of improvement results in the termination of the partnership with the supplier.

We are committed to continuously improving human rights, working conditions, and social standards, supported by our affiliations with amfori BSCI and LabelStep. Our focus areas include:

1. Occupational Health and Safety: We promote open dialogue between workers and management to improve safety standards.
2. Sustainable Working Hours: We aim to enhance work time regulations through regular audits and dialogue.
3. Workplace Dialogue: We support employee representation and the right to union membership and collective bargaining through education and dialogue.
4. Compensation and Benefits: We strive for equal and fair compensation for equivalent work throughout the value chain, thereby ensuring that workers and their families have a sufficient income for a reasonable standard of living.



MATERIAL TOPIC

Supplier Assessment of Social Conditions

The Supply Chain Assessment Cycle is a fundamental aspect of our dedication to human rights and social conditions. Through this cycle, we have the ability to pinpoint and mitigate any risks that could impact workers’ rights within the supply chain. Our evaluation framework adheres to the standards set by amfori BSCI, Label STEP, and incorporates our proprietary internal methodologies. Every supplier is obligated to comply with the auditing procedures established by either amfori BSCI or Label STEP, with systematic audits applied irrespective of their specific system affiliation.

In 2023, Rugvista conducted a total of 661 audits, a slight increase from the 607 audits performed in 2022.

LabelSTEP

During 2023, 603 audits were conducted by Label STEP. No zero-tolerance incidents were reported. Label STEP primarily focuses on the production of handmade rugs made by individual home weavers or in small workshops.

- Through our collaboration with Label STEP, we have continued our audit activities in Iran, navigating challenges like significant inflation and currency volatility, which complicate the task of measuring and comparing wages effectively.
- In Afghanistan, addressing the wages of carpet weavers remains a critical issue within our supply chain. The importance of ensuring fair working conditions and adequate income for these workers is amplified by the country’s unstable political landscape, making this a key priority for us in 2024.

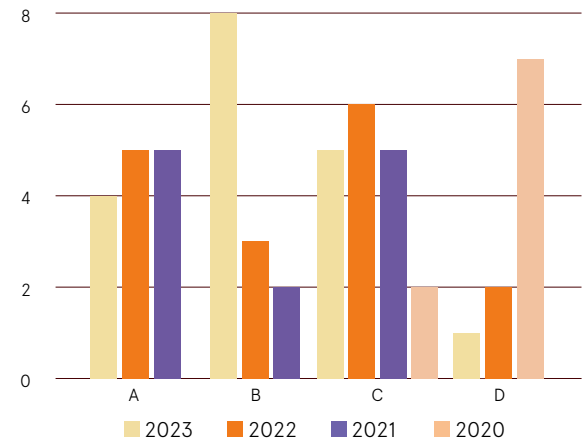
amfori BSCI

By December 31st, 18 suppliers underwent audits via amfori BSCI. These audits encompass workers at production sites in Turkey and Egypt, as well as larger facilities in India. The results of the audits show an overall positive development, both among established and new suppliers. The frequent issues detected are:

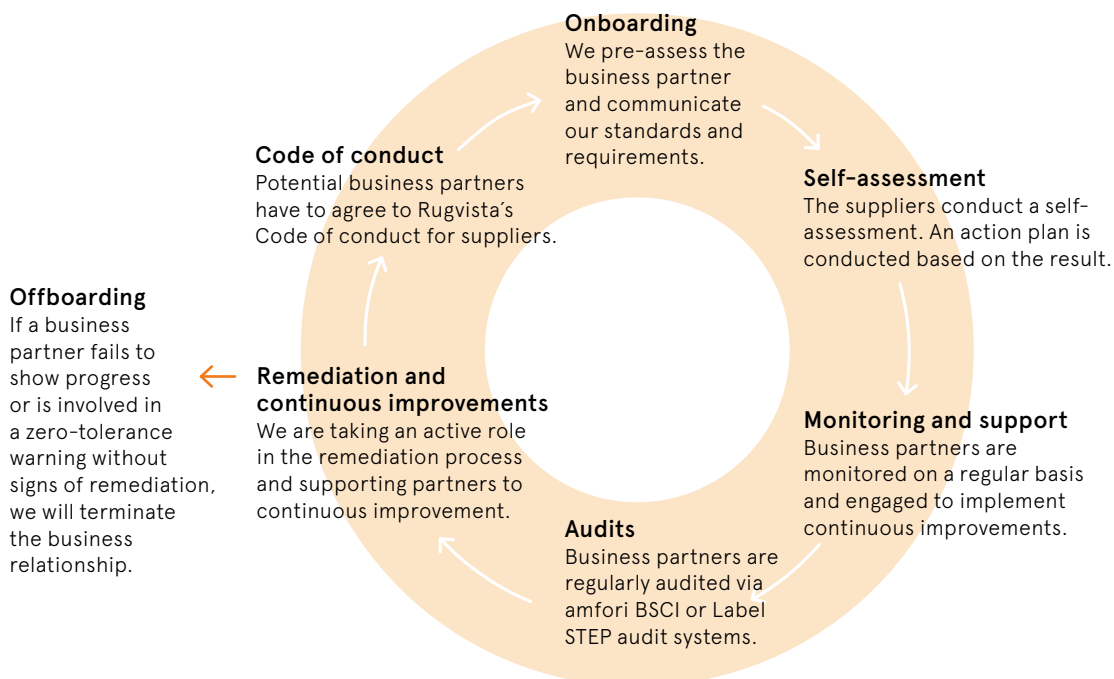
- Incomplete timekeeping systems
- Insufficient work environment and safety protocols
- Shortcomings in workers’ influence and remuneration

We collaborate methodically with our suppliers to craft improvement plans and monitor the execution of these initiatives.

Results of Amfori Audits
Per grading – all suppliers



Supply chain assessment cycle



MATERIAL TOPIC

Our Organization and Our Employees

We are dedicated to fostering a workplace that promotes healthy and engaged employees, within an inclusive corporate culture that supports continuous improvement, innovation, and high engagement. Our goal is for our employees to serve as proud representatives, inspired to make a difference. Thus, we are focused on enriching the employee experience across all our endeavors. We strive to be an attractive employer for all who are part of Rugvista.

To assess employee satisfaction and their likelihood to recommend us as a great place to work, we conduct monthly eNPS surveys. The December 2023 score was 31 (47), showing a drop from the previous year yet maintaining a positive stance. We have identified the factors contributing to this decline and intend to address them throughout 2024.

Our Framework for Employee Development and Work Environment

We have developed a framework that supports the crucial work of our leaders in recruitment, organization, and employee development. The framework focuses on four dimensions of our employer proposition:

- Skills development, training & feedback
- Work environment, health & safety
- Culture & colleagues (including inclusion and equality)
- Compensation & benefits

Through the top 2 box score model, we regularly evaluate these four pillars. In the fourth quarter of 2023, we achieved the highest scores ever for all four dimensions, indicating significant progress toward achieving our People vision.

Skills development, training, and feedback

We engage in annual structured feedback collection along with performance and feedback discussions between employees and managers at least biannually. These dialogues encompass areas such as skill, performance, goal fulfillment, and alignment with our company's core values. This procedure aids our leaders in offering structured feedback and defining clear expectations and pathways for growth through tailored development plans. We are convinced that this approach significantly enhances our employees' engagement and performance levels. Throughout the year, the average training per employee was 11 hours (14), reflecting a reduction of 3 hours per FTE. This decrease primarily resulted from an extensive health and safety training program implemented in our warehouses in 2022.

Top 2 Box Score:

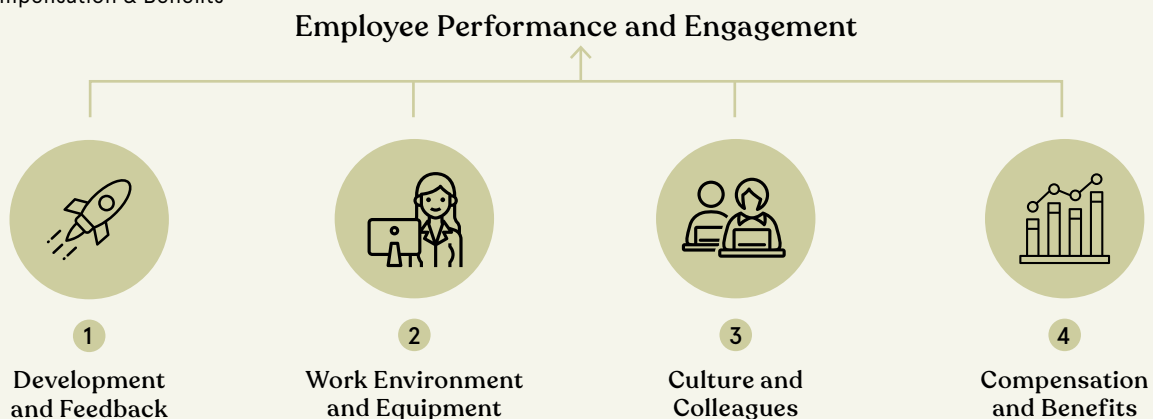
Goal: >85% are satisfied with their personal feedback and development plan by end of the year.

Result: 86% (86%)

Our Framework

We have developed a framework to support our leaders' critical work in recruitment, organizational, and employee development. The framework focuses on four dimensions of our employee proposition:

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



This framework underlies our approach to attracting potential future employees, allows us to consistently enhance our employment proposition, and clarifies our expectations of our employees and leaders. The purpose of the framework is to ensure all employees are engaged, experience their work as motivating and meaningful, and recognize that exceptional performance is acknowledged and rewarded.

Work Environment, Health, and Safety

The safety and well-being of our employees at work stand as our primary goal. We adhere to a stringent zero-tolerance approach towards workplace accidents, actively identifying and mitigating potential risks to avert incidents. Every incident is documented and scrutinized to craft strategies for prevention and to prevent future occurrences. Over the course of the year, the absenteeism rate due to illness was recorded at 6.5% (5.9%) in our warehouses and 2.9% (3.5%) at our headquarters. We are dedicated to fostering a health-conscious environment to minimize sick leave, notably through initiatives like providing massages during work hours.

Top 2 Box Score:

Goal: >85% are satisfied with our work environment and tools by year-end.

Result: 91% (86%)

Compensation and Benefits:

Our office personnel are remunerated following our comprehensive employee framework, whereas our blue-collar staff are rewarded in line with collective bargaining agreements. Additionally, we provide a substantial wellness allowance and a benefits package designed to support a sustainable lifestyle, which encompasses health-enhancing activities and various discounts. We advocate for the use of public transportation by subsidizing a portion of the monthly expenses. As members of the Swedish Trade Federation (Svensk Handel), we uphold collective agreements with Handelsanställdas Förbund and Unionen.

Top 2 Box Score:

Goal: >75% are satisfied with their compensation and benefits by year-end.

Resultat: 81% (78%)

Culture and Colleagues (Inclusion and Equality):

We maintain a steadfast commitment to the equality of all our employees, enhancing collaboration and fostering our collective development. We provide an inclusive workplace where every individual can feel secure and comfortable in sharing their thoughts and opinions. The pillars of openness, diversity, and inclusion are essential to our success. We take great pride in being a diverse team of approximately 100 employees from over 30 different countries.

Top 2 Box Score:

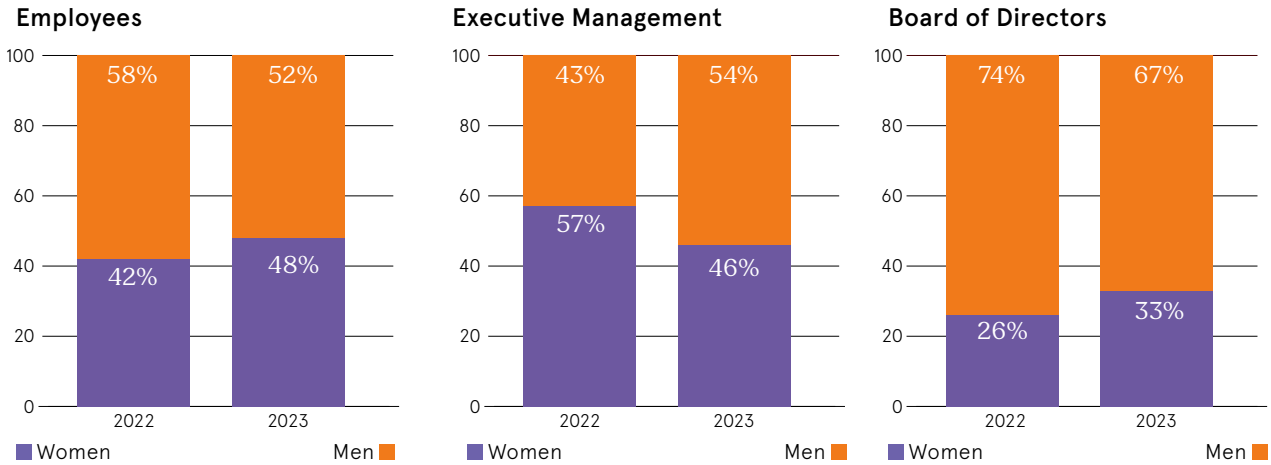
Goal: >85% understand our culture and values by year-end.

Result: 87% (84%)



GENDER EQUALITY

During 2023, our average workforce consisted of 90.2 employees, a slight decrease from 92.5 in the previous year. Among these employees, 48% were female and 42% were male. Women constituted 46% of our management team.



Focus: KPI'S own organization

KPI	Mål		Resultat	
	2030	2025	2023	2022
Training hours per employee	16	12	11	14
Absentee rate in fulfillment centers	3%	4%	6.6%	5.9%
Absentee rate in office	3%	3%	2.9%	3.5%
Employee turnover rate (%)	10-20%	10-20%	10.6%	15%
Occupational injuries	0	0	6	7

Main Focus for 2024

People

We continue to strive for a positive social impact on our employees and everyone involved in our value chain. This includes providing a safe and inclusive work environment and upholding responsible business practices. In 2024, we will prioritize the following initiatives to achieve these goals:

- **Continue** to require new suppliers to sign our agreements and code of conduct before the first order.
- **Continue** educating suppliers and their subcontractors in social and environmental best practices.
- **Attract, motivate,** and retain employees by enhancing our employee framework and clarifying potential career paths within the company.
- **Investigate all violations** of our code of conduct and policies.
- **Persist in regularly conducting** employee surveys and assessments of the social work environment, ensuring diligent follow-up on the findings.
- **Work towards our zero-vision** for health and safety by promoting an inclusive work environment and preventing work-related injuries.





Business



By 2030, Rugvista aims to:



1. have 100% of all tier 2 subsuppliers mapped.

Our core principle is to operate as a responsible company. By adhering to our code of conduct and guidelines, we aim to enhance awareness and ensure the observance of responsible practices and regulatory compliance among our employees and partners. We foster long-term relationships with suppliers to encourage their development while maintaining a commitment to sustainability. Our purchasing methods are designed to ensure the fair treatment of suppliers' employees and to promote a healthy work environment.

KPI	Goal		Result		
	2030	2025	2023	2022	2021
Percentage of suppliers who have signed the code of conduct.	100%	100%	100%	100%	100%
Mapped tier 2 suppliers (as % of Rugvista purchase value)	100%	100%	79%	67%	72%
Number of corruption incidents reported.	identify all	identify all	0	0	0

MATERIAL TOPIC

Anti-corruption, regulatory compliance, and ethics.

CODE OF CONDUCT AND OTHER POLICIES

Rugvista's codes of conduct, policy documents, and other guidelines form the foundation of our sustainability initiatives and associated risk management. These documents are reviewed annually.

Sustainability policy documents include:

- Rugvista's code of conduct for employees
- Rugvista's code of conduct for suppliers
- Rugvista's anti-corruption policy
- Rugvista's whistleblower policy
- UK Modern Slavery Act

Regulatory Compliance

We require all company levels, including the board of directors, management, and all employees, to follow our ethical standards and guidelines, as well as applicable laws and other relevant regulations. New employees must sign the employee code of conduct, and all suppliers are obliged to accept our supplier code of conduct.

Corruption Prevention

There are corruption risks in the regions where Rugvista's suppliers are based. Ethical conduct, characterized by respect and integrity, is vital to our business and central to

our values. Our policies clearly outline our expectations for both employees and suppliers, enforcing a zero-tolerance policy towards all forms of corruption. Moreover, we provide ongoing training to relevant personnel within the organization to confront and mitigate corruption risks.

Continuous Development of the Supply Chain

Supply chain transparency requires a comprehensive understanding of our suppliers and their operational processes to assist them responsibly and effectively. Our supply chain is comprised of approximately twenty suppliers, primarily located in Asia and Europe. We are committed to fostering sustainable and mutually beneficial relationships with key partners in the supply chain. All manufacturing facilities are subject to audits by amfori BSCI or Label STEP to ensure adherence to compliance and ethical standards.

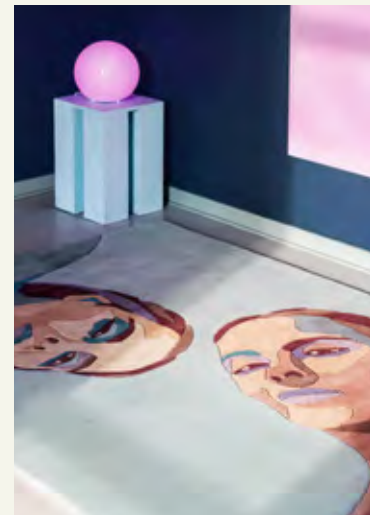
Prior to initiating collaboration with a new supplier, we conduct an in-depth assessment to identify and mitigate potential risks related to human rights and environmental concerns. As part of the onboarding process, suppliers are required to disclose all their production locations and subcontractors. Our ultimate aim is to achieve complete transparency throughout our supply chain, extending beyond tier 1 and tier 2.

Main Focus for 2024

Business

Our long-term focus is to maintain good governance and responsible business practices. For 2024, this translates into the following key priorities:

- **Continue mapping** our subcontractors and their suppliers.
- **Ensure the implementation** of our code of conduct for our tier 2 suppliers.
- **Implement our** external whistleblower system in the supply chain.
- **Engage** current and potential investors in our sustainability ambitions.
- **Prepare** for upcoming laws and requirements, including the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD).



Sustainability Risks

Sustainability risks refer to risks that are directly or indirectly associated with environmental hazards, climate change, codes of conduct, and accountability risks. Sustainability risks can occur throughout the operation, and we categorize them based on our focus areas: Planet, People, and Business.



Sustainability is integrated into our approach, facilitating the identification and management of sustainability risks in our operations. While internal procedures and controls can manage many risks, others, such as political or cultural, are more complex and require in-depth changes across the entire industry. We view long-term partnerships and continuous dialogue with suppliers as key to addressing and mitigating these risks. The most significant risks for Rugvista are outlined below, while the sections for each focus area in our sustainability report provide more detailed information.

FOCUS AREA PLANET:

Resource Scarcity

Rugvista's operations impact the environment through the use of various natural resources such as silk, cotton, wool, electricity, fuel, and water. Depletion of the world's natural resources, loss of biodiversity, and adverse effects on the climate can lead to raw material shortages, production disruptions, capacity issues, and rising prices. A primarily linear production and business model, which currently relies mainly on new raw materials, could affect the ability to secure new products and Rugvista's operations and profitability.

Risk Reduction Plan: Rugvista actively works to reduce the climate impact of respective materials, to increase the share of recycled, reused, recyclable, and certified materials, and to support the implementation of more circular processes throughout the entire value chain. Reducing dependence on virgin raw materials makes Rugvista less vulnerable. Read more under Materials on page 39 and Circular Economy on page 37.

Emissions to Water, Air, and Soil

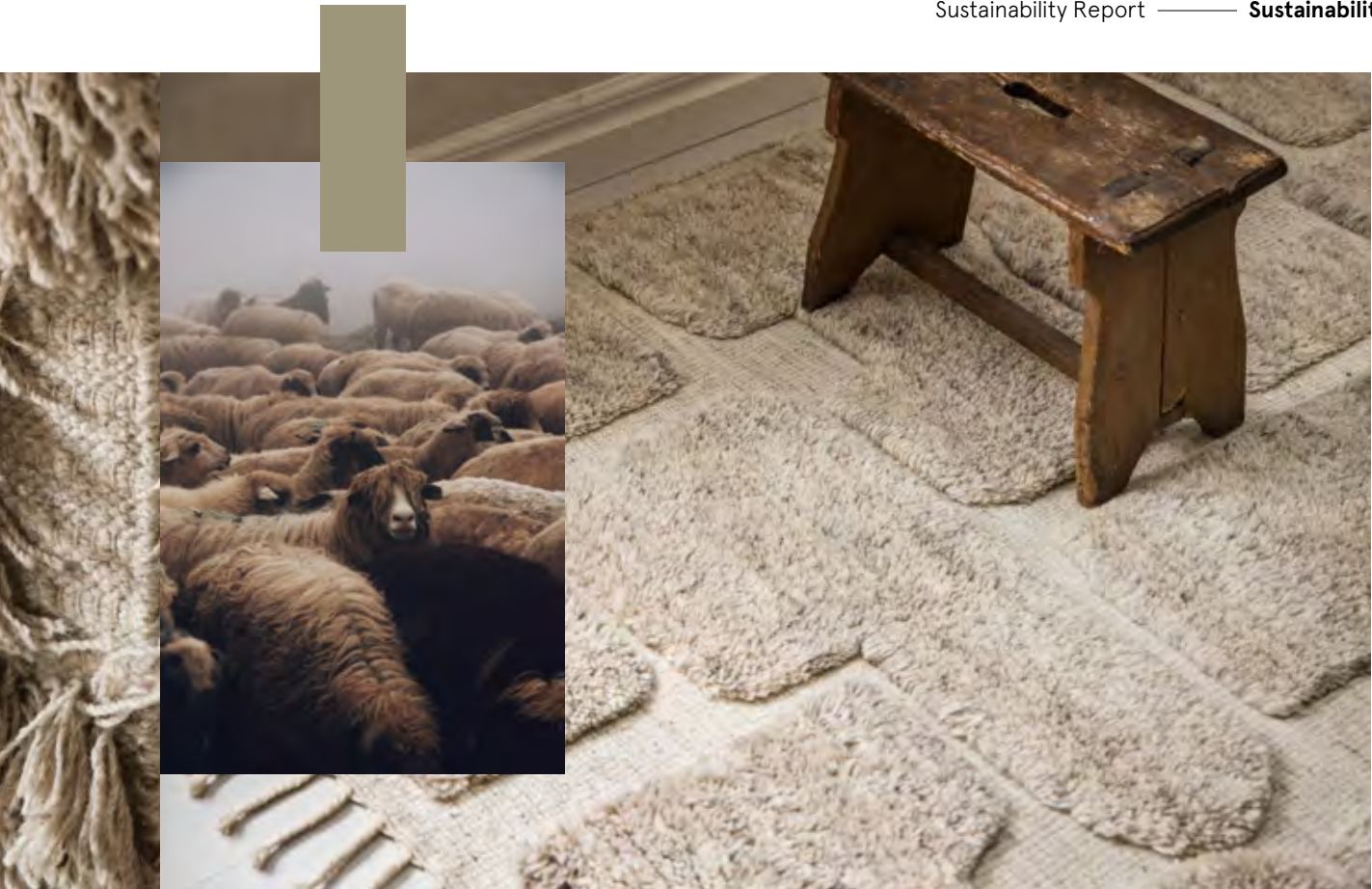
Textile production significantly impacts the environment, involving high consumption of water, chemicals, and energy throughout the manufacturing process, during goods transportation, while products are used and maintained, and when they are no longer usable. Failures in controlling the use of various raw materials and emissions to water, air, and soil within Rugvista's supply chain can lead to substantial negative consequences for Rugvista's reputation, stakeholder relationships, and exposure to risks of non-compliance with future laws and regulations.

Risk Reduction Plan: Rugvista is working to increase the proportion of certified materials. For certified materials, the entire production process, including the manufacturing of raw materials, is regulated and monitored, for instance, in terms of emissions and chemical usage. The goal is to further increase the share of suppliers whose production is audited, with a special focus on environmental impact (BEPI) and increase the use of certified raw materials according to our material matrix. Read more under Emissions to Water, Air, and Soil and about amfori BEPI on page 40.

Climate Change Caused by Greenhouse Gas Emissions

Textile production significantly impacts the environment negatively through the emission of greenhouse gases, for example, methane due to enteric fermentation in the process of producing wool. Climate change affects the entire world, but certain countries and regions are at higher risk, and Rugvista's operations depend on functioning supply chains. If climate changes cause disruptions in production and ultimately affect product availability, it could significantly negatively impact Rugvista's operations and profitability.

Risk Reduction Plan: Rugvista has set goals in accordance with the Science-Based Targets Initiative (SBTi) and works to increase the share of certified materials and products with proven



reduced climate impact. Increasing the proportion of products with limited climate impact can contribute to achieving long-term external and internal sustainability goals, comply with upcoming laws and regulations, attract new employees, and provide a credible offering to customers with responsible products. Read more under Greenhouse Gas Emissions on page 41 and Materials on page 39.

Biodiversity and Ecosystems

Loss and reduction of biodiversity disrupt the balance in ecosystems and can lead to raw material shortages and increased raw material prices, negatively impacting the ability to secure products and, in the long run, significantly affect Rugvista's operations, profitability, and stakeholder relationships.

Risk Reduction Plan: Rugvista aims to increase the share of certified materials that have less impact on biodiversity and ecosystems. Current audits consider environmental aspects, but the goal is to deepen this work within the framework of amfori BEPI. Read more under Biodiversity on page 43 and amfori BEPI on page 40.

Water Usage

Water usage is significant in the cultivation of certain raw materials and in the dyeing and washing processes. Responsible water use in the manufacturing process can reduce the risk of local water scarcity for communities and ecosystems. A lack of water can also affect the availability of other raw materials and impact prices and production. A shortage of water in Rugvista's production areas can affect the ability to secure products, result in price increases, and lead to negative publicity, reputational damage, and affect relationships with stakeholders.

Risk Reduction Plan: Rugvista aims to increase the share of certified materials that have a reduced impact on water usage and to increase the number of suppliers where production regarding environmental impact, such as water usage, is audited by a third party. Read more under Water Usage on page 43.

FOCUS AREA PEOPLE:

Violation of Fundamental Labor Rights

Rugvista's rugs largely originate from developing and low-cost countries, where there is generally a higher risk of violations of fundamental human rights and labor rights. Risks of violations include the right to freedom of association and collective bargaining, excessive overtime, unhealthy and unsafe work environments, child labor, and illegal and insecure employment. Misconduct among our suppliers can result in substantial fines, criminal or administrative sanctions, and negative consequences for Rugvista's reputation, stakeholder relationships, product quality, and ultimately profitability.

Risk Reduction Plan: Rugvista's suppliers commit to complying with Rugvista's code of conduct for business partners, which includes requirements regarding human rights, working conditions, prohibition of child and forced labor, and employees' right to fair compensation. Compliance is monitored through our external auditing system and regular follow-ups in our ongoing supplier dialogue. This includes investigating whether there is a functioning grievance mechanism at our suppliers. In the event of observations, whistleblower reports, or issues identified during audits, a corrective action plan is developed with the supplier, which is then followed up to ensure progress is made. In cases of zero-tolerance incidents, cooperation ceases if the supplier does not immediately show willingness to collaborate and implement the measures outlined in the agreed corrective action plan. We observe that ongoing monitoring and dialogue with suppliers over time improves production conditions and the work environment.



FOCUS AREA BUSINESS:

Product Safety

Customers must be able to trust the safety of our products when using our rugs. Rugvista's rugs comply with the REACH regulation, which restricts the use of certain chemicals. According to the supplier agreements, Rugvista's suppliers are obligated to adhere to the REACH regulation and conduct regular sample checks to ensure that prohibited chemicals are not used in the production of the rugs. Violations of REACH can lead to sales bans, product recalls, environmental sanction fees, and in severe cases, prosecution for environmental crimes, which in turn can lead to significant negative consequences for Rugvista's reputation and stakeholder relationships.

Risk Reduction Plan: We work systematically with long-term supplier collaboration and ongoing dialogue with our suppliers, where monitoring compliance with the code of conduct is key. Suppliers regularly perform chemical analyses on products, and Rugvista can also conduct sample checks.

Unethical Business Behavior

Production in developing countries with widespread poverty and unstable political situations exposes Rugvista to corruption-related risks. In many developing and low-cost countries, there is generally a greater risk of violations of laws and regulations concerning bribes and corruption. Violations can result in substantial fines, criminal or administrative sanctions, and have negative consequences for both Rugvista's reputation and stakeholder relationships.

Risk Reduction Plan: We have a zero-tolerance policy against all forms of bribes and corruption, as stated in the code of conduct and Rugvista's Anti-bribery and Corruption Policy. Suppliers are regularly reviewed against the code and reminded

of their commitments. We also ensure that there is access to an effective grievance mechanism at our suppliers. Since 2022, Rugvista's whistleblower channel has been available globally, including for individuals in the supply chain, to report serious misconduct. In 2024, Rugvista will work to further spread awareness of the channel and how it can be used.

Political and Social Instability and External Factors in Production and Supply Markets

Uncertainty in geopolitics, security, and trade, such as trade restrictions, wars, increased protective measures for national security purposes, and natural disasters, can significantly impact our operations and affect our ability to secure products.

Risk Reduction Plan: Responsible purchasing is central to our operations. We continuously monitor developments in our production and procurement countries and strive for a diversified supplier base to maintain ethical and sustainable purchasing practices. Through our collaboration with amfori and LabelStep, we strengthen and improve these processes further. For more information about these partnerships, see page 33.



Auditor's Opinion Regarding the Statutory Sustainability Report

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

Assignment and Distribution of Responsibility

The Board of Directors is responsible for the sustainability report for the year 2023 on pages 26-54 and for its preparation in accordance with the Swedish Annual Accounts Act.

Scope and Emphasis of the Review

Our review has been conducted in accordance with FAR's recommendation RevR 12 Auditor's Opinion on the Statutory Sustainability Report. This means that our review of the sustainability report has a different focus and is significantly less extensive compared to the scope and emphasis of an audit according to International Standards on Auditing and

good auditing practice in Sweden. We consider that this review provides a sufficient basis for our statement. It has been conducted in line with International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides a sufficient basis for our statement.

Statement

A sustainability report has been prepared.

Malmö den 18 april 2024

Ernst & Young AB

Hanna Fehland

Auktoriserad revisor



Corporate governance report

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Corporate governance report

Rugvista's 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 subsidiaries Rugvista AB (registration number 556458- 9207) and Rugvista GmbH (registration number HRB 256883 B). 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 performs 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 regarding separate internal audit function.	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 performs 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.

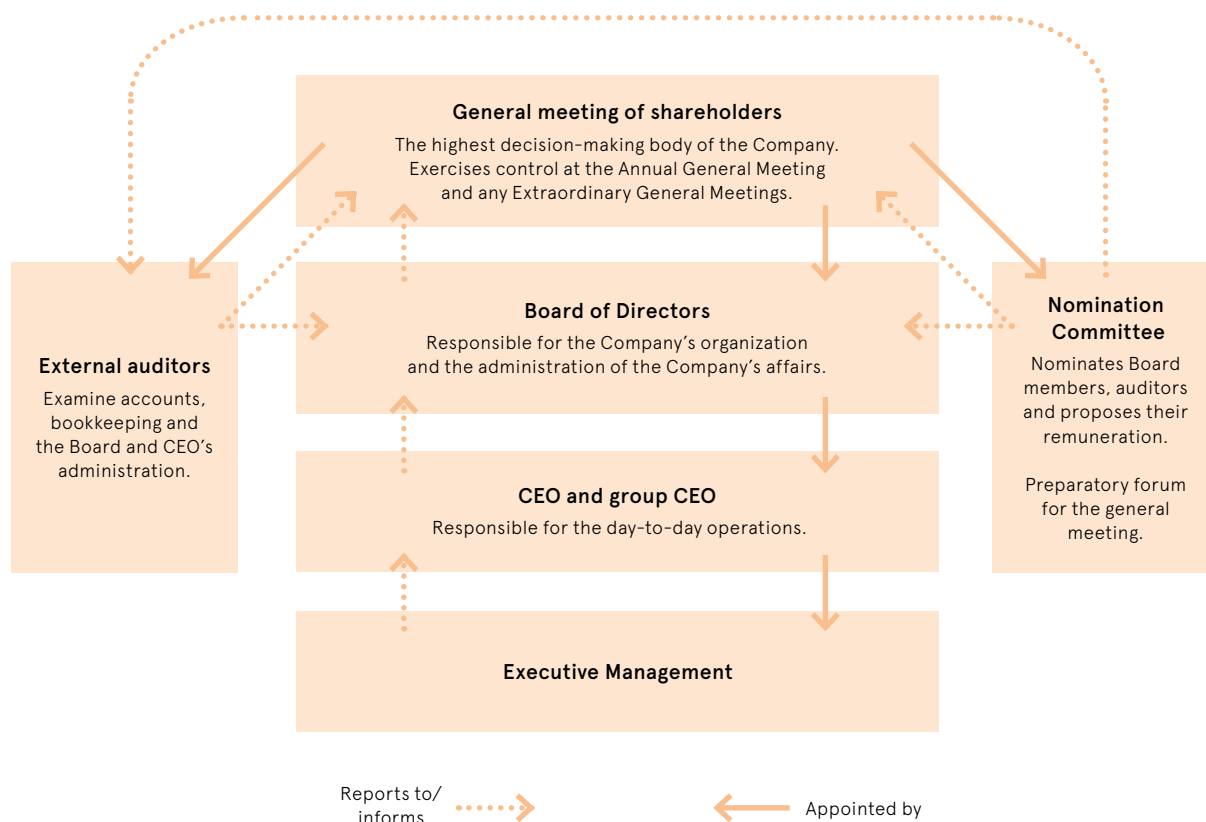
On December 31, 2023, the Company had a total of 20 785 140 shares and each share represents one (1) vote.

The 10 largest shareholders as of December 29, 2023 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%
Bank Julius Baer & Co LTD	2 321 605	11,2%	11,2%
Futur Pension Försäkringsaktiebolag	1 816 556	8,7%	8,7%
Alcur Fonder AB	1 747 887	8,4%	8,4%
TIN Fonder	1 500 000	7,2%	7,2%
Indexon AB	1 490 204	7,2%	7,2%
Movestic Livförsäkring AB	1 074 323	5,2%	5,2%
Mediuminvest AS	1 039 256	5,0%	5,0%
SEB Life International Assurance	876 601	4,2%	4,2%
RBC Asset management	855 407	4,1%	4,1%
Total for the ten largest shareholders	15 227 713	73,3%	73,3%
Total number of outstanding shares	20 785 140	100,0%	100,0%

Source: Euroclear extract per December 29th, 2023. A group of shareholders is considered as one if owner-grouped by Euroclear.

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 on 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 2023 (AGM)

The AGM was held on May 25, 2023. 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 1.50 per share, with the record date May 29, 2023
- 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 Magnus Dimert, Ludvig Friberger and Hanna Graflund Sleyman and election of Martin Benckert, Patrik Berntson and Ebba Ljungerud as new Board members for the period until the end of the next AGM. Martin Benckert was elected as Chairperson of the Board
- Election of auditor
- Resolution on revised guidelines for remuneration to senior executives
- Resolution on changes to the Articles of Association including a change of the Company's name to "Rugvista Group AB (publ)" and minor editorial changes
- Implementation of a long-term share based incentive plan, LTIP 2023.

The Company's next AGM will be held on May 23, 2024. The AGM will be conducted with the possibility of postal voting. For further information regarding 2024 AGM, please see the Company's website www.rugvistagroup.com.

Extraordinary general meetings 2023

No extraordinary general meetings were held during 2023.

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 AGM. 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 2024 AGM

The Nomination Committee for the 2024 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, Carl Armfeldt appointed by TIN Fonder, and Martin Benckert 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 for 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.

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 were adopted on May 25, 2023.

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 of the group.

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 2023 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) 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 66 and the Company's website www.rugvistagroup.com. For information regarding remuneration to Board members please see Note 7 "Salaries and remuneration to employees."

BOARD COMPOSITION - INDEPENDENCE, ATTENDANCE AND HOLDINGS

Name Year of birth	Assignment	Elected	Independent (Company and Management)	Independent (larger share- holders)	Attendance/ board meetings	Holdings shares (own and closely related parties)	Holdings warrants (own and closely related parties)
Erik Lindgren ¹ (1967)	Chairperson	2019	Yes	Yes	6/16		
Eva Boding ¹ (1973)	Member	2021	Yes	Yes	6/16		
Magnus Dimert (1970)	Member	2018	Yes	Yes	16/16	162 060	-
Ludvig Friberger (1979)	Member	2016	No	No	16/16	947 977	20 000 (LTIP 2021/2024)
Paul Steene ¹ (1973)	Member	2015	Yes	No	6/16		
Hanna Graflund Sleyman (1978)	Ledamot	2022	Yes	Yes	15/16	-	-
Martin Benckert ² (1977)	Chairperson	2023	Yes	No	10/16	2 505 872 (madHat AB)	-
Patrik Berntsson ² (1972)	Member	2023	Yes	Yes	10/16	3 600	-
Ebba Ljungerud ² (1972)	Member	2023	Yes	Yes	10/16	1000	-

¹ Erik Lindgren, Eva Boding and Paul Steene resigned as members of the Board of Directors in May 2023 on the AGM. Erik Lindgren, Eva Boding and Paul Steene attended all meetings of the Board of Directors up until the 2023 AGM. Holdings of shares and warrants per December 31, 2023 are consequently not reported.

² Martin Benckert, Patrick Berntsson and Ebba Ljungerud were elected as new members of the Board of Directors in May 2023 and have attended all meetings of the Board of Directors thereafter.

The Board's work in 2023

During the financial year 2023 the Board held 16 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 2023 have included continued development and launch of the IT platform, launch of new trademark, development of assortment- and collections strategy, agreement regarding new office and logistics building, establishment in Germany, 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. Hanna Fehland, authorized public accountant and a member of FAR (the institute for the accountancy profession in Sweden) is the Company's auditor in charge since the financial year 2023.

For the financial year 2023 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 2023 during which the annual report for 2022 was presented.

For the financial year 2023 Ernst & Young has not conducted any 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 2023 the Company's Executive Management team consisted of eight persons in addition to the CEO. For a more detailed presentation of the CEO and the current Executive Management team please see page 68 and the Company's website.

Name	Role Executive Management 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) 5 000 (LTIP 2023/2026)
Joakim Tuvner	CFO 2023	10 000	15 000 (LTIP 2023/2026)
Carin Terins	CDPO 2018	110 501	5 000 (LTIP 2022/2025) 5 000 (LTIP 2023/2026)
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	Director of Performance Marketing 2023	-	-
Maria Tholin	CLO 2021	6 008	7 500 (LTIP 2021/2024) 10 000 (LTIP 2022/2025)

Remuneration to senior executives

On the annual general meeting May 25, 2023 guidelines for remuneration to senior executives were adopted. 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 are not proposing any changes to the guidelines for remuneration to senior executives for the 2024 AGM.

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 continuously reports on material risks and incidents to the Board. 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



Martin Benckert

CHAIRPERSON

Education, previous assignments and experience: M.Sc in Industrial Engineering and Management from the Royal Institute of Technology (KTH) and a B.Sc in economics from Stockholm University.

Other current material assignments: CEO and part owner of madHat AB and board member in iPiccolo AB and a number of other companies within the madHat group. Previous assignments and experience include executive roles within ecommerce companies such as inkClub, Naty AB, and Bob and Lush Ltd.



Magnus Dimert

DIRECTOR

Education, previous assignments and experience: B.Sc. 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

DIRECTOR

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 Solelgrossisten Sverige AB, co-founder, CEO and CTO Rugvista.

Other current material assignments: Board member ArtGlass i Malmö AB, Aqvify AB, ESS – Energy Storage Solutions AB, Ekolution Holding AB, MoreWood Sweden AB, RECOMA AB, Care of Carl Holding AB, IFSEK – Institutet för solenergikvalitet AB. CEO and board assignment in Cutting Edge Construction AB, and Transistormedia AB.



Hanna Graflund Sleyman

DIRECTOR

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, CEO Departments & Stores AB and Kicks Group.

Other current material assignments: VP Axtech Axel Johnson.



Patrik Berntsson

DIRECTOR

Education, previous assignments and experience: Master degree in managerial economics from the School of Business, Economics, and Law in Gothenburg. Previous assignments and experience include several executive roles within logistics, merchandising, and controlling at H&M.

Other current material assignments: CFO at Portfolio Brands H&M Group.



Ebba Ljungerud

DIRECTOR

Education, previous assignments and experience: Degree in economics from Lund University. Previous assignments and experience include CEO of Paradox Interactive, several executive roles at Kindred Group PLC and Betsson, and board member Paradox Interactive and Bingo.com Ltd.

Other current material assignments: Board member Canucci, Starstable and Nordisk Games. Chairperson Nelly Group AB (publ).

Executive Management



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 Europé AB.

Other current material assignments: Board member Amfori BSCI.



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: -



Anders Matthiesen

COO

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

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

Other current material assignments: -



Peter Rosenfors

CTO

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: -

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 2023 on pages 58-69 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 18 april 2024

Ernst & Young AB

HANNA FEHLAND

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 2023.

Information about the business

Rugvista Group, operating through its subsidiary Rugvista AB, sells rugs online under the brands Rugvista and Carpetvista and is one of Europe's leading direct-to-consumer (D2C) retailers in the rug category. Founded in 2005, the company 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 operations into three business segments: Private individuals (B2C), Business customers (B2B), and Marketplaces & Others (MPO). Private individuals represent the consumer market and are Rugvista Group's main segment. Rugvista Group AB (publ) has been listed on Nasdaq First North Premier Growth since March 18, 2021.

Employees

At the end of 2023, the company had 97 employees (91). The number of full-time employees during the period January - December amounted to 90.2 (92.5), with the proportion of women reaching 47.6% (42.2%).

Business development for the Group as a whole

Net revenue

The Group's net revenue for the period amounted to SEK 702.2 million (639.3), representing an increase of 9.8% (-9.3%). During the third quarter, we noted an improvement in order intake compared to the previous year, which continued into the fourth quarter with a strong "Black Month" in November. The depreciation of the Swedish krona contributed to the sales growth, and organic net revenue growth was 2.8% (-13.1%).

Net revenue within the Private individuals (B2C) segment, the Group's largest, amounted to SEK 606.5 million (554.8), representing an increase of 9.3% (-10.8%). The Nordics increased by 19.0% (-23.9%), DACH increased by 8.2% (-14.6%), and Rest of World increased by 6.1% (-3.1%). Thus, the Nordics had the largest increase despite the positive currency effect being smaller in that region compared to others.

Net revenue within the Business customers (B2B) segment amounted to SEK 81.7 million (68.9), representing an increase of 18.4% (7.9%). Demand within the B2B segment has been stronger than the B2C segment during the period but lower in the last quarter of the year. Demand within the B2B segment has been good for most of our customer types.

Net revenue within the Marketplaces & Others (MPO) segment amounted to SEK 14.0 million (15.5), representing a decrease of -9.6% (-18.4%). Similar to the B2C segment, demand within the MPO segment was negatively affected by the macroeconomic climate, and we chose to prioritize profitability for most of the period.

Profits and margins

The gross margin amounted to 62.0% (62.0%). The cost of goods sold as a percentage of net revenue was positively impacted by the price adjustments in the third quarter of the previous year, SEK depreciation, and category mix effects. During the second half of 2023, customers have increasingly purchased products with lower price points and utilized discount offers more than before, which negatively affected the margin. The cost of customer deliveries as a percentage of net revenue was slightly higher compared to the previous year, driven by additional fees from shipping companies at the beginning of the year, geographical mix effects, and lower average order value during the second half of the year. Overall, the gross margin landed at the same level as the previous year. Other external costs amounted to SEK -259.5 million (-236.8), and the increase was mainly driven by the rise in marketing expenses with the higher sales. As a percentage of net revenue, other external costs amounted to 37.0% (37.0%). Personnel costs amounted to SEK -72.8 million (-69.7), and as a percentage of net revenue, they amounted to -10.4% (-10.9%). Other operating expenses amounted to SEK -5.7 million (-3.7). This item consists of the impact of currency exchange rate fluctuations on transactions and the revaluation of assets and liabilities in foreign currency.

Depreciation and amortization amounted to SEK -12.1 million (-11.0) and mainly consist of depreciation related to right-of-use assets.

The increase is attributable to rent hikes for the company's leased premises classified as right-of-use assets.

Operating profit (EBIT) amounted to SEK 85.4 million (74.9), and the operating margin was 12.2% (11.7%). The increase in operating margin was driven by the scale effect from the higher net revenue and improved marketing cost efficiency.

The net financial income increased to SEK 3.2 million (-0.6). As we have a healthy cash position and no interest-bearing liabilities other than leases, the net financial income improves when market interest rates rise. Taxes for the period amounted to SEK -18.7 million (-15.5). The profit for the period amounted to SEK 70.0 million (58.9), and the period's margin was 10.0% (9.2%).

Cash flow

Cash flow from operating activities during the period amounted to SEK 128.1 million (-11.7). The increase is due to the change in working capital being significantly better than the previous year. Inventory value decreased by SEK -48.6 million during the period but increased by SEK 27.7 million in the previous year.

Cash flow from investing activities during the period amounted to SEK -12.7 million (-9.9), with the majority being the investment in our new e-commerce platform. Cash flow from financing activities during the period amounted to SEK -41.6 million (-61.2). The dividend to shareholders, paid in the second quarter, was lower than the previous year.

MULTI-YEAR OVERVIEW

SEK thousand if not stated otherwise	2023	2022	2021	2020	2019	2019-2023 CAGR
Total revenue	704 718	640 958	706 527	564 045	425 283	13,5%
Net revenue	702 203	639 273	704 984	561 883	422 479	13,5%
Net revenue, excluding divested operations	702 203	639 273	704 984	541 712	407 292	14,6%
Gross profit	435 571	396 145	455 698	346 950	253 190	14,5%
Gross margin %	62,0%	62,0%	64,6%	61,7%	59,9%	
EBIT	85 403	74 919	127 658	104 153	46 908	16,2%
EBIT-margin %	12,2%	11,7%	18,1%	18,5%	11,1%	
Adjusted EBIT-margin %	12,2%	11,7%	19,5%	19,4%	12,0%	
Profit for the period	69 962	58 872	99 851	79 983	33 757	20,0%
Profit margin %	10,0%	9,2%	14,1%	14,2%	7,9%	
Earnings per share before dilution, SEK	3,37	2,83	4,80	3,94	1,67	19,2%
Earnings per share after dilution, SEK	3,37	2,83	4,80	3,84	1,67	19,2%
Solvency, % ¹⁾	76,9%	71,2%	69,3%	69,8%	62,8%	
Return on equity, % ¹⁾	16,3%	14,8%	25,5%	24,3%	12,9%	
Cash flow from operating activities	128 072	-11 744	104 806	185 356	47 340	
Cash and cash equivalents	208 936	139 978	218 116	139 508	45 582	
Average FTEs	90	92	82	69	68	

¹⁾ See page 116 for definitions and motivations for alternative performance measures

Other KPI's	2023	2022	Change
Number of website visits, million	28,9	31,9	-9,2%
Number of orders, thousand	296,0	252,9	17,0%
Number of new customers, thousand	216,0	179,8	20,1%
Average order value, SEK	3 355	3 569	-6,0%
Average NPS value	66	68	-2,5%
Average TrustPilot Value	4,8	4,8	-0,2%
Average return rate	14,9%	15,5%	-0,5pp

Financial position and liquidity

The inventory value at the end of the period amounted to SEK 125.7 million (174.3), and the inventory value as a percentage of net revenue (rolling twelve months) amounted to 17.9% (27.3%). During the year, we focused on reducing our inventory position, which has been successful despite the implementation of an "always in stock" program for our best-selling items. The nature of our products results in low inventory risk, which is also reflected in the company's historically low impairment needs.

Net debt at the end of the period was SEK -185.8 million (-111.8). Cash and cash equivalents amounted to SEK 208.9 million (140.0). The Board's proposed dividend, decided at the Annual General Meeting in May 2023, of SEK 1.50 per share (2.50), amounted to a total of SEK 31.2 million (52.0) and was paid out to shareholders on June 1, 2023.

Other Key Performance Indicators (KPIs)

The NPS value was 66 (68), and the TrustPilot score 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 28.9 (31.9) million, corresponding to a decrease of -9.2% (-19.9%).

The number of orders was 296.0 thousand (252.9), representing an increase of 17.0% (-7.4%).

The number of new customers acquired was 216.0 thousand (179.8), representing an increase of 20.1% (-8.8%).

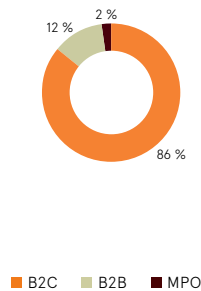
The average order value was SEK 3,355 (3,569), corresponding to a decrease of -6.0% (-1.8%).

Segment reporting

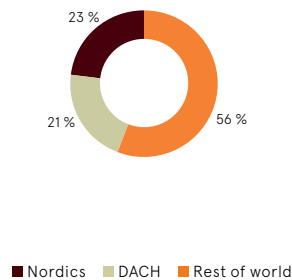
NET REVENUE BY SEGMENT

Rugvista's operations are divided into three segments: Private individuals (B2C), Business customers (B2B), and Marketplaces & Others (MPO). Private individuals represent the consumer market and are Rugvista's primary segment, accounting for 86% of net revenue in 2023.

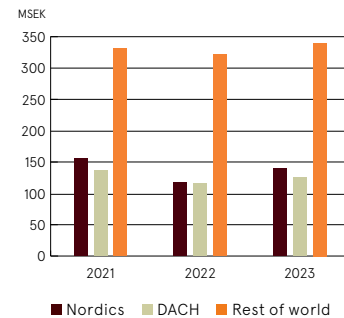
NET REVENUE PER SEGMENT



NET REVENUE PER REGION (B2C)



NET REVENUE PER REGION (B2C)



Private individuals (B2C)

The net revenue for the Private individuals segment during the period was SEK 606.5 million (554.8), representing an increase of 9.3% (-10.8%). Demand recovered somewhat during the second half of the period but was negatively affected by the general economic conditions in Europe for most of the year. Growth for the Nordics was 19.0% (-23.9%), for DACH 8.2% (-14.6%), and Rest of World, mostly consisting of other European markets, increased by 6.1% (-3.1%).

The gross profit amounted to SEK 373.1 million (340.3), representing an increase of 9.6% (-14.7%), and the gross margin was 61.5% (61.3%).

Marketing expenses as a percentage of net revenue amounted to 33.9% (34.3%). The decrease is a result of the focus on marketing efficiency, with the most significant reduction occurring during the first half of the year.

Segment profit amounted to SEK 167.8 million (150.3), representing an increase of 11.6% (-24.9%), and the segment margin was 27.7% (27.1%), with the increase primarily attributed to higher marketing efficiency.

Business-to-business (B2B)

The net revenue for the Business-to-business segment during the period was SEK 81.7 million (68.9), representing an increase of 18.4% (7.9%). Throughout the year, demand within the B2B segment has continued to rise, primarily driven by customer groups such as small businesses and interior designers. The gross profit amounted to SEK 51.5 million (44.5), representing an increase of 15.7% (5.0%), and the gross margin was 63.1% (64.6%). The decrease in gross margin was driven by the same factors as in the B2C segment. Marketing expenses as a percentage of net revenue amounted to 13.0% (14.1%), with the decrease driven by the same factors as in the B2C segment.

Segment result amounted to SEK 40.9 million (34.8), representing an increase of 17.5% (3.0%), with the segment margin at 50.1% (50.5%), where the decrease is driven by the lower gross margin.

Marketplaces & Others (MPO)

The net revenue for the Marketplaces & Others (MPO) segment during the period was SEK 14.0 million (15.5), representing a decrease of -9.6% (-18.4%). The challenging market climate has had a greater negative impact on our Amazon sales compared to our own web stores. Our focus on marketing efficiency and the restructuring of the sales strategy ongoing for most of the period have also negatively affected growth.

The gross profit amounted to SEK 8.4 million (9.6), representing a decrease of -12.5% (-24.4%), and the gross margin was 59.9% (61.9%). Higher customer delivery costs negatively affected the gross margin, with the geographic sales mix partially driving the development. Marketing expenses as a percentage of net revenue amounted to 33.8% (35.7%), with the decrease driven by the focus on marketing efficiency. Segment profit amounted to SEK 3.7 million (4.1), representing a decrease of -9.7% (-45.4%). The segment margin was 26.2% (26.2%).

Significant events during the fiscal year 2023

Dividend 2023

At the Annual General Meeting on May 25, 2023, in accordance with the Board's proposal, a dividend of SEK 1.50 per share (SEK 31.2 million) was decided, corresponding to 53% of the Group's profit for the year 2022.

Changes in the Board of Directors

At the Annual General Meeting on May 25, 2023, in accordance with the Nomination Committee's proposal, the re-election of board members Magnus Dimert, Ludvig Friberger, Hanna Grafund Sleyman, and the appointment of new board members Martin Benckert, Ebba Ljungerud, and Patrik Berntsson were decided. Martin Benckert was elected as the Chairman of the Board. The outgoing members Erik Lindgren, Eva Boding, and Paul Steene had declined re-election.

Changes in the Management Team

In January 2023, Joakim Tuvner assumed the role of CFO for the company, and in April 2023, Abdullatef Almalouhi joined as Director of Performance Marketing. Director of Performance Marketing is a new role within the company's management team.

Rugvista's Nomination Committee Appointed November 2023

The Nomination Committee in Rugvista has been constituted in accordance with the company's Nomination Committee's instructions as established by the Annual General Meeting. The Nomination Committee appointed for Rugvista's Annual General Meeting 2024 has the following composition:

- Gunnar Mattsson (representative for madHat AB and Chairman in the Nomination Committee)
- Carl Armfelt (representative for TIN Fonder)
- Martin Benckert (Chairman of the Board of Directors for Rugvista Group)

Incentive Program ("LTIP")

At the Annual General Meeting on May 25, 2023, in accordance with the Board's proposal, the establishment of a long-term stock-based incentive program, LTIP 2023, for senior executives and key personnel within the Group was decided. Subsequently, the Group has issued warrants as part of the incentive program ("LTIP 2023/2026"). Each warrant entitles the holder to subscribe for one (1) share in the company during the exercise period at SEK 62.60, which corresponds to 120 percent of the average share price during the valuation period. The warrants can be exercised during the period from June 1 to September 1, 2026. In 2023, 35,000 warrants under the LTIP 2023 program were sold to senior executives and key personnel within the Group.

Rugvista launched a new brand platform

At the beginning of the year, Rugvista launched a new brand and communication platform called "Set the Scene." It forms the basis for Rugvista's brand-building efforts, and an updated graphic profile is the first step in the strategy.

Rugvista's Capital Markets Day

On May 25, Rugvista welcomed investors, analysts, and media to the company's first Capital Markets Day. The materials from the day are available on the company's website.

New subsidiary in Germany

In September, Rugvista GmbH, a wholly-owned subsidiary of Rugvista AB, was registered with its headquarters in Berlin, Germany.

Rugvista Signs Lease Agreements

In September, Rugvista signed an agreement to extend the lease term and terminate the lease for the premises at Ringugnsgatan 11 in Limhamn. The date of vacating the premises is September 30, 2025.

In November 2023, Rugvista entered into a lease agreement for an additional warehouse space of 1,700 m² at Ringugnsgatan in Limhamn. The contract runs until May 2025.

In December 2023, Rugvista signed a nine-year lease agreement with Catena for a new office and logistics facility covering an area of 13,700 m² in the Malmö Central Harbor area. The estimated move-in date is summer 2025. The lease agreement is preliminarily estimated, calculated according to IFRS 16, to be valued at SEK 102.6 million. The asset and liability will not be reported in the company's financial statement until the premises are occupied. A preliminary estimate of Rugvista's investment in fixed assets and automation is estimated to be between SEK 55-60 million until occupancy. In December 2023, Rugvista GmbH signed a coworking office space agreement in Berlin, Germany.

Rugvista's New E-commerce Platform

During the second quarter, Rugvista launched the initial version of the company's new e-commerce platform, and in the following quarters, the rollout continued to more markets. By the end of the year, the majority of Rugvista sites were using the new platform, while Carpetvista remained on the original platform. The development of the e-commerce platform also includes My Pages and checkout, expected to be completed in 2024. Depreciation will commence only after completion.

Geopolitical uncertainty

Russia invaded Ukraine in early 2022. The Group, through its business operations, has no direct exposure to Russia, Ukraine, or Belarus. However, it is challenging to assess the war's indirect impact on GDP growth, inflation, global supply chains, as well as consumer confidence and demand for the Group's products. The same applies to the events in the Middle East in the autumn, primarily the conflict between Israel and Hamas. The Group has no direct exposure in Israel or Gaza, but the events may have an indirect impact through consumer confidence, inflation, GDP growth, etc. The unrest in the Red Sea has had some impact on our supply chain for products from India due to longer delivery times and higher shipping costs. The impact on Rugvista's results is expected to be marginal, but management is monitoring the situation.

Significant events after the end of the reporting period

No significant events occurred after the end of the reporting period.

Parent company

Rugvista Group AB (publ), with registration number 559037-7882, is the parent company of the Group, which includes the companies Rugvista AB and Rugvista GmbH. Rugvista Group AB (publ) is formed and registered in Sweden.

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

The parent company's net revenue for the year amounted to SEK 15.4 million (15.6). The parent company's revenues consist of invoiced fees for management services to subsidiaries, in accordance with an intra-group agreement.

The parent company's costs mainly include salaries for parts of the management, remuneration to the board, and costs related to the company's shares being listed on Nasdaq. The result for the year amounted to SEK 51.7 million (36.6).

The parent company has an intra-group receivable from the subsidiary, which together with shares in the subsidiary Rugvista AB, constitute the majority of the company's assets.

Risk factors

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

Macroeconomic and Geopolitical Risks

Demand for the products offered by the company depends on various factors influenced by the macroeconomic climate and consumers' disposable incomes and purchasing power, such as market interest rates, tax levels, employment rates, and other macroeconomic factors. Carpets, being non-essential items, are examples of products that consumers may opt to forego during an economic downturn that leads to actual or perceived declines in disposable incomes and purchasing power. A recession or general decline in economic activity in one or more of Rugvista's markets may thus have a significant negative impact on the demand for the products Rugvista offers, as well as on the ability to maintain profitable pricing.

The global economy is also adversely affected by tariffs and other trade-restrictive measures introduced by the USA, EU, and China. A large portion of the carpets in Rugvista's range originate from

countries with heightened 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, most recently primarily the conflict between Israel and Hamas, as well as unrest in the Red Sea. The group has no direct exposure in Israel or Gaza, but the events may have an indirect impact through consumer sentiment, inflation, GDP growth, etc. The unrest in the Red Sea has had some impact on our supply chain for products from India through longer delivery times and higher freight costs. The impact on Rugvista's results is expected to be marginal, but management is monitoring the situation. Uncertainty related to geopolitical risk, for example, may entail risks related to Rugvista Group's access to carpets if the supply from wholesalers the company purchases carpets from were to decrease or cease, if the factories where Rugvista Group's carpets are manufactured were to experience production disruptions, or if trade sanctions were imposed on any jurisdiction. Thus, a negative geopolitical development can have a significant negative impact on Rugvista Group's business and operating results. The uncertainty in the macroeconomic outlook due to the ongoing energy crisis in Europe, increasing cost inflation, continued interest rate hikes by central banks in the USA and Europe, as well as the war in Ukraine, are expected to affect and result in lower consumer confidence and hence reduced consumption. Depending on how long the uncertainties in the international economy persist and how they develop, it may lead to further deterioration in household purchasing power and thus have a negative impact on Rugvista Group's business and operating results. Macroeconomic prospects with high inflation and interest rate hikes can also lead to higher commodity and product prices.

Variations in seasonality

The Group's sales typically vary over 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 for its ability to attract potential and retain existing customers, employees, and partners. Therefore, customer satisfaction is the company's top priority and something that is continuously measured and monitored. Interaction and customer service are critical to maintaining the company's reputation. Negative customer reviews spread to existing and potential customers could cause significant damage to the company's reputation, demand for its rugs, and ultimately its market position and competitiveness. Rugvista Group's competitors primarily consist of traditional retailers, multi-channel home décor retailers, online-based rug retailers, and online-based department stores. Key competitive factors in online rug sales include price and product quality, the ability to attract current customer and market preferences with design and material choices, delivery and payment terms (including return conditions), and website usability. Companies currently focusing, to a greater or lesser extent, on other types of products, services, customer segments, or geographical markets, or traditional physical rug retailers, may increase or begin online rug sales to Rugvista Group's target groups. Additionally, wholesalers, from whom Rugvista Group purchases rugs, may start selling rugs directly to end customers themselves. Thus, there is a risk that Rugvista Group will face new competitors who may have greater financial resources and can leverage economies of scale to a greater extent than the company. There is therefore a risk that such players succeed in meeting customer preferences to a greater extent than the company. Increased competition can lead to Rugvista Group losing market share, resulting in decreased net revenues, higher costs, and lower margins. To meet increased competition, Rugvista Group may, for example, be forced to lower product prices and/or increase investments in marketing activities, which could result in lower margins and/or increased costs for the company.

Risks Related to Sustainability and Environment

Risks related to sustainability continue to grow in importance as regulations tighten and reporting requirements increase. These risks include, among others, resource scarcity, climate change, and biodiversity. Environmental risks affect most traditional risks such as macroeconomic risks and can contribute to, among other things, reducing consumers' real purchasing power and be cost-driving in Rugvista's value chain. Rugvista Group strives to have a leading role in sustainability, and Rugvista Group's ability to conduct long-term profitable operations is largely dependent on our success in managing the sustainability-related risks to which the company is exposed through its activities. For a detailed description of risks related to sustainability factors such as human rights, working conditions, environment, bribery, and corruption, please see the risk section in the sustainability report on pages 26-54.

Risks related to suppliers and business partners

Rugvista Group relies on purchases from wholesalers within the EU (primarily for traditional carpets) or suppliers mainly in India and Turkey for the manufacturing and delivery of carpets. Consequently, Rugvista Group is subject to risks associated with, among other things, changes in production prices, increased transportation costs, inadequate production/delivery capacity, and production quality. The company also collaborates with payment service providers, staffing agencies, transport and logistics companies for the transportation of products to and from customers, as well as other external parties within the framework of its operations. The company depends on external parties fulfilling their contractual obligations regarding quality and delivery time and adhering to 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, affected by financial difficulties, may not deliver on time or in accordance with the cost structure or quality they have committed to, or that they do not comply with applicable guidelines and industry standards. The ability of suppliers to fulfill their obligations may also be affected by external circumstances such as natural disasters and epidemics. For risks related to suppliers and partners, also see the risk section in the sustainability report on pages 26-54.

Risks related to the company's handling centers

Rugvista Group operates two handling centers in Malmö that store and manage the company's carpets. The company's operations rely 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. Even though such damages would be covered by insurance, extensive damages to the company's handling centers and inventory would risk causing a re-procurement time for the affected products, potentially resulting 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 offerings to customers.

IT and Cybersecurity

Rugvista Group's sales are primarily online-based and almost exclusively occur through Rugvista Group's web stores. Rugvista Group's ability to continue its operations and maintain and increase its customer base and sales volumes to a large extent depends on the continuous development, smooth 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, especially if the traffic on the company's websites were to increase faster than anticipated. Rugvista Group primarily relies on high availability of systems that ensure uninterrupted access to the web stores for potential customers. Conse-

quently, Rugvista Group is subject to risks related to interruptions and disruptions in its technical infrastructure, which may be caused by data viruses, power outages, sabotage, as well as human or technical errors. IT attacks, faults, and damages to IT systems, operational disruptions, and erroneous or inadequate delivery of IT services from IT providers can lead to extensive interruptions or disruptions in the company's web stores and other IT systems, which in turn can negatively affect Rugvista Group's operations, profitability, and financial position. Cybersecurity risks within Rugvista Group's operations primarily arise in relation to critical and sensitive information that the company possesses, such as product information, customer registries, 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
- Goodwill impairment risk
- 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 the ISIN code SE0015659834. The market value on the last trading day of the fourth quarter 2023 (December 29) was SEK 1.455 (919) million with a closing price of SEK 70.00 (44.20) per share. In 2021, 860.000 warrants were issued by the group, of these, 436.981 have been sold to key persons within the group. During in the second quarter of 2022, 300.000 warrants were issued by the group. Of these, 40.000 have been sold to senior executives within the group. During the second quarter of 2023, 595.000 were issued warrants by the group. Of these, 35.000 have been sold to leaders executives and other key personnel within the group.

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

THE TEN LARGEST SHAREHOLDERS DECEMBER 29TH, 2023

Owner	Number of shares	Share of capital	Share of votes
Madhat AB	2 505 874	12,1%	12,1%
Bank Julius Baer & Co LTD	2 321 605	11,2%	11,2%
Futur Pension Försäkringsaktiebolag	1 816 556	8,7%	8,7%
Alcur Fonder AB	1 747 887	8,4%	8,4%
TIN Fonder	1 500 000	7,2%	7,2%
Indexon AB	1 490 204	7,2%	7,2%
Movestic Livförsäkring AB	1 074 323	5,2%	5,2%
Mediuminvest AS	1 039 256	5,0%	5,0%
SEB Life International Assurance	876 601	4,2%	4,2%
RBC Asset management	855 407	4,1%	4,1%
Total for the ten largest shareholders	15 227 713	73,3%	73,3%
Total number of outstanding shares	20 785 140	100,0%	100,0%

Source: Euroclear extract per December 29th, 2023. A group of shareholders is considered to constitute one owner if they have been grouped together by Euroclear.

Guidelines for Compensation to senior executives

At the shareholders' meeting on May 25, 2023, the following guidelines for compensation of executive officers in Rugvista Group were adopted. These guidelines cover executive officers in Rugvista Group, which consist of individuals who are part of the company's management team from time to time. The guidelines shall apply to compensation agreed upon, and changes made to already agreed compensation, after the guidelines have become effective according to the decision of the shareholders' meeting. The guidelines do not cover compensation decided by the shareholders' meeting.

Regarding employment relationships subject to rules other than Swedish, appropriate adjustments may be made to comply with mandatory regulations or established local practices, while ensuring that the overarching purpose and objectives of these guidelines are met to the greatest extent possible.

To the extent that a board member performs work for the company in addition to their board duties, these guidelines shall also apply to any compensation (e.g., consulting fees) for such work. The promo-

tion of the company's business strategy, long-term interests, and sustainability

The company's business vision is to become the hub of the European carpet industry. A successful implementation of the company's business strategy and the realization of its long-term interests, including its sustainability, require the company to recruit and retain qualified employees. The company's people vision is to attract, motivate, and retain extraordinary individuals, which also forms the basis for keeping the company's most valuable asset, its employees, motivated and happy to be part of the company. This necessitates that the company can offer competitive compensation. These guidelines enable executive officers to be offered competitive total compensation. In the company, stock-related incentive programs based on warrants have previously been established. These programs have been decided by the shareholders' meeting and are therefore not covered by these guidelines. For the same reason, the long-term incentive program, based on warrants, proposed by the board for adoption at the 2023 annual general meeting, is also not covered. The programs encompass Rugvista Group's management and other key individuals within the Rugvista Group. The aim of the programs is to

provide participants with the opportunity to share in the long-term value growth for the company's shareholders, which the participants contribute to creating. The outcomes of the programs are linked to the development of the company's share price on the Nasdaq First North Premier Growth Market, and participation in the programs requires personal investment and a multi-year holding period. For more information about the programs, please visit Rugvista Group's website, <https://www.rugvistagroup.com/sv/>. Any future stock-related incentive programs will be decided by the shareholders' meeting. Variable cash compensation covered by these guidelines should aim to promote the company's business strategy and long-term interests, including its sustainability.

Forms of Compensation, etc.

The compensation shall be market-based and may consist of the following components: fixed cash compensation, variable cash compensation (bonus), pension benefits, and other benefits. The shareholders' meeting may, in addition to and independently of these guidelines, decide on, for example, stock and stock price-related compensation.

FIXED CASH COMPENSATION

Fixed cash compensation shall be market-based and determined based on the individual executive's responsibility, authority, competence, and experience.

VARIABLE CASH COMPENSATION

In addition to fixed cash compensation, variable cash compensation may constitute a component of compensation for senior executives. The decision to include variable compensation as a component of remuneration shall be made by the board of directors. Variable cash compensation under these guidelines shall be linked to one or more predetermined and measurable criteria designed to promote the company's strategy and long-term interests, including sustainability, or the executive's long-term development. Criteria may be financial, non-financial, individual, and/or collective, quantitative, and/or qualitative. The variable cash compensation may amount to a maximum of 50 percent of the fixed annual cash compensation.

Fulfillment of criteria for payment of variable cash compensation shall be measurable over a period of one year. When the measurement period for fulfillment of criteria for payment of variable cash compensation has ended, the board shall evaluate the extent to which the criteria have been met.

Variable cash compensation may be paid after the end of the measurement period or be subject to deferred payment.

EXTRAORDINARY COMPENSATION

Additional cash compensation may be provided under extraordinary circumstances, provided that such extraordinary arrangements are temporary and only made on an individual basis either to recruit or retain executives, or as compensation for extraordinary efforts beyond the person's regular duties. Such compensation shall not exceed an amount equivalent to 50 percent of the fixed annual cash salary and shall not be paid more than once per year and per individual. Decisions regarding such compensation shall be made by the board.

PENSION BENEFITS

The pension benefit, including health insurance, for the CEO shall be premium-based, and pension premiums shall amount to a maximum of 30 percent of the CEO's fixed annual cash salary. Other executive officers shall be covered by ITP1 according to the applicable collective agreement, or equivalent pension benefits.

For executive officers covered by ITP1, insurance premiums shall be based on the executive's fixed annual cash salary and other pensionable income according to ITP1. ITP1 entails that the company pays a premium of 4.5 percent of the executive's pensionable salary up to 7.5 income base amounts and 30 percent of pensionable salary thereafter. In addition, other executive officers may receive additional premium-based pension contributions in the form of a fixed monthly amount, which may amount to a maximum of 6 percent of the current fixed monthly cash salary at the time of determining such pension contribution.

OTHER BENEFITS

Other benefits may include, among others, life insurance, health insurance, and car benefit. Such benefits may in total amount to a maximum of 15 percent of the fixed annual cash salary.

COMPENSATION FOR BOARD MEMBERS

In the event that a board member performs services for the company beyond board duties, specific cash compensation for this (consulting fees) may be paid, provided that such services contribute to the implementation of the company's business strategy and the realization of the company's long-term interests, including its sustainability. The annual consulting fee shall be market-based and set in relation to the benefit to the company and may never exceed three times the current board fee for each board member. Compensation for board members, as well as other conditions, are decided by the board.

Termination of Employment

Upon termination of employment, the notice period may be up to six months, unless otherwise specified by mandatory law or collective agreement. The total fixed cash salary during the notice period and severance pay must not exceed an amount equivalent to the fixed cash salary for fifteen months. In the event of termination by the executive, the notice period may be up to six months, without the right to severance pay.

Additionally, compensation for any non-compete obligation may be provided. Such compensation should compensate for any loss of income and should only be provided to the extent that the former executive is not entitled to severance pay. The compensation shall amount to a maximum of 60 percent of the fixed cash salary at the time of termination of employment, unless otherwise specified by mandatory collective agreement provisions, and shall be paid for the duration of the non-compete obligation, which shall not exceed twelve months.

Salary and Employment Conditions for Employees

In the preparation of the board's proposal for these compensation guidelines, the salary and employment conditions for employees in the Rugvista Group have been considered by taking into account information on employees' total compensation, the components of compensation, and the increase and growth rate of compensation over time. This information has been part of the board's decision-making basis in evaluating the reasonableness of the guidelines and the limitations imposed by them.

The Decision-Making Process for Establishing, Reviewing, and Implementing the Guidelines

The board shall prepare proposals for new guidelines at least every fourth year and present the proposal for decision at the annual general meeting. The guidelines shall remain in effect until new guidelines are adopted by the shareholders' meeting. The board shall also monitor and evaluate programs for any variable compensation for executive officers, the application of guidelines for compensation to executive officers, and existing compensation structures and levels in the company. During the board's consideration and decision-making on compensation-related matters, the CEO or other executive officers do not attend, to the extent that they are affected by the issues.

Derogation from the Guidelines

The board may decide to temporarily deviate from the guidelines in whole or in part if there are specific reasons for doing so in an individual case, and if a deviation is necessary to safeguard the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

Sustainability report

See separate sustainability report on pages 26-54.

Corporate governance report

See separate corporate governance report on pages 60-69.

Dividend

Rugvista Group invests its resources in growth and business development. Additionally, Rugvista Group aims to distribute up to 50% of the annual profit to the shareholders. The board proposes a cash dividend of SEK 1.80 (1.50) per share, equivalent to MSEK 37.4 (31.2). The proposed date for the right to receive the dividend is May 27, 2024. Assuming the shareholders' meeting approves the dividend proposal, the expected payment date for the dividend is May 30, 2024.

Proposed appropriation of profits

The board proposes that the profits at the disposal of the Annual General Meeting (SEK):

Retained earnings	331 606 551
Profit for the period	51 659 267
Total	383 265 817

be appropriated as follows (SEK):

Dividend 1,80 kr per share to the shareholders	37 413 252
Be carried forward	345 852 565
Total	383 265 817

The parent company's and the group's income statement and balance sheet will be subject to approval at the Annual General Meeting on May 23, 2024.

Financial reporting

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Consolidated Income statement

KSEK	Note	Jan 1, 2023 Dec 31, 2023	Jan 1, 2022 Dec 31, 2022
Net revenue	3, 4	702,203	639,273
Other operating income	5	2,516	1,684
Total operating income		704,718	640,958
Goods for resale	3, 4, 15	-269,147	-244,813
Other external expenses	6	-259,538	-236,847
Personnel expenses	7	-72,788	-69,711
Amortization & depreciation	11, 13, 14	-12,139	-10,992
Other operating expenses	5	-5,703	-3,676
Total operating expenses		-619,315	-566,039
Operating profit (EBIT)		85,403	74,919
<i>Financial income and expenses</i>			
Financial income	8	4,147	519
Financial expenses	8	-920	-1,101
Net financial items		3,227	-582
Profit/loss after financial items		88,630	74,336
Income tax	9	-18,669	-15,464
Profit for the year		69,962	58,872
Attributable to			
Parent company's shareholders		69,962	58,872
Earnings per share before dilution, SEK	10	3.37	2.83
Earnings per share after dilution, SEK	10	3.37	2.83

Consolidated Statement of other comprehensive income

KSEK	Note	Jan 1, 2023 Dec 31, 2023	Jan 1, 2022 Dec 31, 2022
Profit for the year		69,962	58,872
<i>Items that can later be reclassified to the income statement</i>			
Translation differences		-19	-
Other comprehensive income		-19	-
Comprehensive income for the year		69,943	58,872
Attributable to			
Parent company's shareholders		69,943	58,872

Consolidated Statement of financial position

KSEK	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
<i>Non-current assets</i>			
Goodwill	12	299,949	299,949
Intangible assets	11	19,754	9,064
Tangible assets	13	3,903	3,540
Right-of-use assets	14	22,126	26,828
Deferred tax assets	9	242	311
Total non-current assets		345,974	339,693
<i>Current assets</i>			
Inventory	15	125,656	174,259
Accounts receivable		48	142
Other receivables	16	22,303	51,439
Prepaid expenses	18	2,698	1,465
Cash and cash equivalents	17	208,936	139,978
Total current assets		359,642	367,283
TOTAL ASSETS		705,615	706,975
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	21	1,039	1,039
Other contributed capital		228,052	227,627
Retained earnings, including profit for the year		313,751	274,985
Equity attributable to the parent company's shareholders		542,842	503,651
<i>Non-current liabilities</i>			
Deferred tax liabilities	9	22	90
Lease liabilities	14	10,545	17,249
Total non-current liabilities		10,566	17,338
<i>Current liabilities</i>			
Accounts payable	16	55,449	76,963
Current tax liabilities	9	19,155	41,556
Other current liabilities		50,501	44,429
Lease liabilities	14	12,576	10,919
Prepaid income and accrued expenses	20	14,527	12,118
Total current liabilities		152,208	185,986
TOTAL EQUITY AND LIABILITIES		705,615	706,975

Consolidated Statement of changes in equity

KSEK	Note	Share capital	Other contribut- ed capital	Retained earnings, including profit for the year	Total equity
Opening balance, Jan 1, 2022	21, 22	1,039	227,784	268,076	496,899
Profit for the year				58,872	58,872
Other comprehensive income				-	-
Total comprehensive income		-	-	58,872	58,872
Transactions with shareholders					
Dividend paid				-51,963	-51,963
Warrants			469		469
Warrants, repurchased/expired			-626		-626
New share issue			-		-
Closing balance, Dec 31, 2022		1,039	227,627	274,985	503,651
Opening balance, Jan 1, 2023		1,039	227,627	274,985	503,651
Profit for the year				69,962	69,962
Other comprehensive income				-19	-19
Total comprehensive income		-	-	69,943	69,943
Transactions with shareholders					
Dividend paid				-31,178	-31,178
Warrants			425		425
Warrants, repurchase			-		-
New share issue			-		-
Closing balance, Dec 31, 2023	21, 22	1,039	228,052	313,751	542,842

Consolidated Statement of cash flows

KSEK	Note	Jan 1, 2023 Dec 31, 2023	Jan 1, 2022 Dec 31, 2022
Operating activities			
Operating profit (EBIT)		85,403	74,919
Adjustments for items not included in cash flow			
Unrealized exchange rate difference		2,529	-4,657
Amortization and depreciation	11, 13, 14	12,139	10,992
Interest received	8	4,147	519
Interest paid	8	-920	-1,101
Income tax paid		-41,069	-22,126
Cash flow from operating activities before changes in working capital		62,229	58,546
Changes in working capital			
Change in inventory		48,602	-27,699
Change in operating receivables		28,057	-31,792
Change in operating liabilities		-10,816	-10,799
Cash flow from operating activities		128,072	-11,744
Investing activities			
Investment in intangible assets	11	-10,690	-9,064
Acquisition of tangible assets	13	-1,974	-1,018
Sales of tangible assets	13	0	136
Cash flow from investing activities		-12,664	-9,946
Financing activities			
New share issue	21	-	-
Warrants	22	425	469
Warrants, repurchase	22	-	-626
Amortization of lease liabilities	16	-10,873	-9,116
Dividend paid	21	-31,178	-51,963
Cash flow from financing activities		-41,626	-61,236
Cash flow for the year		73,783	-82,927
Cash and cash equivalents at start of year	17	139,978	218,116
Exchange rate differences in liquidity		-4,825	4,789
Cash and cash equivalents at year-end	17	208,936	139,978

Group 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) and 100% of Rugvista GmbH, HRB 256883 B (Berlin). The Group sells rugs and carpets through the Rugvista and Carpetvista websites.

The Group's company address is: Rugvista Group AB, Ringugns-gatan 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 the intention is 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 significant 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. Rugvista Group AB owns 100% of the shares in the Group's subsidiaries.

Acquisition of subsidiaries/business combinations

Business combinations are recognized in accordance with the purchase method.

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 and EUR 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 recognized in other operating expenses or other operating income.

Tangible assets

Tangible assets are recognized 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.

Gains or losses are recognized in the income statement in the accounting period in which the asset is disposed of as other expenses or other income.

Depreciation is calculated as follows:

Equipment, tools, fixtures and fittings

Number of years

3–10 years

Intangible assets

GOODWILL

Goodwill is measured at cost less any accumulated impairment losses. The factors that make up the goodwill recognized are mainly various forms of synergies, employees, know-how, customer contacts of strategic importance and market leadership positions in selected markets.

CAPITALIZED DEVELOPMENT EXPENSES

The carrying amount includes direct costs and – when applicable – salary costs and share of indirect costs. Other development-related expenses are recognized in profit or loss as other external expenses

when they arise. In the statement of financial position, capitalized development expenses are recognized at cost less accumulated amortization and any impairment losses. Capitalized development expenses are mainly related to software platforms.

AMORTIZATION PRINCIPLES

Amortization is recognized in the profit for the year on a straight-line basis over the estimated useful lives of amortizable intangible assets. 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 begins when the asset is put into operation and can be used in the way that management intends.

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

Inventory

Inventory is measured at the lower of cost and net realizable value with cost being calculated in accordance with the FIFO (first-in, first-out) principle.

An obsolescence assessment is carried out monthly, broken down into the categories of designer carpets and unique carpets. Obsolescence is calculated at a flat rate of 3% of the book value of each category.

Products that are subject to a return reservation are recognized as a right of return asset based on the right to recover the product from the customer.

Financial instruments

A financial asset or a financial liability is recognized on the balance sheet when Rugvista becomes a party to a contract. Receivables are recognized on 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 recognized 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 recognized when the invoice has been received.

Financial assets

Financial assets consist of accounts receivable, other receivables and cash and cash equivalents. These assets are recognized at accrued cost and at the net of gross value and provisions for bad debts. Changes in the provisions for bad debts are recognized in profit or loss.

Financial assets classified at accrued cost are initially measured at fair value plus transaction costs. Other receivables are initially recognized at invoiced value. After initial recognition, the assets are measured according to the effective interest method.

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.

Financial liabilities

Financial liabilities are recognized at accrued cost. Financial liabilities recognized at accrued cost are initially measured at fair value, including transaction costs. After initial recognition, they are measured at accrued cost according to the effective interest method. The Group has accounts payable, other current liabilities and accrued expenses which are recognized at accrued cost.

Employee benefits

PENSIONS

Employee benefits consist of salaries, pensions and other benefits. With regard to pensions, the Group has defined contribution pension plans. The Group's costs for defined contribution pension plans are charged to the income statement in the year to which they relate and recognized as personnel expenses.

Leases

RELIEF RULES

The Group has chosen not to apply the relief rules for short-term leases and low-value leases and not to separate 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 recognizes 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 depreciation and any impairment and adjusted for remeasurement of the lease liability. The cost of right-of-use assets includes the initial value that is recognized 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.

Lease liabilities

At the date of commencement of a lease, the Group recognizes a lease liability 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. Variable lease payments that are not based on an index or a price are recognized as other external expenses 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.

Note 2 Basic accounting principles (cont.)

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 recognized 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 recognized 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 recognized when control of the goods has been transferred to the customer, which normally occurs when the goods are released from the company's inventory.

Revenue is recognized 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 calculated when the transaction price is established, and revenue is reduced by the sales price of the products expected to be returned and recognized as a refund liability. A right of return asset is recognized 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 recognized in the subsequent accounting period, based on an average of actual returns during the 12 months prior to the current accounting period.

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 January 1, 2024 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 judgments, 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

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

PROVISIONS FOR RETURNS

A right of return asset is recognized 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 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

Business-to-consumer segment (B2C)	2023	2022
Geographic area		
Sweden	46,886	44,116
Nordic region, excluding Sweden	93,476	72,022
DACH (Germany, Austria, Switzerland)	125,679	117,916
Rest of world	340,492	320,776
Total revenue from contracts with customers	606,533	554,831
Business-to-business segment (B2B)		
Revenue from contracts with customers	81,662	68,943
Marketplaces and other segment (MPO)		
Revenue from contracts with customers	14,008	15,499
Divested operations		
Revenue from contracts with customers	-	-
Total net revenue	702,203	639,273

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 also 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-to-business 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.

Segment: Marketplaces & Other

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

There are no transactions between the segments.

2023	Business-to-business	Business-to-consumer	Marketplaces & Other	Segment total
Revenue				
Net revenue	81,662	606,533	14,008	702,203
Net revenue growth, %	18.4%	9.3%	-9.6%	9.8%
Expenses				
Goods for resale	-30,142	-233,394	-5,611	-269,147
Gross profit	51,520	373,139	8,397	433,056
Marketing costs	-10,593	-205,366	-4,730	-220,689
Segment earnings	40,928	167,773	3,666	212,366

2022	Business-to-business	Business-to-consumer	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

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	2023	2022
Segment earnings	212,366	189,158
Other operating income	2,516	1,684
Other external expenses, excluding marketing expenses	-38,849	-31,544
Personnel expenses	-72,788	-69,711
Other operating expenses	-5,703	-3,676
Amortization & depreciation	-12,139	-10,992
Net financial items	3,227	-582
Profit/loss after financial items	88,630	74,336

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

	2023	2022
Other operating income		
Employment contribution	900	1,292
Settlement compensation	1,200	-
Other income	416	393
Total	2,516	1,684
Other operating expenses		
Exchange rate fluctuations – net	5,703	3,673
Loss on disposal of equipment	-	3
Total	5,703	3,676

Note 6**Remuneration to auditors**

Ernst & Young AB	2023	2022
Audit engagement*	745	765
Audit activities other than audit engagement	50	50
Other services	55	57
Total	850	872

* Audit engagement refers to the audit of the annual accounts and book-keeping as well as the administration of 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**

	2023	2022
Salaries and other benefits	53,774	50,126
Pension expense, defined contribution plans	5,201	5,070
Other social security expenses	19,144	16,682
Total	78,119	71,878

Average number of employees during the year

Group total	90	93
Of whom men, %	52%	58%
Total	90	93

The company hires external staff; these costs are recognized 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%	67%
CEO and other senior executives at balance sheet date	9	7
Of whom men, %	56%	43%
Total	15	13

	2023		2022	
Salaries and other remuneration to the Board of Directors and other employees	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)
Board of Directors and CEO and other senior executives	13,275	7,391	12,494	6,994
	(-)	(2,440)	(-)	(2,320)
Other employees	40,499	16,953	37,632	14,758
	(-)	(2,761)	(-)	(2,750)
Group	53,774	24,345	50,126	21,752
	(-)	(5,201)	(-)	(5,070)

Salaries and other remuneration to Board of Directors, CEO and other senior executives

2023	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension expense	Total
Board of Directors					
Marting Benckert (Chair)	400				400
Magnus Dimert	200				200
Ebba Ljungerud	200				200
Patrik Bertsson	200				200
Ludvig Friberger	200				200
Hanna Graflund Sleyman	200				200
CEO and other senior executives					
Michael Lindskog (CEO)	2,151	10	106	545	2,812
Other senior executives	9,273	70	495	1,895	11,732
Total	12,824	80	601	2,440	15,944

2022	Basic 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

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 May 25, 2023, it was resolved that a fee of SEK 1,400,000 would be paid to the Board of Directors for the period until the Annual General Meeting in 2024. There are no pension expenses or pension commitments for the Board of Directors. A total of SEK 2,161,000 (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

A General Meeting held on May 25, 2023, 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 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 by the General Meeting.

Employment conditions of a member of the executive management subject to rules other than the Swedish rules, 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 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 its long-term interests, including its sustainability work, is that the

company can recruit and retain qualified personnel. 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. 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. 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 plans is to offer the participants the opportunity to receive a share of the long-term value growth for the company'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, see Rugvista Group's website, <https://www.rugvistagroup.com/en/>. Any future share-related incentive plans will be resolved by the General Meeting.

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

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: 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-related or share-price-related remuneration.

FIXED CASH REMUNERATION

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

VARIABLE CASH REMUNERATION

In addition to fixed cash remuneration, variable cash remuneration may form part of the remuneration to senior executives. Decisions regarding variable remuneration as a 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 and long-term interests, including

Note 7 Salaries and remuneration to employees (cont.)

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.

Fulfillment of the criteria for awarding variable cash remuneration shall be measurable for a measurement period of one year. When the measurement period for fulfillment 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 fulfilled.

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 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Decisions on such remuneration shall be made by the Board of Directors.

PENSION BENEFITS

Pension benefits, including health insurance, for the CEO shall be defined contribution and the pension contributions 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 fixed annual basic cash salary and other pensionable income in accordance with ITP1. ITP1 means that the company pays a premium of 4.5 percent of the executive's pensionable income up to 7.5 x the income base amount and 30 percent of the pensionable income over 7.5 x the income base amount. In addition, other senior executives may receive an additional defined contribution pension provision in the form of a fixed monthly sum, which can amount to a maximum of 6 percent of the current fixed monthly cash salary when determining such pension provision.

OTHER BENEFITS

Other benefits may include, for example, life insurance, medical insurance, and company cars. Such benefits may not in total exceed more than 15 percent 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, separate remuneration (e.g. consultancy fees) can be awarded for such services provided that these 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 consultancy fee must be on market terms and be set in relation to the benefit it brings to the company, and may never exceed three times the applicable Board fee for each member of the Board. 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 notice period may not exceed six months, unless otherwise 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. When termination is made by the

executive, the period of notice may not exceed six months, without any right to severance pay.

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. Such remuneration shall amount to not more than 60 percent of the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and shall be paid during the time that the non-compete undertaking is applicable, which shall be for no longer than twelve months.

Salary and employment terms for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment terms 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 for decision-making 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 four years 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 senior executives are not present when the Board of Directors examines and decides on remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may resolve to derogate temporarily 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	2023	2022
Interest income using the effective interest method	4,147	519
Total	4,147	519
All interest income relates to financial items measured at accrued cost.		
Financial expenses	2023	2022
Interest expenses using the effective interest method	-920	-1,101
Total	-920	-1,101

All interest expenses relate to financial items measured at accrued cost.

Note 9

Income tax

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

Consolidated income statement	2023	2022
Current tax	-18,667	-15,557
Change in deferred tax relating to temporary differences	-1	93
Total tax recognized	-18,669	-15,464
Reconciliation of effective tax rate		
Pre-tax profit	88,630	74,336
Tax on net profit at current rate, 20.6% (20.6%)	-18,258	-15,313
Tax effect of:		
Non-taxable income	31	7
Non-deductible expenses	-427	-202
Tax adjustments	-15	45
Loss carryforwards for which no deferred tax asset has been recognized	-	-
Effect of change in tax rate	-	-
Tax recognized	-18,669	-15,464
Effective tax rate	-21.1%	-20.8%

Temporary differences

Deferred income tax is attributable to:	2023	2022
Right-of-use assets	-4,558	-5,527
Tangible assets	-22	-90
Lease liabilities	4,799	5,838
Total	220	222

Recognized as follows in the Statement of Financial Position:	Dec 31, 2023	Dec 31, 2022
Deferred tax assets	242	311
Deferred tax liabilities	-22	-90
Total	220	222

Reconciliation of deferred tax

	2023	2022
Opening balance	222	129
Tax expense/income recognized in the income statement	-1	93
Closing balance	220	222

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.

	2023	2022
Profit for the year	69,962	58,872
Adjustments	-	-
Profit for the year for calculation before and after dilution	69,962	58,872
Weighted 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	3.37	2.83
Earnings per share after dilution, SEK	3.37	2.83

Note 11

Intangible assets

Website	Dec 31, 2023	Dec 31, 2022
Accumulated cost, opening balance	9,064	-
Intangible asset in progress	10,690	9,064
Sale	-	-
Closing accumulated cost	19,754	9,064
Accumulated amortization, opening balance	-	-
Sale	-	-
Amortization for the year	-	-
Accumulated amortization, closing balance	-	-
Closing carrying amount	19,754	9,064

Capitalized development expenses

The carrying amount includes direct costs and – when applicable – salary costs and share of indirect costs. Other development-related expenses are recognized in profit or loss as other external expenses when they arise. In the statement of financial position, capitalized development expenses are recognized at cost less accumulated amortization and any impairment losses. Capitalized development expenses are mainly related to software platforms.

Amortization principles

Amortization is recognized in the profit for the year on a straight-line basis over the estimated useful lives of amortizable intangible assets. Amortization begins when the asset is put into operation and can be used in the way that management intends.

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

Note 12 Goodwill

The Group performs impairment testing of its goodwill once a year, and when there are indications of a need for impairment. As of December 31, 2023, the goodwill that was subject to annual impairment testing was as follows:

	2023	2022
Accumulated cost, 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 13.2% has been used.

In 2023, the forecast value exceeded the carrying amount and no impairment was made. Rugvista also conducted 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 value in use:

Constant growth rate*	2.0% (2.0)
Discount rate before tax**	13.2% (11.1)

* 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	2023	2022
Accumulated cost, opening balance	10,205	9,360
Acquisitions during the year	1,974	1,018
Sales/disposals	-	-174
Closing accumulated cost	12,179	10,205
Accumulated depreciation, opening balance	-6,665	-5,210
Sales/disposals	-	38
Depreciation for the year	-1,611	-1,493
Accumulated depreciation, closing balance	-8,276	-6,665
Closing carrying amount	3,903	3,540

Tangible assets are recognized 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. Gains or losses are recognized in the income statement in the accounting period in which the asset is disposed of as other expenses or other income.

Depreciation is 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 premature 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

Depreciation is 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:

Cost	Premises	Cars and trucks	Total
Jan 1, 2022	45,096	3,646	48,742
Additional leases		866	866
Revaluation of leases	7,927	-	7,927
Leases ended		-	-
Dec 31, 2022	53,023	4,512	57,536
Additional leases			
Revaluation of leases	5,825		5,825
Leases ended			
Dec 31, 2023	58,849	4,512	63,361

Depreciation	Premises	Cars and trucks	Total
Jan 1, 2022	-20,600	-609	-21,209
Depreciation for the year	-8,283	-1,215	-9,499
Leases ended	-	-	-
Dec 31, 2022	-28,883	-1,824	-30,707
Depreciation for the year	-9,332	-1,195	-10,527
Leases ended			
Dec 31, 2023	-38,215	-3,019	-41,235

Closing carrying amount			-
Dec 31, 2022	24,141	2,688	26,828
Dec 31, 2023	20,633	1,493	22,126

Lease liabilities	Premises	Cars and trucks	Total
Jan 1, 2022	25,640	2,849	28,489
Additional leases		866	866
Revaluation of leases	7,927		7,927
Leases ended			
Interest expense on leases	-837	-53	-890
Lease payments	-7,082	-1,144	-8,225
Dec 31, 2022	25,649	2,519	28,167
Additional leases			
Revaluation of leases	5,825		5,825
Leases ended			
Interest expense on leases	-685	-34	-720
Lease payments	-8,982	-1,171	-10,153
Dec 31, 2023	21,806	1,314	23,120

The table below shows the amounts recognized as lease liabilities on the consolidated balance sheet.

	Dec 31, 2023	Dec 31, 2022
Non-current lease liabilities	10,545	17,249
Current lease liabilities	12,576	10,919
Total lease liabilities	23,120	28,167

Maturity analysis of the contractual undiscounted payments of lease liabilities

	Dec 31, 2023	Dec 31, 2022
Cash flow within 1 year	13,130	11,592
Cash flow within 2–5 years	10,725	15,176
Cash flow after 5 years	-	-
Total	23,855	26,769

Recognized expenses attributable to leases

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

Expenses	Dec 31, 2023	Dec 31, 2022
Depreciation of right-of-use assets	10,527	9,499
Interest expense on lease liabilities	720	890
Total	11,247	10,388

The Group's total cash outflow for leases amounted to:

In September, Rugvista signed an agreement to extend the lease term and give notice to vacate the facility at Ringugnsgatan 11 in Limhamn. The date for vacation of the premises is September 30, 2025.

In November 2023, Rugvista signed a lease for additional warehouse space of 1,700 m² at Ringugnsgatan in Limhamn. The lease runs until May 2025.

In December 2023, Rugvista signed a nine-year lease with Catena for a new office and logistics facility with an area of 13,700 m² in the Malmö Mellersta port area. Occupancy is expected to take place in summer 2025. The lease is provisionally estimated at a value of MSEK 102.6, calculated according to IFRS 16. The asset and liability will not be recognized in the company's statement of financial position until the premises are occupied.

In December 2023, Rugvista GmbH signed a lease for coworking office space in Berlin, Germany.

Note 15 Inventory

	Dec 31, 2023	Dec 31, 2022
Finished goods and goods for resale	116,728	158,956
Goods in transit	8,298	14,436
Right of return stock	630	867
Total	125,656	174,259

Inventory is measured at the lower of cost and net realizable value with cost being calculated in accordance with the FIFO (first-in, first-out) principle. Purchased goods are measured at cost. The net realizable value is defined as the sales price less selling expenses. Adjustment to net realizable 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 recognized as a refund liability. A right of return asset is recognized 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 recognized 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 measured at accrued cost	Dec 31, 2023	Dec 31, 2022
Financial assets on the balance sheet		
Other receivables	5,296	4,791
Cash and cash equivalents	208,936	139,978
Total	214,232	144,769

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 cooperates to offer payment and financing solutions to end customers and various current receivables.

The book value corresponds in all essential respects to the fair value.

Other financial liabilities measured at accrued cost	Dec 31, 2023	Dec 31, 2022
Financial liabilities on the balance sheet		
Accounts payable	55,449	76,963
Other current liabilities	8,391	8,716
Accrued expenses	12,348	10,358
Lease liabilities	23,120	28,167
Total	99,308	124,204

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 USD. As most payment flows are in EUR, the currency risk is relatively low. 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 recognize a provision for expected credit losses as the risk is deemed to be immaterial.

Note 16 Financial instruments and financial risk management (cont.)

LIQUIDITY AND CASH FLOW 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 2024
Lease liabilities	13,130	10,725	–	13,130
Accounts payable	55,449	–	–	55,449
Other current liabilities	8,391	–	–	8,391
Accrued expenses	12,348	–	–	12,348
Total	89,318	10,725	–	89,318

Financial liabilities	1 year	2–5 years	After 5 years	Expected cash flow 2023
Lease liabilities	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

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

Lease liabilities	Dec 31, 2023	Dec 31, 2022
Opening liabilities	28,167	28,489
Cash flows	-10,873	-9,116
Additional lease liabilities, non-cash in nature	5,826	8,794
Closing liabilities	23,120	28,167

Note 17

Cash and cash equivalents

	Dec 31, 2023	Dec 31, 2022
Available balances	208,936	139,978
Total	208,936	139,978

Note 18

Prepaid expenses

	Dec 31, 2023	Dec 31, 2022
Prepaid rental expenses	105	78
Prepaid insurance premiums	162	71
Prepaid packaging material	776	601
Other prepaid expenses	1,655	715
Total	2,698	1,465

Note 19

Assets pledged for own liabilities and contingent liabilities

Liabilities to credit institutions	Dec 31, 2023	Dec 31, 2022
Collateral charges	–	–
Total	–	–

Note 20

Prepaid income and accrued expenses

	Dec 31, 2023	Dec 31, 2022
Accrued salaries and personnel expenses	9,266	8,347
Other accrued expenses	5,261	3,771
Total	14,527	12,118

Note 21

Equity

Number of shares	Dec 31, 2023	Dec 31, 2022
Opening balance	20,785,140	20,785,140
New share issue	–	–
Closing balance	20,785,140	20,785,140
Quotient value in SEK	0.05	0.05

Dividend

At the Annual General Meeting on May 25, 2023, it was decided to pay a dividend to the owners of SEK 1.50 per share, corresponding to SEK 31.2 million.

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.

INCENTIVE PROGRAM

Date of issuance Active incentive program	Maturity	Number of warrants issued	Subscribed for	Contributed capital
Mar 18, 2021	Jun 15, 2024	860,000	-	16,796
June 7, 2022	Sep 1, 2025	300,000	-	3,519
Jun 12, 2023	Sep 1, 2026	595,000	-	7,223
		1,755,000	-	27,538

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.

At the Annual General Meeting on May 25, 2023, a decision was made to implement another incentive program, LTIP TO 2023/2026.

For further information on active warrant programs, see note 22.

Note 22

Share-based remuneration

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 152.20, which corresponds to 130 percent of the issue price of the share. The warrants can be exercised during the period April 15 through June 15, 2024. The warrant transfer price was determined by PWC 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 87.20, which corresponds to 130 percent of the average share price during the valuation period. The warrants can be exercised during the period June 1 through September 1, 2025. The warrant transfer price was determined by PWC on the basis of an estimated market value of the warrants at the time of the transfer using the Black-Scholes valuation model.

LTIP 2023/2026

At the Annual General Meeting on May 25, 2023, a decision was made to implement a new warrant program, LTIP 2023/2026, consisting of a total of 595,000 warrants.

Each warrant entitles the holder to subscribe for one (1) share in the company during the exercise period at SEK 62.60, which corresponds to 120 percent of the average share price during the valuation period. The warrants can be exercised during the period June 1 through September 1, 2026. The warrant transfer price was determined by PWC on the basis of an estimated market value of the warrants at the time of the transfer using the Black-Scholes valuation model.

Changes in outstanding warrants during the year

	2023	2022
Outstanding on January 1	1,160,000	860,000
Share split 1:20	-	-
Subscribed for during the year	-	-
Warrants repurchased	-	-
Issued during the year	595,000	300,000
Outstanding on December 31	1,755,000	1,160,000
Exercisable at year-end	-	-

	LTIP 2021/24	LTIP 2022/25	LTIP 2023/26
Average fair value of the share at the valuation date	135.35	68.69	52.33
Exercise price, SEK	152.20	87.20	62.6
Weighted average price at issuance	20.53	11.73	12.14
Term, years	3.0	3.2	3.2
Term, to maturity	0.46	1.67	2.67
Expected volatility	37.5%	37.5%	37.5%
Risk-free interest rate	4.0%	2.3%	2.1%
Fair value on December, 31, SEK	0.01	9.03	21.73
Number of warrants unallocated	423,019	260,000	560,000
Number of warrants allocated	436,981	40,000	35,000
Total number of outstanding warrants	860,000	300,000	595,000
Fair value of warrants allocated, SEK million	0.0	0.4	0.8

The expected volatility is based on the assumption that the historical volatility over a period corresponding to the term of the warrants is also indicative of future trends, which will not necessarily be the outcome.

Note 23**Contingent liabilities**

	Dec 31, 2023	Dec 31, 2022
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 are conducted subject to normal market terms and requirements ("at arm's length"), and the table below lists the companies deemed to be related parties:

Related persons	Relationship	ownership in %
Senior executives	Senior executives	2.6%

Other related companies

Transistormedia AB, Cutting Edge Construction AB	Board member, partner	4.6%
Lygna AB	Board member, partner	0.8%
madHat AB	Chair of the Board, partner	12.1%

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

	Related persons and other related companies			
	Senior executives/CEO		Other related companies	
	2023	2022	2023	2022
Sales to/acquisitions from related parties				
Purchases from related parties	-	-	-243	-172
Warrants, repurchased	-	-626	-	-
Warrants, new	425	469	-	-
New share issue	-	-	-	-

Purchases from related parties relate to consultancy assignments.

Note 25**Significant events after the end of the financial year**

No significant events were noted after the end of the financial year.



Parent company

Income statement

KSEK	Note	Jan 1, 2023 Dec 31, 2023	Jan 1, 2022 Dec 31, 2022
Net revenue	30	15,390	15,595
Other operating income		1	-
Other external expenses	31	-6,635	-5,756
Personnel expenses	32	-9,151	-10,018
Other operating expenses		-	-21
Operating profit (EBIT)		-395	-200
Financial income and expenses			
Profit from participations in Group companies	33	539	88
Financial expenses	33	-73	-201
		466	-113
Profit/loss after financial items		71	-314
Appropriations			
Group contribution received		65,000	46,455
Profit before tax		65,071	46,141
Tax on profits	34	-13,412	-9,545
Profit for the year		51,659	36,596

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

Parent company

Statement of financial position

KSEK	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
<i>Non-current assets</i>			
Financial assets			
Participations in Group companies	35	321,271	321,271
Non-current receivables from subsidiaries	38	11,238	3,591
Total non-current assets		332,508	324,862
<i>Current assets</i>			
Current receivables			
Receivables from Group companies	36	56,421	32,224
Other receivables	36	9,763	15,274
Prepaid expenses		172	156
		66,355	47,654
Cash and cash equivalents	36	10,784	10,983
Total current assets		77,139	58,637
TOTAL ASSETS		409,647	383,499
EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital		1,039	1,039
<i>Non-restricted equity</i>			
Retained earnings		331,607	318,965
Profit for the year		51,659	36,596
		384,305	356,600
<i>Current liabilities</i>			
Accounts payable	36	396	251
Current tax liabilities	34	22,835	24,654
Other current liabilities	36	800	383
Accrued expenses	36, 37	1,311	1,611
Total current liabilities		25,342	26,898
TOTAL EQUITY AND LIABILITIES		409,647	383,499

Parent company

Statement of changes in equity

KSEK	Restricted equity Share capital	Non-restricted equity Retained earnings	Total equity
Opening balance, Jan 1, 2022	1,039	367,408	368,448
<i>Transactions with owners:</i>			
Dividend		-51,963	-51,963
Warrants		3,519	3,519
New share issue		-	-
Profit for the year		36,596	36,596
Closing balance, Dec 31, 2022	1,039	355,561	356,600
Opening balance, Jan 1, 2023	1,039	355,561	356,600
<i>Transactions with owners:</i>			
Dividend		-31,178	-31,178
Warrants		7,223	7,223
New share issue		-	-
Profit for the year		51,659	51,659
Closing balance, Dec 31, 2023	1,039	383,266	384,305

Parent company

Statement of cash flows

KSEK	Note	Jan 1, 2023 Dec 31, 2023	Jan 1, 2022 Dec 31, 2022
Operating activities			
Operating profit (EBIT)		-395	-200
Adjustments for items not included in cash flow			
Tax paid		-15,230	-15,255
Interest received	33	539	88
Interest paid	33	-73	-201
Cash flow from operating activities before changes in working capital		-15,159	-15,569
Changes in working capital			
Change in operating receivables		-18,701	15,694
Change in operating liabilities		262	-999
Cash flow from operating activities		-33,598	-874
Investing activities			
Loans to Group companies	38	-7,647	-3,591
Cash flow from investing activities		-7,647	-3,591
Financing activities			
New share issue		-	-
Warrants		7,223	3,519
Dividend paid	41	-31,178	-51,963
Repayment of debt		-	-
Group contribution received		65,000	46,455
Cash flow from financing activities		41,046	-1,989
Cash flow for the year		-199	-6,454
Cash and cash equivalents at start of year	36	10,983	17,437
Cash and cash equivalents at year-end	36	10,784	10,983

Parent company 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 company'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 recognized in the parent company 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 recognized 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 recognize 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 company, therefore, non-current financial assets are measured at cost and current financial assets at the lower of cost and net realizable 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 recognized as appropriate.

Note 28

Capital structure and management

Rugvista Group AB has no specific objectives related to capital management at the parent company. All capital management is at Group level; see Note 16 for the Group.

Note 29

Significant accounting judgments, 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 recognized in the parent company using the cost method. See Note 27 for a more detailed description.

Note 30

Revenue

The parent company's revenue consists of management fees, which are services provided by the parent company 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 recognized when control over the services has been transferred to Rugvista AB at an amount that reflects the payment to which the parent company expects to be entitled in exchange for the service. Revenue from these services is recognized 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	2023	2022
Ernst & Young AB		
Audit engagement	250	290
Audit activities other than audit engagement	50	50
Other services	14	15
Total	314	355

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

	2023	2022
Salaries and other benefits	7,454	6,523
Pension expense, defined contribution plans	1,153	1,091
Other social security expenses	2,680	2,686
Total	11,287	10,301
Average number of employees during the year		
Sweden	2.9	2.8
Of whom men, %	66%	64%
Total	2.9	2.8

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**

Financial income	2023	2022
Interest income	539	88
Total	539	88
Financial expenses		
Profit from participations in Group companies, divestment	-	-
Profit from participations in Group companies, dividend	-	-
Interest expenses	-73	-201
Total	-73	-201

Note 36**Financial instruments**

Dec 31, 2023	Financial assets measured at accrued cost	Financial assets measured at fair value through profit or loss	Total	Fair value
Assets on the balance sheet				
Receivables from Group companies	56,421	-	56,421	56,421
Other receivables	9,763	-	9,763	9,763
Cash and cash equivalents	10,784	-	10,784	10,784
Total	76,967	-	76,967	76,967

Dec 31, 2023	Financial liabilities measured at accrued cost	Financial liabilities measured at fair value through profit or loss	Total	Fair value
Liabilities on the balance sheet				
Accounts payable	396	-	396	396
Accrued expenses	1,076	-	1,076	1,076
Total	1,472	-	1,472	1,472

Note 34**Income tax**

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

	2023	2022
Current tax on profit for the year	-13,412	-9,545
Change in deferred tax relating to loss carryforwards	-	-
Tax expenses recognized in the income statement	-13,412	-9,545
Reconciliation of effective tax rate		
Pre-tax profit	65,071	46,141
Tax on net profit at current rate, 20.6% (20.6%):	-13,405	-9,505
Tax effect of:		
Non-taxable income	24	3
Non-deductible expenses	-31	-43
Tax recognized	-13,412	-9,545
Average effective tax rate	-20.6%	-20.7%

Note 35**Participations in Group companies**

	Dec 31, 2023	Dec 31, 2022
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 votes	Number of shares	Book value
Rugvista AB	100%	100%	105,000	321,271

Note 36 Financial instruments (cont.)

Dec 31, 2022 Assets on the balance sheet	Financial assets measured at accrued cost	Financial assets measured at fair value through profit or loss	Total	Fair value
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

Dec 31, 2022 Liabilities on the balance sheet	Financial liabilities mea- sured at accrued cost	Financial liabilities measured at fair value through profit or loss	Total	Fair value
Accounts payable	251	-	251	251
Accrued expenses	1,469	-	1,469	1,469
Total	1,720	-	1,720	1,720

Note 37

Accrued expenses

	Dec 31, 2023	Dec 31, 2022
Accrued salaries and personnel expenses	1,136	1,571
Other accrued expenses	175	40
Total	1,311	1,611

Note 38

Non-current receivables

	Dec 31, 2023	Dec 31, 2022
Loans to subsidiaries	11,238	3,591
Total	11,238	3,591

Note 39

Pledged assets and contingent liabilities

Assets pledged for liabilities to credit institutions	Dec 31, 2023	Dec 31, 2022
Participations in Group companies	-	-
Total	-	-

Contingent liabilities

There are no known contingent liabilities at the parent company.

Note 40

Significant events after the end of the financial year

No significant events were noted after the end of the financial year.

Note 41

Proposed appropriation of profit

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

	2023
Retained earnings	331,606,551
Profit for the year	51,659,267
Total	383,265,817

The Board of Directors proposes that:

A dividend of SEK 1.80 per share be paid to share- holders	37,413,252
to be carried forward	345,852,565
Total	383,265,817



The Board's Justified Statement according to Chapter 18, Section 4 of the Companies Act

The Board has proposed that the Annual General Meeting of 2024 decides on profit distribution, entailing a dividend of 1.80 SEK per share. Thus, the total dividend amounts to 37,413,252 SEK. The dividend proposal has been developed based on the company's objective to distribute up to 50 percent of the annual profit to the shareholders, alongside investing in growth and business development. The Board of Rugvista Group AB (publ) hereby provides the following statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act, regarding why the proposed dividend distribution is justified based on the provisions of Chapter 17, Section 3, paragraphs two and three, of the Swedish Companies Act.

Assuming that the Annual General Meeting of 2024 decides in accordance with the Board's proposal for profit distribution, 345,852,565 SEK will remain balanced in retained earnings. The Board notes that after the proposed dividend distribution, there will be full coverage for the company's tied-up equity, and the liquidity of the company and the group will remain strong after the payment of the proposed dividend.

The financial position of the company and the group remains strong after the proposed dividend distribution, and the Board assesses that the company's and the group's equity, following the proposed dividend distribution, will be sufficiently large in relation to the nature, scope, and risks of the operations. The Board has also

considered the company's and the group's position, as well as the company's and the group's ability to fulfill their obligations and make any necessary investments in the short and long term. The Board has considered factors such as the historical development of the company and the group, budgeted developments, as well as market and economic conditions. The Board further believes that the company and the group, even after the distribution, have the capacity to undertake future business risks, withstand potential losses, and are well-prepared to handle changes in liquidity and unexpected events.

In addition to the above, the Board has considered other known circumstances that may affect the company's and the group's financial position. No circumstances have emerged that make the proposed dividend distribution appear unjustified.

With reference to the above, the Board's opinion is that the proposed dividend distribution appears justified considering the demands imposed by the nature, scope, and risks of the operations on the size of both the company's and the group's equity, as well as the company's and the group's consolidation requirements, liquidity, and overall position.

Malmö in April 2024

The Board of Directors of Rugvista Group AB (publ)

Signatures

Undersigned hereby certify that the consolidated and annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with good accounting practices, providing a true and fair view of the consolidated and company's financial position and results. Furthermore, the Director's report provides a fair view of the Group's and Parent company's operations, financial positions and results, and describes significant risks and uncertainty factors faced by the companies in the group.

Limhamn on the 18th of April 2024

Martin Benckert
Chairman

Ebba Ljungerud
Board member

Magnus Dimert
Board member

Patrik Berntsson
Board member

Hanna Graflund Sleyman
Board member

Ludvig Friberger
Board member

Michael Lindskog
CEO

Our audit report was submitted on April 18, 2024.

Ernst & Young AB

Hanna Fehland
Authorized Public Accountant

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

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 58-69 and the statutory sustainability report on pages 26-55 for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 72-111 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 2023 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 2023 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 58-69 and the statutory sustainability report on pages 26-55. 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, 26-69 and 114-117. 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 2023 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 18 april 2024
Ernst & Young AB

Hanna Fehland
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 DEBT

KSEK	Jan 1, 2023 Dec 31, 2023	Jan 1, 2022 Dec 31, 2022
Operating income (A)	704,718	640,958
Goods for resale (B)	-269,147	-244,813
Gross profit (A) + (B)	435,571	396,145
Net revenue (C)	702,203	639,273
Gross margin, % ((A) + (B)) / (A)	62.0%	62.0%
Operating profit (EBIT) (A)	85,403	74,919
Items affecting comparability (B)	-	-
Adjusted EBIT (A) + (B)	85,403	74,919
Net revenue (C)	702,203	639,273
Adjusted EBIT margin, % ((A) + (B)) / (C)	12.2%	11.7%
Inventory (A)	125,656	174,259
Net revenue, last twelve months (LTM) (B)	702,203	639,273
Inventory as % of net revenue (LTM) (A) / (B)	17.9%	27.3%
Cash and cash equivalents (A)	-208,936	-139,978
Interest-bearing liabilities (B)	-	-
Interest-bearing lease liabilities (C)	23,120	28,167
Net debt/ (-) net cash (A) + (B) + (C)	-185,816	-111,810

ORGANIC NET REVENUE GROWTH, %

KSEK	Jan 1, 2023 Dec 31, 2023	Jan 1, 2022 Dec 31, 2022
Last year's net revenue (A)	639,273	704,984
Net revenue, divested operations (B)	-	-
Last year's net revenue, excluding divested operations (A)-(B)=(C)	639,273	704,984
Net revenue for the year (D)	702,203	639,273
Net revenue, divested operations (E)	-	-
Net revenue, excluding divested operations (D)-(E)=(F)	702,203	639,273
Currency effects on this year's net revenue (G)	45,165	26,942
Net revenue, excluding divested operations and currency effects (F)-(G)=(H)	657,037	612,331
Organic net revenue growth, % (H)/(C)-1	2.8%	-13.1%



Rugvista's board and management team. Back row from left: Abdullatef Almalouhi, Magnus Dimert, Joakim Tuvner, Martin Benckert, Anders Matthiesen, Ludvig Friberger, and Peter Rosenfors. Middle row from left: Hanna Graflund Sleyman, Ulrika Klinkert, Patricia Rajkovic Widgren, and Maria Tholin. Front row from left: Patrik Berntsson, Michael Lindskog, and Ebba Ljungerud. Carin Terins, who was absent at the time of the photo, is missing from the picture.







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